



# The Village of Bald Head Island

May 3, 2021

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Re: Bald Head Island Transportation Authority (“Authority”)  
Application for Approval of Bald Head Island Transportation Authority  
Transportation System Revenue Bond Findings (“Application”) for  
\$56,144,303.30 Financing

***P.O. Box 3009 BALD HEAD ISLAND, NC 28461 (910) 457-9700 FAX (910) 457-6206  
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Dear Mr. Romocki, Mr. Folwell and Ms. Edmundson:

The Village of Bald Head Island ("Village") writes in reply to the April 30, 2021 letter submitted by the Authority. The Authority's response letter fails to directly address the issues the Village raised concerning the Application and raises more questions than it answers.<sup>1</sup>

The Authority acknowledges that, despite the many public questions and concerns raised, the "fundamentals of the transaction remain as they were earlier this year, with a few modifications." The Authority, in essence, dismisses the public questions and concerns. The Authority acknowledges that certain of the concerns relate to operations of the System, such as baggage handling, parking spaces, number of ferry runs and their capacity. The Authority states, without support or additional information, "all of which can be addressed once the Authority owns the System." What would be the methodology and cost to address these matters? Why is the Authority not requiring the Seller to address these matters prior to the acquisition or to reduce the transaction cost with respect to the noted deficiencies? Attached as **Exhibit A** hereto is a photo of typical passenger and tram congestion at the ferry terminal on Bald Head Island. Attached as **Exhibit B** hereto is the March 11, 2021 letter to the Village from Wendy Wilmot Properties, LLC projecting, based upon increased rental properties bookings, that "the island is going to experience an approximate 30-40% increase in the amount of guests we transport to and from BHI this season, with very heavy impacts beginning as early as May," in addition to the substantial number of workers coming over.

Since the financing for which approval is sought is intended to provide sufficient operating capital, on what basis can the LGC determine that the financing is sufficient and the revenue projections sound? Without answers to these questions, it would be difficult, if not impossible, for the LGC to determine that "[t]he transaction has met the statutory criteria for approval by the Local Government Commission," as the Authority purports, without having provided any responsive information, reports or analysis on these important questions.

Similarly, the Authority asserts, without support or analysis, that the real estate appraisals obtained satisfy the statutory standard and LGC Guidelines by the mere fact that a third-party was hired to perform them. The concerns regarding the appraisals relate to their technical sufficiency and independence, as the appraiser was acting upon instructions of another consultant hired by the Authority in electing to use solely the cost methodology, to the exclusion of the income and comparables methodologies typically employed in independent appraisals. The Authority asserts, without support,

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<sup>1</sup> Although not strictly related to the Application, the Authority incorrectly states "Furthermore, it is not clear that the Village has the statutory authority to acquire or operate all aspects of the System." No legal support for this proposition is stated and, in fact, the Village possesses full statutory authority to operate a "public transportation system" (G.S. 160-A-321(a); 160A-311(5)). G.S. 160A-209(c)(27), unless amended, would preclude the Village from levying property taxes for public transportation by ferry. Other means of financing of a ferry operation would be available to the Village. Additional authorities for the Village's authority to acquire, construct, establish, enlarge, improve, maintain, own, operate and contract for the operation of a public transportation system are contained in the Village's letter of today responding to certain questions on these matters asked by Sharon G. Edmundson, Deputy Treasurer, in her correspondence dated April 20, 2021.

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that Worsley Real Estate Company is “one of the largest commercial real estate appraisal firms in southeastern North Carolina, with specific expertise in marinas and deep water port related properties.” To our knowledge, Worsley Real Estate Company is a local Wilmington firm offering residential and commercial appraiser, brokerage and property management services. Its website does not even mention marinas or deep water ports. No explanation is provided in the Authority’s April 30 response why the appraised value of \$42,395,000.00 represents fair market value when compared to the \$17,734,810.00 valuation of the Brunswick County Tax Assessor. At a minimum, these questions should be answered or an additional appraisal obtained by a qualified, independent appraiser.

As evidence of community support for the Project, the Authority attaches newspaper editorials from the Southport Pilot and Resolutions of Brunswick County and the Southport Board of Aldermen. The Authority does not provide evidence of support by any regular users of the system, who will ultimately be responsible for payment of the proposed financing.

The Authority fails to address future necessary increases in user fees and charges beyond those in 2021 and whether they would be excessive.

All the foregoing questions leave the fundamental question unanswered, is this financing and transaction on these terms truly in the public interest? Put differently, has the substance of the LGC financing statutes and Guidelines been satisfied? Based upon the Authority’s unsupported responses, it appears that they have not been. Additional and sufficient diligence to answer these questions should be performed.

Thank you for your consideration. Please do not hesitate to contact me should any questions arise in connection with this letter.

Respectfully,

/s/ J. Andrew Sayre  
Mayor, Village of Bald Head Island

pc: The Honorable Beth Wood, State Auditor  
The Honorable Elaine Marshall, Secretary of State  
The Honorable Ronald Penny, Secretary of Revenue  
The Honorable Scott Padgett, Mayor, City of Concord  
The Honorable Viola Harris, Commissioner, Edgecombe County  
Mr. Edward Munn, member, Local Government Commission  
Mr. Joshua Bass, member, Local Government Commission  
Mr. Mike Philbeck, member, Local Government Commission  
Cindy Aiken, Attorney, Department of the State Treasurer  
Susan Rabon, Chair, Bald Head Island Transportation Authority  
Chad Paul, CEO, Bald Head Island Limited, LLC  
Michael Brown, Mayor Pro Tempore, Village of Bald Head Island

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Scott Gardner, Councilor, Village of Bald Head Island  
Emily Hill, Councilor, Village of Bald Head Island  
Peter Quinn, Councilor, Village of Bald Head Island  
K. Christopher McCall, Manager, Village of Bald Head Island  
Charles S. Baldwin, IV, Attorney, Village of Bald Head Island  
(all via email)



March 11, 2021

RE: Impending Ferry Conflicts

Andy,

It is with great concern for the upcoming months and summer season that I write to you. We are already seeing boats with bumped passengers during the more highly trafficked times of the day. Wednesday, there were quite a few bumped from the 4:30 ferry to the 5pm. I was on the 5pm, but barely made it on and at least 25-30 people did not make it. They had to wait for the 5:30. Thursday morning, I was on the 8AM ferry and counted 18 people bumped. Not usual for this time of year, and it does not bode well for what is to come.

At this time, we have begun to see an increase in guests on Spring Break. This generally continues through early to mid-April. It is my contention, and that of other prominent property management companies on the island, that this summer will far exceed that of the 2020 landmark year. This will make ferry strain even more painful than last year. I believe that, if we act quickly and proactively, we can take steps in planning to solve what we already know will be a serious issue.

For WWP, the months of March 2020 through October 2020 yielded 830 bookings. At an average of 8 individual guests per booking, which yielded at least 6,640 guests during that time – just for WWP. This year, for the same timeframe, we are already up to 756 bookings (yielding approx. 6,048 guests), and we are barely midway through March and still booking consistently.

I have included with this letter some visual representations from our software showing that presently we are currently at a 33.42% increase for the year, with a total filled capacity of 78.75%. In July alone, the busiest month of any given year, we have increased our occupancy by 30% and in June by 31%.

A report was sent to me via Bald Head Island Services showing that they had an average occupancy of 63.59% for March through Sept of 2020. They already have an average on the books of 63.46% for the same time period this year. Like us, they are also still booking steadily daily. They have already filled 78% of their available weeks for June and 83% of their available weeks for July. Half of August has already booked for them.

Trisha Howarth of Intracoastal provided me the following information:

“The pace numbers for Intracoastal Realty PM are up 102% over pace numbers for arrivals this time last year and it is only March! Right now, NOT projected, just what is on the books equates to 1,740 people. Expecting pace to continue to outperform last year, the totals by the end of October will surpass the 2020 number of 2,935 passengers to 4,000 passengers.”

Tiffany McWhorter of Tiffany’s Beach Rentals is reporting that her bookings for the year have increased as much as 65% over 2020.

While I have not yet performed an in-depth study of the VRBO/privately rented homes, I am a member of the BHI Rental Exchange group in Facebook, which affords me a great deal of understanding concerning how island owners are renting currently. It appears that the private rentals are doing just as well as the property management companies in filling their available weeks.

While neither Dann Jackson, Rick Nelson, nor Rod Hyson Jr., accepted the invitation sent them to share their information as well, it is quite clear to me that the island is going to experience an approximate 30-40% increase in the amount of guests we transport to and from BHI this season, with very heavy impacts beginning as early as May. This will be in addition to the number of workers coming over, and we already know that there is a substantial amount of that occurring daily already.

I, and my professional counterparts, entreat upon the proper authorities to heed the warning signs contained in this information and begin to plan and act now to counter that. If this year is anything like last year, or presumably worse as appears will be the case, then the island will certainly find itself critically impacted in the areas of construction, employment, real estate, and future rental & tourism opportunity.

Thank you for your time and consideration of this important matter.

Respectfully,



Crista Thomas

Wendy Wilmot Properties, LLC

(910) 368-1821 Mobile

crista@wwpBaldHead.com