



The Village of Bald Head Island

September 23, 2021

Mitchell Family Corporation
Bald Head Island Limited, LLC
Bald Head Island Transportation, Inc.
c/o Charles A. Paul, III
Post Office Box 3069
Bald Head Island, North Carolina 28461
cpaul@bhisland.com

Re: Village of Bald Head Island Response to September 15, 2021 Correspondence
Concerning Bald Head Island Transportation System

Dear Chad:

The Village received and is reviewing this correspondence concerning the potential acquisition by the Bald Head Island Transportation Authority (“Authority”) or other entities of the transportation system assets. The letter appears to restate and attach communications previously submitted to the Local Government Commission (“LGC”) by Bald Head Island Limited (“Limited”). Further, the letter dismisses, without discussion, the substantial concerns regarding the Authority’s proposed acquisition raised by the LGC, the public and the Village concerning the price, revenue bond financing, and other details of the proposed transaction.

The Village appreciates the Mitchell Family’s long and successful stewardship of the Island and its assets. These include implementing the vision and assets that made the Island unique and successful, and transitioning those assets to the various Village and Island entities best suitable to receive and manage them. Examples of assets transferred include the Village Utilities Department, Bald Head Island Club, Market, Shoals Club, and numerous other businesses and properties. The Village hopes that the discussions between and among it, the Mitchell Family and Limited will continue to be amicable, productive and focused on the best interests of the Island and its stakeholders. The Village will direct communications concerning the transportation system to Chad Paul and Shirley Mayfield.

Breaking the transportation system into pieces and selling them to the highest bidder, as proposed in the letter, would appear inconsistent with that history, vision and values. That was the parties’ exact concern that led to Limited and the Village agreeing to a right of first refusal in favor of the Village for all the transportation system assets. That Right of First Refusal is documented

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and recorded in Book 1329, Page 932, Brunswick County Registry. The Village expects that Limited will honor its obligations and respect the Village's rights under that agreement.

It is the Village's view that either the Village or the Authority will be the ultimate purchaser of the transportation system. The Village understands that negotiations concerning the price and details of a potential transaction between the Authority and Bald Head Island Limited are ongoing. The Village remains committed to taking actions within its control to strive for transaction terms that are financially sound, supported by accurate appraisals and representative of good governance, including responsiveness to the input and concerns of Island stakeholders and users of the transportation system. For reasons previously stated, the Village believes it is the entity best suited to fill those roles.

Sincerely yours,

/s/ J. Andrew Sayre
Village Mayor

pc: Dale R. Folwell, CPA, North Carolina State Treasurer
Susan Rabon, Chair, Bald Head Island Transportation Board of Trustees