

Draft of December 11, 2020

**BALD HEAD ISLAND TRANSPORTATION SYSTEM OPERATING AND
TRANSITION SERVICES AGREEMENT
AMONG
BALD HEAD ISLAND TRANSPORTATION AUTHORITY,
BALD HEAD ISLAND TRANSPORTATION, INC.
AND
BALD HEAD ISLAND LIMITED, LLC**

THIS BALD HEAD ISLAND TRANSPORTATION SYSTEM OPERATING AND TRANSITION SERVICES AGREEMENT (this “*Agreement*”), dated as of [February __], 2021, is made by and among **BALD HEAD ISLAND TRANSPORTATION AUTHORITY**, a public body corporate and politic of the State of North Carolina (the “*Authority*”), established pursuant to Article 29 of Chapter 160A of the North Carolina General Statutes (the “*Enabling Act*”), **BALD HEAD ISLAND TRANSPORTATION, INC.**, a North Carolina corporation (“*BHIT*” or “*Operator*”), and **BALD HEAD ISLAND LIMITED, LLC**, a Texas limited liability company (“*BHIL*”), which executes this Agreement solely for purposes of being bound by and agreeing to provide the indemnification under Section 8.1 hereof.

WITNESSETH:

WHEREAS, BHIL is the parent company of BHIT and, together, BHIL and BHIT owned and operated a ferry and barge transportation system that provides ferry and barge transportation services to and from Bald Head Island, North Carolina (the “*Island*”), an island and municipality only accessible by vessel, consisting of the following transportation, barge and freight and parking business operations and related assets: (i) the transportation of passengers via ferry to and from the Island and Southport, North Carolina; (ii) the on-island tram transportation of ferry passengers; (iii) the vehicle parking operation associated with the Deep Point terminal facilities in Southport, North Carolina, and (iv) the tug and freight barge operation which carries supplies and equipment to and from the Island and upon which the Island depends; and

WHEREAS, pursuant to the terms of an Asset Purchase Agreement dated as of January __, 2021 by and among the Authority, BHIL and BHIT (the “*Purchase Agreement*”), which closed on [February __], 2021 (the “*Closing Date*”) the Authority has purchased all real and personal property, structures, improvements, buildings, equipment, maritime vessels (including ferries, tugs and barges), vehicles, vehicle parking, trams, shuttle buses, docks, terminals, and other facilities currently used in connection with the maintenance and operation of the Authority’s ferry transportation and tug and freight services (the “*Facilities*,” which term includes all additions, replacements, improvements and extensions thereto and any such other facility, building structure, terminal or any other matter or thing which the Authority is authorized under the Enabling Act to acquire, construct, equip, maintain or operate or to finance by the issuance of bonds); and

WHEREAS, the Authority has financed the purchase of the Facilities through the issuance of its Bald Head Island Transportation Authority Transportation System Revenue Bonds, Series 2021 in the aggregate principal amount of \$_____ (the “**Bonds**”) which have been issued pursuant to a General Trust Indenture dated as of [February 1], 2021, and a First Supplemental Trust Agreement dated as of [February 1], 2021 (collectively, the “**Indenture**”) between the Authority and U.S. Bank National Association, as trustee (the “**Trustee**”); and

WHEREAS, all capitalized terms used but not defined herein shall have the meaning assigned to them in the Indenture; and

WHEREAS, the Authority, BHIL and BHIT are entering into this Agreement pursuant to the terms of the Purchase Agreement in order for Operator to operate the Facilities immediately following the purchase of the Facilities by the Authority, including without limitation vessel operations, vessel maintenance, parking management, barge and freight and tram and passenger delivery services and ticket sales (collectively, the “**Ferry System Operations**”), and the employment and furnishing of employees and the required personnel to safely operate the Facilities, until the employees and operations of the Facilities can be smoothly and efficiently transferred to the Authority during the term of this Agreement; and

WHEREAS, in order to ensure an orderly transition of the Ferry System Operations to the Authority, BHIL will provide and make available to the Authority, on a consulting basis, the services of the Chief Executive Officer and Chief Financial Officer of BHIL.

NOW, THEREFORE, in consideration of these premises and the covenants and agreements hereinafter set forth, the parties hereby agree as follows:

ARTICLE I SERVICES PROVIDED BY OPERATOR

Section 1.01 Ferry System Operations. Immediately following the transfer of the Facilities to the Authority, subject to the terms in this Agreement, Operator will utilize the Facilities to continue to conduct the Ferry System Operations, for and on behalf of the Authority, in a manner consistent with how the Ferry System Operations were operated prior to the Closing Date, during the term of this Agreement. The Ferry System Operations shall include, without limitation, the services described on **Exhibit A** attached hereto and made a part hereof.

Section 1.02 Employees. The services to be performed by Operator hereunder shall initially be performed by the Operator’s employees and such services shall be performed in a manner consistent with past practices, all as further set forth in Section 6.01. Operator shall be responsible, subject to payments and reimbursement by the Authority as provided herein, for all human resources relating to the Ferry System Operations, as further set forth on **Exhibit B**. It is anticipated that prior to the or upon the termination of this Agreement, employees of Operator that are essential to the operation of the System will become employees of the Authority, as further set forth in Section 6.02.

Section 1.03 Financial Operations. Operator shall oversee the operations of the Ferry System Operations as described in **Exhibit C**, which shall be handled in a manner consistent with past practices.

Section 1.04 Leased Employees. BHIL shall lease to Operator its Chief Executive Officer (namely, Charles A. Paul III) and its Chief Financial Officer (namely Shirley A. Mayfield) in order for them to provide oversight of the Ferry System Operations for the benefit of the Authority (the “*Leased Employees*”). The parties acknowledge and agree that the management, financial and consulting services to be performed by the Leased Employees hereunder shall be substantially the same functions and services as performed by them for the benefit of the Ferry System Operations prior to the Closing Date and such services shall be performed in a manner consistent with past practices.

Section 1.05 Reporting Requirements. Operator will immediately notify the Authority’s Designated Representative (as defined in Section 10.17) by telephone of any major occurrence, such as a collision, grounding, major mechanical failure or major medical emergency. In addition, Operator will provide the following written reports to the Authority’s Designated Representative via electronic transmission, in a form reasonably acceptable to the Authority:

- (i) Daily passenger log reports. These reports shall be submitted on a weekly basis.
- (ii) Weekly reports of certain non-statistical information including but not limited to material safety and customer service issues and any material mechanical problems or issues as they relate to the Vessels and the ferry terminals.
- (iii) Monthly reports of all ticket revenue, cash and ticket revenue reconciliations.

Section 1.06 Information Technology. Operator shall retain the information technology system in effect immediately prior to the Closing Date, and shall maintain such systems in a manner consistent with past practices. The information technology systems to be retained by Operator include, without limitation, the systems set forth on Exhibit D.

ARTICLE II OBLIGATIONS OF THE AUTHORITY

Section 2.01 Provision of Facilities. The Authority will make the Facilities (both currently existing and those added to the Ferry System Operations in the future) available to Operator and Operator shall have such rights of possession and control over the Facilities as is necessary for Operator to carry out the terms of this Agreement.

Section 2.02 Finance Officer. The Authority shall appoint and provide a finance officer who will work with Operator in the handling of the financial operations of the Ferry System Operations.

Section 2.03 Insurance carried by Authority. The Authority agrees to carry the following insurance and to timely pay all premiums with respect thereto:

- (i) Insurance against loss or damage to the Facilities and all improvements thereon and therein), all subject to standard form exclusions, with uniform standard

extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in the State of North Carolina, in an amount equal to the full replacement value of the Facilities (excluding the land and pilings).

(ii) If applicable, flood insurance for the Facilities.

(iii) Business interruption insurance in an amount of at least Maximum Annual Debt Service (as defined in the Indenture).

(iv) Commercial comprehensive general liability and automobile liability insurance against claims arising in, on or about the Facilities, providing coverage limits not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate, excess coverage and or umbrella policy of at least [\$20,000,000], which shall name the Operator as Additional Insured;

(v) Hull & Machinery coverage in the amount of _____ (\$ _____), and Protection & Indemnity coverage in the amount of _____ (\$ _____) for each Vessel and the Terminal Sites.

(vi) Such other forms of insurance as are customary in the industry or as the Authority is required by law to provide with respect to the Facilities, including, without limitation, any legally required worker's compensation insurance and disability benefits insurance.

ARTICLE III RECEIPT AND DISBURSEMENT OF FUNDS

Section 3.01 Revenues. Operator hereby agrees to collect all revenues, fees, deposits and other payments received from the Ferry System Operations, and to promptly deposit all such amounts into the Revenue Fund held by the Trustee pursuant to the Indenture. Checks, credit card charges and other forms of non-cash payments shall be electronically deposited or processed into the Revenue Fund account at the end of each Business Day; provided, however, if Operator is not able to deposit such payments electronically due to power outages, internet outages or other similar issues, then such non-cash payments shall be electronically deposited or processed as quickly as reasonably possible, but in any case not later than the third (3rd) Business Day following the receipt thereof by the Operator. All cash will be placed in sealed deposit bags and delivered to the bank for deposit into the Revenue Fund account within the second (2nd) Business Day following receipt thereof by the Operator. Any insurance proceeds or condemnation awards actually received by Operator with regard to the Ferry System Operations shall be deposited into the Construction Fund created under the Indenture, or as otherwise directed by the Authority, no later than the third (3rd) Business Day following the receipt thereof by Operator. "**Business Day**" means any day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in the State, or the city in which the designated corporate office of the Trustee is located, are authorized by law to close, or (iii) a day on which the New York Stock Exchange is closed. Notwithstanding anything herein to the contrary, in the event of a hurricane or other event that results in closure of the commercial banks in the area where the

Facilities are located, then any deposits of cash or insurance proceeds required hereunder shall be made on the next Business Day that the commercial banks are open.

Section 3.02 Development of Annual Budget. Operator shall recommend to the Authority a line-item operating and capital budget for the Ferry System Operations for the first Fiscal Year of the Authority starting on the Closing Date and ending on June 30, 2021, and for each Fiscal Year thereafter (the “*Annual Budget*”) generally in the form described in **Exhibit E** attached hereto which shows, on a month-by-month basis, in reasonable detail, each line item of anticipated income and expense broken out to include all Operating and Maintenance Expenses, (ii) an explanation of anticipated changes to charges, payroll rates and positions, non-wage cost increases, and all other factors differing from the current year, (iii) any proposed changes in operational programs, policies and procedures and the emergency response plans; and (iv) such other information, including a description of plans, contracts, agreements, governmental approvals and other matters, as may be necessary or reasonable in order to inform the Authority of all matters relevant to the ownership, operation and management of the Ferry System Operations or any portion thereof, and to otherwise allow the Authority to make an informed decision with respect to the adoption of the Budget. Authority and the Operator shall In develop an Annual Budget that results in the System producing Net Revenues in each Fiscal Year in an amount equal to 130% of the Annual Principal and Interest Requirements on all Senior Bonds Outstanding in such Fiscal Year, determined as set forth in Section 5.02 of the Indenture. Such Annual Budget shall include a calculation of the Operating and Maintenance Reserve Fund Requirement and the Capital Improvement Fund Requirement, both determined in accordance with the requirements of the Indenture. Amounts needed to fund the Operating and Maintenance Reserve Fund and the Capital Improvement Fund to the levels of such requirements shall be included in the Annual Budget. From time to time during the term, Operator shall have the right to recommend that the Authority modify the Annual Budget, which amendment shall be subject to the Authority's consent, and shall be made in accordance with the Local Government Budget and Fiscal Control Act, Article 3 of Chapter 159, as amended, of the General Statutes of North Carolina (the “*Local Government and Fiscal Control Act*”). Operator and the Authority shall comply with the Annual Budget in managing, operating, and providing routine maintenance and repairs for the Facilities during each Fiscal Year.

Section 3.03 Funding of and Disbursements from Operating Account. At Closing, the Authority shall have funded an operating account (the “*Operating Account*”) with \$1,000,000.00. No later than the fifth Business Day before the end of each month (beginning with the first full month following the month of Closing), the Trustee is directed in the Indenture to transfer moneys in the Revenue Fund to the Operating and Maintenance Fund in an amount such that the balance on deposit in the Operating and Maintenance Fund will be equal to the amount required to be on deposit in the Operating and Maintenance Fund in the next ensuing month, based on the Annual Budget. On or before the last Business Day of each calendar month, the Authority shall transfer funds out of the Operating and Maintenance Fund to the Operating Account in amount sufficient to cover the “Operating and Maintenance Expenses” (as described in the Indenture and as shown on the approved Annual Budget) budgeted for the upcoming calendar month. Operator shall have the right to use and disburse funds out of the Operating Account at such times and in such amounts as Operator, in the exercise of its business judgment, determines to be reasonably necessary or appropriate to pay in a timely manner all operating and payroll costs and expenses incurred in connection with the Ferry System Operations, including

compensation, benefits and other payroll costs of the Operator Employees, so long as such expenses are reflected in the Annual Budget. To the extent any Operating and Maintenance Expenses exceed the amounts reflected in the Annual Budget, Operator shall notify the Authority's Designated Representative, and request a transfer of funds from the Surplus Fund and the Operating and Maintenance Reserve Fund established under the Indenture to pay such expenses. Upon approval of such expenses by the Authority's Designated Representative, Operator may, but shall not be required to, advance funds to cover Operating and Maintenance Expenses of the Ferry System Operations, and amounts transferred to the Operating Account may be used to reimburse Operator for any Operating and Maintenance Expenses that may have been paid by advancement of funds from Operator (based on written evidence satisfactory to the Authority of the amount and purpose for such advances). All draws, disbursements or transfers of funds in the Operating Account shall be made only with the approval or authorization of an authorized signatory or representative of Operator, who shall be one or more of the Leased Employees or Operator Employees selected from time to time by the Operator.

Section 3.04 Funding of and Disbursements from Capital Improvement Fund. In the event the Authority, at the request of the Operator, approves capital costs for the Facilities, including major repairs, replacements or maintenance items of a type not recurring annually or costs of reconstruction of parts of the Facilities, or other capital expenditures, repairs or maintenance costs and expenses that are not reflected in the approved Annual Budget ("***Additional CapEx Items***"), then the Authority shall requisition funds from the Capital Improvement Fund (or if sufficient funds are not available in such fund, from the Operating and Maintenance Reserve Fund) held by the Trustee under the Indenture and provide such funds to Operator by making deposits to the Operating Account in amounts sufficient to fund such Additional CapEx Items. Operator shall have the right to use and disburse funds out of the Operating Account at such times and in such amounts as Operator, in the exercise of its business judgment, determines to be reasonably necessary or appropriate to pay for (1) approved (as shown on the approved Annual Budget) capital expenditures, repairs and maintenance costs and expenses incurred in connection with the Ferry System Operations; and (2) Additional CapEx Items. All draws, disbursements or transfers of funds from the Operating Account to pay Additional CapEx Items shall be made only with the approval or authorization of an authorized signatory or representative of Operator, who shall be one or more of the Leased Employees or Operator Employees selected from time to time by the Operator. Notwithstanding anything in this Agreement to the contrary, if any emergency or critical repairs become necessary to avoid material disruption of the normal operations of the ferries, trams, terminals or other systems of the Ferry System Operations, Operator shall have the power and authority to make such repairs promptly, without the prior approval of the Authority, and to pay for such emergency repairs out of the Operating Account, or, in Operator's sole discretion and with Operator having a right to be fully reimbursed by the Authority, by use of Operator's own funds. Operator shall notify the Authority's Designated Representative in writing of the amount(s) so paid from the Operating Account or with the Operator's own funds, and shall request the Authority to requisition such amounts from the Capital Improvement Fund held by the Trustee under the Indenture.

Section 3.05 Books and Records. Operator shall maintain separate and complete books and records in connection with the Ferry System Operations (which shall be supported by sufficient documentation to ascertain that such entries are properly and accurately recorded) in a manner consistent with past practices, including all contracts, agreements, and all Operating and

Maintenance Expenses (as defined in the Indenture) incurred with respect to the Ferry System Operations, as well as information regarding the status of the Facilities. Such books and records shall be kept in a safe and secure manner, and shall be inclusive of those books and records identified and requested by the Authority so it will have the information sufficient to respond to the Authority's requirements for financial information, including, without limitation, financial reporting requirements of the Authority's lender(s) and auditors. All such books and records shall be maintained at the Authority's offices or as otherwise approved in writing by the Authority and be available for inspection, upon request, by the Authority and the Trustee (as defined in the Indenture) on any Business Day (or, if kept at Operator's offices, then any Business Day following reasonable advance notice to Operator). Operator shall exercise such control over accounting and financial transactions as is reasonably required to protect the Authority's assets from theft, error or fraudulent activity on the part of Operator's employees or agents including losses arising from theft of assets by Operator's employees or other agents, or penalties and/or interest of a material nature.

Section 3.06 Cooperation with the Authority's Accountants and Auditors.

Operator will cooperate in good faith with the Authority's finance officer and/or accountants and auditors in the preparation of annual financial statements and the Authority's annual audits, in the manner reasonably requested by the Authority. Operator shall furnish the Authority with a report setting forth in sufficient detail all data and information regarding the delivery of its services hereunder as shall be required to enable the Authority to prepare its federal, state and local income tax returns.

Section 3.07 Bonding Requirement for Operator. The Leased Employees and all employees of Operator who handle or are responsible for the safekeeping of any monies of the Authority are to be covered under the State of North Carolina Master Honesty Bond or its equivalent insuring against employee dishonesty, including theft of client property with limits of \$3,000,000 per occurrence. Operator shall timely deliver copies of such bonds to the Authority and the Trustee, and any amounts recoverable with respect to such bonds in connection with the Ferry System Operations shall be received and held in trust by Operator and promptly delivered to the Trustee for application in accordance with the Indenture.

ARTICLE IV

TRANSITION OF FERRY SYSTEM OPERATIONS TO AUTHORITY

Section 4.01 Transition. During the term of this Agreement, Operator shall work closely with the Authority's Designated Representative to transfer responsibility for the Ferry System Operations to the Authority. Such transfer is anticipated to occur in phases, such that by the end of the term of this Agreement, the Authority will be in a position to operate all aspects of the Ferry System Operations. The Ferry System Operations to be transitioned include the following:

- (i) The employees and all related human resources functions, including payroll, benefits, employment manuals, as further described in **Exhibit B**, and the parties agree to use commercially reasonable efforts to complete this transition on or before June 30, 2022.

- (ii) Information technology functions, including electronic ticket and parking sales, website maintenance and design, and other informational technology, as further described in **Exhibit D**;
- (iii) Accounting and maintenance of books and records as further described in **Exhibit C**;
- (iv) Security of the Facilities, as further described as item (ix) in **Exhibit A**;
- (v) Emergency Response, as further described as item (ix) in **Exhibit A**; and
- (vi) All other aspects of operating the Ferry System Operations, as further described in **Exhibit A**.

As various operations of the Ferry System Operations are transferred during the term of this Agreement from Operator to the Authority, Operator agrees to continue to provide the remaining services to the Authority to assist it in the Ferry System Operations. To the extent the transfer of Ferry System Operations contemplated by this section is not complete on or before June 30, 2022, the parties may agree to amend this Agreement upon terms mutually acceptable to the parties to describe the Ferry System Operations that Operator will continue to perform, and thereby continue the term of this Agreement on a month-to-month basis until such transfer is complete.

ARTICLE V COMPENSATION OF OPERATOR

It is the intent of the parties that Operator not make a profit nor incur a loss in providing the services necessary to operate the Ferry System Operations during the term of this Agreement. Consequently, the Authority shall (1) make available to Operator sufficient funds of the Authority to cover all liabilities, obligations, costs and expenses set forth in the Annual Budget, as amended from time to time; (2) reimburse Operator for any and all compensation, employee and welfare benefits, insurance, payroll taxes and other liabilities, costs and expenses incurred by Operator and relating to the Operator Employees in accordance with the Annual Budget, as amended from time to time, and (3) pay or reimburse Operator for (to the extent Operator advances funds as provided in this Agreement) liabilities, obligations, costs or expenses relating to or otherwise associated with the operation of the Ferry Transportation System, except for those arising out of the negligence or willful misconduct of Operator or the Leased Employees. The Authority shall be solely responsible for all transfer, sales or use Taxes imposed or assessed as a result of the provision of services by Operator.

ARTICLE VI OPERATOR EMPLOYEES

Section 6.01 Responsibilities for Operator Employees. All employees of the Operator used in the operation of the Ferry System Operations immediately prior to the Closing Date will remain employees of Operator (the “*Operator Employees*”) until transfer of such employees to the Authority as set forth herein. An initial list of the Operator Employees is attached hereto as **Exhibit F**. The Leased Employees and the Operator Employees shall not be

deemed to be employees of the Authority for any purpose unless and until such employees are transferred to the Authority as set forth in this Agreement, and Operator shall be solely responsible for administration and provision of payment, subject to Operator's rights under this Agreement, of all compensation (e.g. wages, bonuses, commissions, etc.) employee and welfare benefits (including without limitation, health, severance and worker's compensation), and the withholding and payment of applicable Taxes relating to such employment, consistent with the practice in effect prior to the Closing Date, until such employees are transferred to the Authority pursuant to the terms of this Agreement. Until the Operator Employees are transitioned to the Authority as set forth herein:

(i) The Authority agrees that the Leased Employees, the Operator Employees and any third-party service operators or subcontractors who provide services to the Operator or the Ferry System Operations shall be given, at no cost or risk to the Operator, access to the Facilities, assets and books and records of the Authority, in all cases to the full extent necessary for the Leased Employees, the Operator Employees and any third-party operators or subcontractors to operate the Facilities or for those parties to perform their duties and functions for the Authority.

(ii) The Operator shall be responsible for assuring that the Operator Employees and any third-party service operators and subcontractors, when on the Facilities or when given access to any equipment, computers, software, network or files owned or controlled by the Authority, conform to the policies and procedures of the Authority concerning health, safety and security. Notwithstanding the preceding sentence to the contrary, until the Authority develops its own policies and procedures concerning health, safety and security, Operator will utilize its existing policies and procedures.

(iii) At all times during the period the Operator Employees are employees of the Operator and the Leased Employees are providing services to Operator, the Operator shall obtain and keep in force and effect insurance coverages on the Operator Employees and the Leased Employees, as applicable, consistent with the coverages in effect prior to the Closing Date, all of which shall be included in the Annual Budget. Upon request, the Operator shall provide evidence of such coverages to the Authority.

(iv) The Operator and the Authority each agree that both the Operator and the Authority will protect the privacy and security of any Operator Employee PII, Personal Data, Individually Identifiable Health Information (as defined by the HIPAA Standards for Privacy of Individually Identifiable Health Information) that they may receive through performance under the terms of this Agreement in accordance with all applicable Laws, including, but not limited to, those Laws adopted pursuant to the Health Insurance Portability and Accountability Act ("HIPAA").

(v) The Authority shall comply with all applicable Laws applicable to the Leased Employees utilized by the Authority, including all Laws applicable to the use and operation of the Facilities, all health and safety laws and OSHA standards, and all labor and equal employment opportunity Laws.

(vi) The Authority shall provide to Operator or to any third-party contracted to provide payroll processing services, as applicable, such reports or information in the Authority's possession or control required for the timely processing of payroll, filing of any required Tax returns or reports and any other regulatory filing requirements.

Section 6.02 Operator Employees to become Authority Employees. Prior to or upon the termination of this Agreement, the Operator Employees that the Authority wishes to hire in connection with the operation of the System shall become employees of the Authority. In connection with any such transfer of Operator Employees, the Authority shall use its best efforts to provide wages and benefits that are consistent with the wages and benefits provided to the Operator Employees when employed by the Operator, taking into account the experience and tenure of each such employee with the Operator.

ARTICLE VII PROHIBITION AGAINST LIENS

Section 7.01 No Liens. Neither Operator nor the captain or crew of the Vessels shall have the right, power or authority to create, incur or permit any lien of whatsoever kind or nature to be placed or imposed on the Vessels, except that which may be imposed by law for necessities or true salvage rendered by persons other than and not affiliated with Operator. Operator shall defend, indemnify and hold the Authority and its successors, assigns, directors, officers, employees and agents, in both their official and individual capacities, harmless, from and against any and all liens, claims or liabilities of any nature asserted against the Vessels that may arise from or out of any negligent acts or omissions or willful misconduct of Operator. Should any process issue against the Vessels or should any such lien or claim be asserted against the Vessels as a result of Operator's negligence or willful misconduct, Operator shall forthwith cause the Vessel to be released from the lien and the lien or liens to be discharged. Notwithstanding the foregoing, Operator shall have no duty to defend, indemnify and hold the Authority harmless with respect to any and all liens, claims or liabilities asserted against the Vessels that may arise from or out of any acts or omissions of the Authority.

ARTICLE VIII INDEMNIFICATION

Section 8.01 Indemnification by Operator. Subject to the limitation in the following sentence, Operator and BHIL, jointly and severally, shall indemnify and hold the Authority and its successors, assigns, commissioners, directors, officers, employees and agents, in both their official and individual capacities (collectively, the "***Authority Indemnified Parties***"), harmless against any and all Losses (as defined in the Purchase Agreement) arising out of the negligent acts and/or omissions of Operator, its employees, agents, or operators or the Leased Employees including negligence, vicarious liability and strict liability in tort, and for all expenses reasonably incurred by the Authority in the defense, settlement or satisfaction thereof, including reasonable attorneys' fees arising in connection therewith. Notwithstanding anything in this Section 8.01 to the contrary, the maximum liability of Operator and BHIL, collectively, with respect to indemnification of the Authority Indemnified Parties for any Losses arising out of the operation of the Ferry System Operations shall be limited to an aggregate amount of \$[1,000,000], unless

such Losses arise out of the gross negligence or willful misconduct of Operator or the Leased Employees and/or are covered by insurance carried by Operator.

Termination or expiration of this Agreement shall not release Operator from its respective obligations hereunder and neither the enumeration in this Agreement of particular risks assumed by Operator or of particular claims for which it is responsible shall be deemed: (A) to limit the effect of the provisions of this section or of any other sections of this Agreement relating to such risks or claims; or (B) to limit the risks, which Operator shall have been deemed to assume, or the claims for which it would be responsible in the absence of such enumerations.

Section 8.02 Indemnification by the Authority. To the extent permitted by applicable law and subject to limitation in the last sentence of this Section 8.02, the Authority agrees to indemnify, defend and hold harmless Operator, BHIL, their respective officers, members, shareholders, directors, managers, employees, agents and affiliates and the Leased Employees (collectively, the “*BHIL/BHIT Indemnified Parties*”) from any and all Losses arising out of or resulting from (1) the Authority’s breach of this Agreement or any of its obligations hereunder, (2) any employment-related claims asserted by any of the Operator Employees and arising out of negligent actions or omissions by the Authority or its employees from and after the Closing Date and (3) operation of the Ferry System Operations (except for any such Losses for which Operator has the obligation to indemnify the Authority under section 8.01). The obligation of the Authority to indemnify the BHIL/BHIT Indemnified Parties against any Losses under this Section 8.02 shall be limited to and recoverable solely out of the amount of any insurance proceeds or any indemnity, contribution or other similar payment actually paid to, received by or available for the benefit of the Authority from third party insurers or others with respect to such Losses.

Termination or expiration of this Agreement shall not release the Authority from its respective obligations hereunder.

Section 8.03 Limitation of Liability. IN NO EVENT SHALL ANY PARTY HAVE ANY LIABILITY UNDER ANY PROVISION OF THIS AGREEMENT FOR ANY PUNITIVE, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES, INCLUDING LOSS OF FUTURE REVENUE OR INCOME, LOSS OF BUSINESS REPUTATION OR OPPORTUNITY RELATING TO THE BREACH OR ALLEGED BREACH OF THIS AGREEMENT, OR DIMINUTION OF VALUE OR ANY DAMAGES BASED ON ANY TYPE OF MULTIPLE, WHETHER BASED ON STATUTE, CONTRACT, TORT OR OTHERWISE, AND WHETHER OR NOT ARISING FROM THE OTHER PARTY’S SOLE, JOINT, OR CONCURRENT NEGLIGENCE, STRICT LIABILITY, CRIMINAL LIABILITY OR OTHER FAULT. EACH PARTY ACKNOWLEDGES THAT THE SERVICES TO BE PROVIDED TO IT HEREUNDER ARE SUBJECT TO, AND THAT ITS REMEDIES UNDER THIS AGREEMENT ARE LIMITED BY, THE APPLICABLE PROVISIONS OF THIS AGREEMENT.

ARTICLE IX TERMINATION

Section 9.01 Termination of Agreement. This Agreement shall terminate in its entirety on the earliest to occur of (a) the date upon which the Ferry System Operations have been fully transitioned to the Authority pursuant to Article IV, (b) the date of termination in accordance with Section 9.02 or Section 9.03, or (c) June 30, 2022; provided, however, that as provided in Section 4.01, if the transfer of Ferry System Operations contemplated herein is not completed on or before June 30, 2022, the parties may agree to amend this Agreement upon terms mutually acceptable to the parties.

Section 9.02 Breach. The Authority may terminate this Agreement, (a) immediately upon written notice to Operator if Operator fails to perform any of its material obligations under this Agreement, and (b) upon prior written notice to Operator if Operator fails to perform any non-material obligation under this Agreement and such failure shall have continued without cure for a period of fifteen (15) days after receipt by Operator of a written notice of such failure from the Authority, provided that if such failure cannot reasonably be cured within fifteen (15) days after receipt of such written notice, then Operator shall have thirty (30) days to cure such failure, provided Operator diligently pursues such cure to completion. The Authority's sole remedy for breach of this Agreement by Operator shall be its rights of termination under this Section 9.02 or to seek indemnity for any Losses under the indemnification provisions in Section 8.01, subject to the limitations provided for therein.

Section 9.03 Insolvency. In the event that either party hereto shall (i) file a petition in bankruptcy, (ii) become or be declared insolvent, or become the subject of any proceedings (not dismissed within sixty (60) days) related to its liquidation, insolvency or the appointment of a receiver, (iii) make an assignment on behalf of all or substantially all of its creditors, or (iv) take any action for its winding up or dissolution, then the other party shall have the right to terminate this Agreement by providing written notice of termination to the other party.

Section 9.04 Effect of Termination. Upon termination of this Agreement in its entirety pursuant to Section 9.01, all obligations of the parties hereto shall terminate, except for the provisions of Section 8.01, Section 8.02 and Section 8.03, which shall survive any termination or expiration of this Agreement.

ARTICLE X MISCELLANEOUS

Section 10.01 No Assignment. Neither party may assign its rights or obligations under this Agreement to any third party without the express written consent of the other party.

Section 10.02 No Third Party Beneficiaries. Nothing contained in this Agreement is intended for the benefit of third persons.

Section 10.03 Materiality of Obligations/Covenant of Timely Performance. The obligations of Operator under this Agreement for the timely and faithful performance of all of Operator's obligations hereunder are material covenants of Operator. Operator hereby covenants and agrees that it will perform the services and other acts required of it under this Agreement

within the times and to the standards of performance exercised by Operator and the Leased Employees prior to the Closing Date, and Operator recognizes that such covenant and agreement form an essential inducement to the Authority to enter into this Agreement.

Section 10.04 Representation of Operator. Operator hereby represents and warrants to the Authority that Operator is intimately familiar with the Ferry System Operations, and will operate the Ferry System Operations for the Authority under this Agreement in the same professional and competent manner that Operator operated the Ferry System Operations prior to the Closing Date. As required by NCGS § 143-48.5, Operator also certifies that it complies with, and will require its subcontractors to comply with, the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes, including the requirement for each employer with more than 25 employees in North Carolina to verify the work authorization of each of its employees through the federal E-verify Facilities.

Section 10.05 No Commissions. No person or selling agency has been employed or retained by Operator to solicit or secure this Agreement on the understanding that a commission percentage, brokerage contingent or other fee will be payable to such person or selling agency.

Section 10.06 Modifications. No modification of this Agreement shall be effective unless in writing and signed by all of the parties.

Section 10.07 Force Majeure. The time for the Authority or Operator, as the case may be, to perform any of their respective obligations hereunder shall be extended if and to the extent that the performance thereof shall be prevented due to any strikes, lockouts, civil commotion (including protests), warlike operations, invasions, rebellions, hostilities, military or usurped power, governmental regulations or controls, inability to obtain labor or materials despite due diligence, acts of God, unusually severe weather or similar events, quarantine requirements, epidemics, pandemics or other causes beyond the reasonable control of the party whose performance is required. The party claiming the benefit of this section shall give prompt written notice thereof to the other party.

Section 10.08 Governing Law/Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina. Venue and jurisdiction for purposes of any litigation between the parties hereto shall be proper in the state and federal courts of North Carolina, and the parties hereby waive all defenses of venue and jurisdiction in connection with legal proceedings brought by either party against the other in such courts.

Section 10.09 Partial Invalidity. If any provision of this Agreement shall be invalid or unenforceable, the remainder of this Agreement shall not be affected and shall be enforced to the fullest extent permitted by law.

Section 10.10 Interpretation/Conflicts. The captions, headings and titles in this Agreement are solely for convenience of reference and shall not affect its interpretation. This Agreement shall be construed without regard to any presumption or other rule requiring construction against the party causing this Agreement to be drafted. If any words or phrases in this Agreement shall have been stricken out or otherwise eliminated, whether or not any other words or phrases have been added, this Agreement shall be construed as if the words or phrases

so stricken out or otherwise eliminated were never included in this Agreement and no implication or inference shall be drawn from the fact that said words or phrases were so stricken out or otherwise eliminated. All terms and words used in this Agreement, regardless of the number or gender, in which they are used, shall be deemed to include any other number and any other gender as the content may require.

Section 10.11 Non-Discrimination. Operator hereby covenants and agrees to and with the Authority that its operations and policies shall conform in all respects to the following:

(i) No person shall be deprived of the right to occupy or use any portion of the Vessels or the Facilities that are generally open to the public by reason of race, sex, color, creed, national origin, disability or religion; and

(ii) There shall not be effected or executed by Operator or anyone acting on its behalf, any agreement, lease or other instrument whereby the use or occupancy of any portion of the Facilities or the Vessels that are generally open to the public, or any part thereof, is restricted upon the basis of race, sex, creed, color, national origin, disability or religion in a way that would violate applicable law.

Section 10.12 Equal Employment Opportunity. During the performance of this Agreement:

(i) Operator shall not discriminate against any employee or applicant for employment because of race, creed, sex, color or national origin, and shall take affirmative action to ensure that they are afforded equal employment opportunities without discrimination because of race, creed, sex, color, national origin, disability or religion. Such action shall be taken with reference to, but not be limited to, recruitment, employment, job assignments, promotions, upgrading, demotions, transfers, layoff or termination, rates of pay or other forms of compensation, and selection for training or retraining, including apprenticeship and on-the-job training.

(ii) Operator shall post in conspicuous places, available to employees and applicants for employment, such notices as requested by the Authority, setting forth the substance of the provisions set forth above.

(iii) Operator shall state, in all solicitations or advertisements for employees placed by or on behalf of Operator, that all qualified applicants will be afforded equal employment opportunities without discrimination.

Section 10.13 Access to Records and Right to Audit. During the term of this Agreement, the Authority shall have access, during normal business hours and upon reasonable notice, to all records and documents of Operator, which relate to this Agreement. Operator shall permit the authorized representatives of the Authority to inspect and audit all data and records of Operator relating to the Ferry System Operations and funds collected or expended by Operator on behalf of the Authority.

Section 10.14 Non Waiver. No waiver of any breach of this Agreement by either party shall be deemed to be a waiver of any other or any subsequent breach.

Section 10.15 Accountants. Operator shall engage, at the Authority’s sole cost and expense, an experienced certified public accounting firm approved by the Authority to review Operator’s books and records in connection with this Agreement.

Section 10.16 Notices. All invoices, notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 10.16):

If to Operator:

Bald Head Island Limited, LLC
Bald Head Island Transportation, Inc.
6 Marina Wynd
Bald Head Island, North Carolina
Attention: Charles A. Paul, III
Telephone: (910) 297-6600
Email: cpaul@bhisland.com

Murchison Taylor & Gibson PLLC
1979 Eastwood Road, Suite 101
Wilmington, North Carolina 28403
Attention: G. Stephen Diab, Esq. and W. Berry Trice, Esq.
Phone: (910) 763-2426
Email: sdiab@murchisontaylor.com
Email: btrice@murchisontaylor.com

If to the Authority:

Bald Head Island Transportation Authority
1029 North Howe Street, Suite “Authority Office”
Southport, North Carolina 28461
Attention: Susan Rabon
Telephone: (919) 434-5660
Email: susanrabon@gmail.com

With a copy to:

McGuireWoods LLP
501 Fayetteville Street, Suite 500
Raleigh, North Carolina 27601
Attention: Mary Nash Rusher, Esq.
Phone: (919) 755-6600
Email: mrusher@mcguirewoods.com

Section 10.17 **Designated Representative**. Operator, on one hand, and the Authority, on the other hand, shall each nominate one or more representatives to act as the primary contact for the provision of each specific categories of services contemplated by this Agreement (collectively, the “*Designated Representatives*”). The initial Designated Representatives are listed on **Exhibit G**. Operator and the Authority shall advise each other in writing of any change in a Designated Representative. Operator and the Authority agree that all communications relating to the provision of the services contemplated by this Agreement shall be directed to the Designated Representatives. The respective Designated Representatives shall meet to discuss the performance of the services as often as reasonably necessary to ensure the orderly provision of the services, and shall have authority to address and remedy problems related to the provision of the services. Each party shall designate successor Designated Representatives in the event that a designated individual is not available to perform such role hereunder. Each party may rely upon all actions taken or omitted to be taken by the Designated Representatives pursuant to this Agreement, all of which actions or omissions shall be legally binding upon the party represented by the Designated Representative.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first shown above.

AUTHORITY:

BALD HEAD ISLAND TRANSPORTATION
AUTHORITY

By: _____
Susan Rabon, Chair

BHIT:

BALD HEAD ISLAND TRANSPORTATION, INC.

By: _____
Charles A. Paul, III, President

Bald Head Island Limited, LLC executes this Agreement solely for purposes of agreeing to be bound by and to provide the indemnification under Section 8.1 hereof.

BHIL:

BALD HEAD ISLAND LIMITED, LLC

By: _____
Charles A. Paul, III, CEO and Manager

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

Authority Finance Officer

Exhibit A

FERRY SYSTEM OPERATIONS

For the services listed in this Exhibit A, the parties agree that such services shall be performed by Operator in a manner consistent with the way such services were performed prior to the Closing Date.

(i) *Vessels and Terminal Sites*: The vessels to be operated by Operator under this Agreement will consist of the Transferred Vessels as that term is defined in the Purchase Agreement, and any substitute or replacement vessels furnished by the Authority during the term hereof (collectively, the “*Vessels*”). The terminal sites for the Vessels shall be located at the Deep Point terminal facilities north of Southport, North Carolina and the Bald Head Island terminal facilities at Bald Head Island, North Carolina (the “*Terminal Sites*”). Operator is responsible for keeping the Terminal Sites in a safe, clean and presentable fashion.

(ii) *Coordination and Scheduling of Ferry Services*: Operator shall provide ferry and barge service on the schedule in effect on the Closing Date. Any changes to the ferry and barge service schedule shall be approved by the Authority, except in the case of an emergency or as required by a government agency, in which case, Operator will promptly notify the Authority’s Designated Representative.

(iii) *Control and Supervision of Ferry Services*: Operator will provide trained and qualified personnel for manning the Vessels and will manage and oversee the operation of the Ferry System Operations on a day-to-day basis. The Authority shall not be required to provide any staff or to oversee any part of the day-to-day operation of the Ferry System Operations, but will have at all times the right of inspection, observation, and the latitude to comment on all such operations.

(iv) *Ticket Sales and Fare Collection*: Operator shall conduct ticket sales and fare collections for the Authority, including online ticket sales and fare collections. Operator shall provide all necessary cashiers and ticket sales personnel at the Terminal Sites. Ticket booths will be provided by the Authority. Operator shall also man the phones, which includes but is not limited to responding to customer service calls.

(a) Ticket prices and fares shall be established by the Authority, and the Authority will review ticket prices and fares from time to time.

(b) Operator may accept major credit cards or other commercially accepted forms of payment for transactions.

(v) *Parking*: Operator will manage and operate the parking lot and related facilities at the Deep Point terminal facilities, and will collect all parking fees and revenues for Authority.

(a) Parking fees and charges shall be established by the Authority, and the Authority will review the fees and charges for parking from time to time.

(vi) *Tram and Baggage Services:* Operator will also manage, maintain and operate all trams and tram transportation at the Bald Head Island terminal facilities and on Bald Head Island, including without limitation pickup and delivery of all passengers and baggage at the Bald Head Island terminal facilities and on Bald Head Island to and from passengers' homes, residences, vacation and temporary places of visitation and other points of final destination. Operator will also handle all passenger baggage at the Deep Point terminal facilities and the Bald Head Island terminal facilities to and from passengers' final points of destination.

(vii) *Information Technology Services:* Operator will also provide, operate, maintain and manage all information technology services necessary and/or appropriate for the Facilities.

(viii) *Human Resources and Accounting:* Operator will also provide, maintain and manage all human resources services, insurance and other benefits for the employees of Operator on the same terms and at the same levels as provided before the Closing Date, and Operator will also maintain and provide all bookkeeping and accounting services necessary and/or appropriate for the Authority and the Ferry System Operations.

(ix) *Security and Emergency Response:* Operator will also maintain and manage all security necessary and appropriate for the Facilities, at the Deep Point terminal facilities, Bald Head Island terminal facilities, on ferries and barges, and at all parking and tram areas. [It is understood by Operator that the Vessels which are passenger ferries will be operated as a vessel that carries 149 passengers or less, and are therefore not required to be Marine Transportation Security Act compliant. Should the USCG, Department of Homeland Security or the Authority determine that a vessel security and/or facility security plan is required, then all costs associated with vessel security and/or facility infrastructure improvements will be borne by the Authority.]

(x) *Damage and/or Claims:* Operator shall keep an accurate record of all accidents, injuries or damages to persons and/or property involving the Vessels and/or the Docking Sites and shall provide notice of all such matters of a material nature and of any and all claims, suits or actions to the Authority immediately when possible but at least within forty-eight (48) hours. Operator shall take all steps necessary to record all reports of injuries, accidents, damages, claims and legal proceedings, and shall perform such investigations, inspections and keep such records as may be necessary to document all such matters.

(xi) *Cleaning:* Cleaning shall be performed by Operator so that the Vessels, trams, ramps, booths, and passenger queuing areas are, at all times, neat, orderly, free of litter, oil, and dust, and in accordance with the cleaning as per industry standards.

(xii) *Vessel and Terminal Site Maintenance*: Operator is responsible for the cleaning and regular maintenance (“Regular Maintenance”) for the Vessels as well as Regular Maintenance of the ferry terminal offices located at the Terminal Sites. The costs for Regular Maintenance shall be paid by the Authority as per the approved Annual Budget.

Notwithstanding the preceding sentence, Regular Maintenance shall also include any repairs which are predictable and/or which can be handled in-house by Operator. Operator shall supply the labor or hire an outside contractor or vendor to perform all Regular Maintenance. Operator shall provide copies of all daily maintenance logs to the Authority on a monthly basis and in a format acceptable to the Authority.

(xiii) *Vessel Repairs*: Operator shall notify the Authority’s Designated Representative promptly if Operator believes that repairs, which are outside the scope of Regular Maintenance, are needed for a Vessel. The Authority shall then make its own determination regarding the need for such repairs and that determination shall be final. Vessel repairs outside the scope of Regular Maintenance will be paid for by the Authority.

(xiv) *Inspections*: On behalf of the Authority, Operator will arrange to have all necessary inspections performed on the Vessels, including, but not limited to, bi-annual topside and hull inspections and all required US Coast Guard inspections. Both parties will agree on a third party agency to annually inspect the vessels for structural soundness and insure that the vessels can be safely operated on their intended route.

(xv) *Industry Standards*: Operator shall exercise its best efforts to maintain industry standards and common marine practices, as well as use reasonable care in operating the Vessels, not limited to those tasks outlined above. It is Operator’s responsibility to alert the Authority to tasks required in order to maintain safe, secure and efficient Vessels.

(xvi) *Fueling and Waste-Disposal*: Fueling for the Vessels, as well as trash and garbage disposal (including liquid and solid waste) will be accomplished in a safe and environmentally sound manner, in compliance with all applicable federal, state and local laws.

(xvii) *Customer Service*: Operator shall maintain customer service at all times at a level consistent with past practices, including servicing passengers, answering phones, working with the Authority, and coordinating and supporting hospitality partners in the region. Customer service shall be implemented in a manner selected by Operator and satisfactory to the Authority.

(xviii) *Marketing*: Operator will be responsible for marketing the Ferry System Operations. Operator will assist in the development of a marketing plan as needed or requested. All marketing expenses shall be part of the Annual Budget and paid for by the Authority.

(xix) *Insurance*: Operator shall maintain and keep the following insurance coverage in effect throughout the term of this Agreement and any extensions or renewals thereof. Each of the required policies shall provide that it shall not be canceled without at least thirty (30) days prior written notice to the Authority and each policy shall be issued by an insurer of recognized responsibility approved by the Authority. At least thirty (30) days prior to the date on which any such policy shall expire, a signed duplicate of a renewal policy, or an insurer's certificate thereof, shall be delivered by Operator to the Authority. Each policy shall be in such form as the Authority may from time to time reasonably require. Each policy should name the Authority as an additional insured.

(a) Insurance against Operator's liabilities under the Workmen's Compensation Law, the Longshoremen's and Harbor Worker's Act, and other like state and federal liability statutes, in an amount not less than _____ (\$ _____) Dollars; and¹

(b) A maritime endorsement and or Protection & Indemnity policy against Operator's liabilities under the Jones Act, in an amount not less than _____ (\$ _____) Dollars; and

(c) All insurance required by any regulatory commission or other governmental agency to be carried by a passenger boat service, including but not limited to pollution coverage, in such form and minimum amounts as so required; and such policy shall name the Authority as an additional insured. Any such insurance, and any other insurance required to be carried hereunder shall not exclude any private or public livery operations or claims arising there from; and

(d) Commercial general liability insurance and/or MGL policy in an amount not less than _____ (\$ _____) combined single limit, or the equivalent, with respect to Bodily and Personal Injury and Property Damage in any one occurrence, to which the Authority shall be named as an additional insured; and

(e) Operator will carry excess coverage and or umbrella policy of at least _____ (\$ _____), and will name the Authority as an additional insured.

¹ Need to sync up with Authority's insurance as per Section 2.03. Assuming Authority carries casualty, and both carry liability.

Exhibit B

HUMAN RESOURCES

(i) Payroll and withholding processing, reporting and personnel/administration assistance, to the extent necessary. Such services may be handled directly or through a reputable third party provider.

(ii) Records maintenance/transition of policies and procedures.

(iii) Provide 2020 W-2s, as applicable, either directly or through a reputable third party provider.

(iv) Provision of health insurance and 401(k) type savings plan benefits to employees in a manner consistent with past practices.

(v) Employees will be required to comply with existing policies as per the Employee Information Handbook, as adopted and maintained by the Operator.

(vi) Operator is responsible for recruitment and training of all employees required to perform the scope of work specified in this Agreement, which shall be carried out in a manner consistent with past practices.

(vii) Such other human resource services utilized and provided by the Operator to and for its employees prior to the Closing Date.

Exhibit C

FINANCIAL OPERATIONS

Except as expressly requested by the Authority, the Operator shall perform all of the same financial operations it or BHIL performed prior to the Closing Date and in a manner consistent with prior practices, including, without limitation, the following:

- (i) Assist with data transfer, conversion to and use of financial software applications (general ledger, AP, AR, invoicing, credit collection)
- (ii) The following treasury and cash management services:
 - (a) Receipt and recording of customer payments
 - (b) Transition of payroll processing functions, including issuance of payroll checks and/or direct deposit setup with employees
 - (c) The following G/L, month-end close and fixed assets related services:
 - (i) Recording of general ledger transactions as and when directed by the Authority's Designated Representative
 - (ii) Performing month-end closing of the general ledger and account reconciliations in accordance with past practices
 - (iii) Recording fixed asset purchases, depreciation and dispositions; preparing standard system activity reports
 - (d) Preparation of detailed trial balances and transaction detail reports for submission to the Authority's finance and accounting department.

Exhibit D

INFORMATION TECHNOLOGY

(i) Network and telecommunication connectivity to the extent provided by the Operator prior to the Closing Date, including:

(a) Telephone

(b) Internet access

(c) Email – note: access to shared mailboxes will need to be walled-off as of the Closing Date; the Authority will have no access to or ownership of any emails of the Operator or the Leased Employees created prior to the Closing Date, unless approved by Operator in advance. New email address for Authority and Operator relating to the Facilities will be [@BHITA.gov]

(ii) Computer Systems

(iii) Maintenance (hardware/software/servers/system) and hosting

(a) To the extent software is nontransferable, the Operator will use its best efforts to provide necessary accommodations until the Authority has secured appropriate licenses

(iv) Security, including virus protection

(v) File backup and access to off-site backup tapes

(vi) Remote connections (continue on a walled-off basis)

(vii) Any outsourced IT support services need to be provided on similar terms as utilized by the Operator prior to the Closing Date.

(viii) Provide details and specifications (and access to the current IT support personnel) for all telephone, architecture, server security, asset, configurations, applications, licensing and support contracts, knowledge transfer

Exhibit E

FORM OF ANNUAL BUDGET

Exhibit F

LIST OF INITIAL OPERATOR EMPLOYEES

Exhibit G

DESIGNATED REPRESENTATIVES

FOR THE AUTHORITY:

Susan Rabon

FOR THE OPERATOR:

Charles A. Paul III