



STATE OF NORTH CAROLINA
Office of the State Auditor

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Beth A. Wood, CPA
State Auditor

November 15, 2021

The Honorable Dale Folwell
North Carolina State Treasurer
3200 Atlantic Avenue
Raleigh, NC 27604

Dear Treasurer Folwell:

I am writing this letter to **insist** that you, as the Chairman of the Local Government Commission, remove from the December 2021 agenda both applications to sell bonds to purchase the assets of the Bald Head Island Transportation System.

N.C.G.S. § 159-52(a) lists thirteen criteria that the Commission **should** consider when deciding to approve an application to sell bonds. Specifically, item (8) references the consideration of the "appraised and assessed value of the property subject to taxation."

Additionally, N.C.G.S. § 159-52(b) states "(b) The Commission shall approve the application **if**, upon the information and **evidence** it receives, it finds and determines... (2) That the amount proposed is **adequate** and **not excessive** for the proposed purpose of the issue." (*Emphasis added*).

To date, the Commission has **not** received the **evidence**, required by statute, that supports the value of the assets, and provides adequate support for Commission member consideration verifying that the amount proposed is adequate and not excessive.

The two valuations/appraisals of the assets of the Bald Head Island Transportation System that have been submitted used assumptions that have raised a number of questions, have used estimates of asset values supplied by the seller, and has garnered so many other questions that have gone unanswered, even after multiple requests. Until the applications to sell bonds to purchase the assets of Bald Head Island Transportation System is supported by a valuation/appraisal that accurately and reliably sets the value of the assets, no application should be allowed on the Commission agenda at any time.

NO other unit of government, nor any authority that has to go through the Commission for approval to sell bonds, is allowed to appear on the agenda without the evidence to support the sale. Why are the two applications for the sale of bonds to purchase the Bald Head Island Transportation System assets being treated differently?



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As a voting member of the Commission, N.C.G.S. § 159 requires that I have the information/evidence I need to approve or reject the application. Thus far, I have not been provided that information.

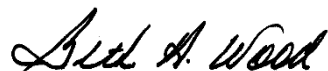
As the State Auditor, I question the preferential treatment of these applicants and the precedent that will be set for other units applying for approval to sell bonds.

Also, it is imperative to note that the Commission just lost three Commissioners, whose term ended June 30, 2021 and were not reappointed. These three terminated Commissioners have been intricately involved in all the discussions, issues, history of the application for the bond sale, and all the associated problems. There is absolutely not enough time for the new appointees to educate themselves well enough to make an informed vote at the December meeting, especially since the appointments for the vacated positions have not been made as of this date.

While I have seen, first-hand, the **extreme pressure** put upon you to get the application(s) on the Commission agenda, that cannot be the reason for putting them on the December 2021 agenda. The application(s) to purchase the Bald Head Island assets should not be back on the agenda until the Commission has the evidence, required by state statute, to make informed decisions and the new appointees to the Commission have had an opportunity to become well versed in the details of the bond sale so they can make an informed vote.

Again, I **insist** the two applications for the approval of the sale of bonds to purchase the Bald Head Island Transportation System be removed from the December 2021 agenda.

Best regards,



Beth A. Wood, CPA
STATE AUDITOR

