



434 Fayetteville Street
Suite 2800
Raleigh, NC 27601
Tel (919) 755-8700 Fax (919) 755-8800
www.foxrothschild.com

M. GRAY STYERS, JR.
Direct No: 919.755.8741
Email: GStyers@Foxrothschild.com

July 14, 2022

Ms. A. Shonta Dunston
Chief Clerk
North Carolina Utilities Commission
430 N. Salisbury Street
Room 5063
Raleigh, NC 27603

Re: In the Matter of
Joint Application of Bald Head Island Transportation, Inc. and Bald Head Island
Ferry Transportation, LLC for Approval of Transfer of Common Carrier Certificate
to Bald Head Island Ferry Transportation, LLC, and Permission to Pledge Assets
NCUC Docket No. A-41, Sub 22
Direct Testimony of Lee H. Roberts

Dear Ms. Dunston:

Attached for filing in the above referenced docket is the Direct Testimony of Lee H. Roberts.

Thank you in advance for your assistance with this filing. If you should have any questions concerning this submittal, please contact me.

Sincerely,

/s/ M. Gray Styers, Jr.

M. Gray Styers, Jr.

pbb

A Pennsylvania Limited Liability Partnership

California Colorado Delaware District of Columbia Florida Georgia Illinois Minnesota
Nevada New Jersey New York North Carolina Pennsylvania South Carolina Texas Washington

Ms. A. Shonta Dunston
Page Two
July 14, 2022

Enclosure

cc: All Counsel of Record
Christopher J. Ayers - NC Public Staff
Elizabeth Culpepper – NC Public Staff
William E. H. Creech – NC Public Staff
Jessica Heironimus – NC Public Staff

OFFICIAL COPY

JUL 15 2022

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. A-41, SUB 22

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Joint Application
of Bald Head Island Transportation, Inc.,
and Bald Head Island Ferry
Transportation, LLC , for Approval of
Transfer of Common Carrier Certificate
to Bald Head Island Ferry Transportation,
LLC, and Permission to Pledge Assets

**DIRECT TESTIMONY OF
LEE H. ROBERTS**

July 14, 2022

1 **Q. Please state your name, occupation, and business address.**

2 A. My name is Lee Roberts. I am Managing Partner of SharpVue Capital, LLC
3 (“SharpVue”). My business address is 3700 Glenwood Avenue, Suite 530,
4 Raleigh, North Carolina 27612. SharpVue will enter an agreement for management
5 services with Pelican Legacy Holdings, LLC, which is the sole member of Bald
6 Head Island Ferry Transportation, LLC (“BHI Ferry Transportation”), a North
7 Carolina limited liability company, to manage BHI Ferry Transportation’s
8 operations.

9 **Q. Please describe your educational and professional background.**

10 A. I have a B.A. degree in political science from Duke University and a law degree
11 from Georgetown University Law Center. I have worked in real estate investment
12 and finance for more than 25 years, including positions in private equity,
13 investment banking, and commercial banking for companies. My former
14 employers include the State of North Carolina, Piedmont Community Bank
15 Holdings and Cherokee Investment Partners in Raleigh, as well as Morgan Stanley
16 in London and New York.

17 **Q. How long have you worked at SharpVue?**

18 A. I co-founded SharpVue in 2016. SharpVue was previously an arm of Curi, formerly
19 known as Medical Mutual. Seeing the tremendous opportunity for continuing
20 growth in North Carolina, my partner, Doug Vaughn, and I spun SharpVue off into
21 its own investment management firm in 2019. One of SharpVue’s primary
22 missions is economic growth in North Carolina.

1 **Q. Why has SharpVue focused on North Carolina?**

2 A. First, Mr. Vaughn and I have lived in this great state for many years and raised our
3 families here. We are proud to call it home and don't plan to live anywhere else.
4 We know it well – its needs and its opportunities. Immediately prior to joining
5 SharpVue, I had the honor of serving as budget director to Governor Pat McCrory.
6 I am currently a member of the Board of Governors for the University of North
7 Carolina system. I have also served on the board of directors for the Golden LEAF
8 Foundation, which distributes grants intended to make meaningful economic
9 transformation across the State. I have also served on the State Board of
10 Community Colleges and the North Carolina Banking Commission.

11 **Q. What is the purpose of your testimony in this proceeding?**

12 A. The purpose of my testimony is to describe SharpVue and its affiliates' plans for
13 the regulated ferry and tram operations and to explain why BHI Ferry
14 Transportation's acquisition of the common carrier authority is in the public interest
15 and will provide stability and ensure continuity of these services going forward.

16 **Q. How did SharpVue become interested in purchasing the Bald Head Island
17 ferry and tram operations?**

18 A. I have been familiar with Bald Head Island for a long time. When I was the budget
19 director for Governor McCrory, our office was aware of the concept of legislation
20 that led to the formation of the Bald Head Island Transportation Authority
21 ("BHITA"). I was well aware of the need for someone to assume ownership of
22 these operations since Bald Head Island Transportation, Inc., ("BHIT") would need

1 to be wound down to settle and close the Estate of George P. Mitchell. When it
2 became apparent that BHITA might not be able to obtain the necessary approvals
3 to finance the purchase of these operations, I realized there was a critical need that
4 SharpVue could fill.

5 Mr. Mitchell and his family's development, conservation, and preservation efforts
6 on Bald Head Island over the past 40 years have been monumental, and we look
7 forward to being the next stewards of that legacy. The ferry and tram operations
8 are critical pieces of that stewardship.

9 SharpVue ultimately negotiated an agreement to purchase the assets of BHIT and
10 Bald Head Island Limited LLC, which consist of not only the ferry and tram
11 operations but also a number of non-regulated assets such as buildings, real estate
12 assets, and other operations. SharpVue will fund the purchase as I describe later in
13 my testimony and its affiliates will own the various assets. As it relates to this
14 application, BHI Ferry Transportation will own the assets related to the ferry and
15 tram operations, and SharpVue will manage these operations on behalf of BHI
16 Ferry Transportation.

17 **Q. What relevant experience does SharpVue have as it relates to the ferry and**
18 **tram operations?**

19 A. SharpVue has a history of participating in infrastructure projects. For example, in
20 2017, SharpVue invested in the acquisition of Raleigh-based sanitary solid waste
21 company by a private group of investors. In 2020, SharpVue invested in a reclaimed
22 wastewater treatment facility in a Piedmont-located municipality. While this type

1 of transportation service is new to our team, SharpVue has reached agreement with
2 the operations' current management to continue in their current roles and duties, to
3 include (but not limited to): Charles A. "Chad" Paul, III, President of Bald Head
4 Island Transportation, Inc. and Chief Executive Officer and a Manager of Bald
5 Head Island Limited LLC; Shirley Mayfield, Chief Financial Officer of Bald Head
6 Island Limited LLC; and Captain Bion Stewart, the current Chief Operating Officer
7 of Bald Head Island Transportation, Inc.

8 Further, SharpVue has committed to hire almost all of the current employees. In
9 the process of negotiating the transaction and conducting our due diligence, we
10 have been impressed with the knowledge and expertise this team brings with it and
11 are confident that the transition will be seamless and operations will continue
12 without noticeable impact as a result of the transaction.

13 **Q. How will the operations fit into the SharpVue corporate and financing**
14 **structure?**

15 A. BHI Ferry Transportation is managed by SharpVue. Both are North
16 Carolina limited liability companies. A current organization chart of SharpVue's
17 investment in this transaction is filed with the Application as Exhibit B. In addition
18 to the current balance sheet for the ferry and tram operations, SharpVue will
19 establish a reliable financing mechanism that is a combination of debt financing
20 and equity, as shown on the document filed confidentially with the Application as
21 Exhibit F. This diverse financing approach will give SharpVue flexibility in
22 meeting the capital and other needs of the ferry and tram systems. SharpVue has

1 raised capital specifically for this opportunity from a group of primarily local
2 investors with the understanding that this collection of assets can be held for the
3 long term. In other words, and importantly, this investment will not be held in a
4 limited life fund, but in an LLC with a perpetual life.

5 **Q. Who will manage day-to-day operations of the ferry and tram operations after**
6 **the transaction is closed?**

7 A. As I mentioned before, we have an agreement to keep both the management and
8 employees involved in these operations in place. That includes the President, Chad
9 Paul, the Chief Financial Officer, Shirley Mayfield and the Chief Operational
10 Officer, Captain Bion Stewart. Their experience and knowledge specific to the Bald
11 Head Island operations along with SharpVue's broader experience in real estate and
12 infrastructure projects and its access to capital should ensure long-term viability of
13 the services and lead to improvements in efficiencies and passenger experience over
14 time.

15 **Q. Please describe the due diligence efforts SharpVue made to determine whether**
16 **the ferry and tram services are financially stable and feasible in the long term?**

17 We performed a significant amount of research and review on our own, but we also
18 had the benefit of the fact that BHITA had spent four years evaluating the system
19 in great depth in conjunction with their plans to purchase the ferry and tram
20 services. We obtained and reviewed appraisals, evaluations, reports, and analyses
21 on all of the assets we were purchasing and reviewed the records related to these
22 operations as a going concern. Through our review, we are confident that SharpVue

1 can continue to operate the services in the same cost-effective, safe, and reliable
2 manner that BHIT has been providing for years.

3 **Q. Does SharpVue plan to make any significant changes to the operation?**

4 A. No, we have no such plans. Sometimes an equity investor will purchase an
5 underperforming company with the intent of making changes to make it more
6 profitable, but that is absolutely not the situation here. Instead, we see BHIT as an
7 unusual situation in which an extremely well-run company needs to be sold for
8 external reasons (i.e., the death of Mr. Mitchell), and it is our intent to continue that
9 track record of success. We intend to spend the first year after the purchase
10 communicating with stakeholders and evaluating the current operations in more
11 detail and, of course, look for opportunities to improve service and make any
12 needed investments over time.

13 **Q. Will there be any request for a rate increase as a result of the transaction?**

14 A. No. Based on our due diligence, SharpVue has concluded that it can continue to
15 operate the ferry and tram services at the approved rates at this time, assuming that
16 there are no significant changes to its regulatory status or to the rate base. SharpVue
17 may, of course, evaluate the need for rate changes in the future as may be driven by
18 external economic factors, such as inflation, increased operating costs, and/or
19 additional new capital investment, but we will not seek a rate change for at least
20 one (1) year. Accordingly, any such internal rate evaluation will be unaffected by
21 the transaction itself or transition of ownership.

1 **Q. Will SharpVue seek to recover any transaction costs or acquisition premiums**
2 **related to this transaction from passengers?**

3 A. No.

4 **Q. From SharpVue's perspective, what benefits will there be to the public if the**
5 **transaction is approved?**

6 In the short term, SharpVue will ensure that the ferry and tram services continue
7 uninterrupted in the same cost-effective, safe, and reliable manner that the public
8 has come to expect. Going forward, SharpVue is willing and able to provide the
9 operations with the capital they need to accommodate growth and enhance the
10 passenger experience while maintaining cost-effective and efficient operations.

11 **Q. From SharpVue's perspective, will the customers who rely on the ferry and**
12 **tram services be harmed in any way as a result of the SharpVue transaction?**

13 A. No. Services will continue at the current approved rates, and SharpVue is
14 committed to continue to operate the ferries and trams in a cost-effective manner
15 as it has been operated in the past. Between the expertise of the current
16 management team and the resources and experience of SharpVue, we are well
17 situated to make that happen.

18 **Q. Will SharpVue commit to complying with all applicable statutes within**
19 **Chapter 62 of the North Carolina General Statutes, the Rules and Regulations**
20 **of the Commission, and all applicable Orders of the Commission?**

21 A. Yes.

1 **Q. Is SharpVue familiar with the NCUC's historical regulation of the ferry and**
2 **tram system?**

3 A. Yes.

4 **Q. Will the North Carolina Utilities Commission retain appropriate regulatory**
5 **oversight over the ferry and tram operations following the transaction?**

6 A. Yes; SharpVue, on behalf of BHI Ferry Transportation, is simply stepping into the
7 shoes of BHIT. The Commission will continue to have jurisdiction over BHI Ferry
8 Transportation's operation of the ferries and trams and will have the power to
9 exercise supervision and authority over BHI Ferry Transportation as it relates to
10 these operations pursuant to Chapter 62 of the North Carolina General Statutes –
11 just as it has had over BHIT for the past 25+ years.

12 **Q. Does this conclude your testimony?**

13 A. Yes, at this time.