

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. A-41, SUB 22

In the Matter of)	
Joint Application of Bald Head Island)	
Transportation, Inc., and Bald Head)	MOTION TO COMPEL
Island Ferry Transportation, LLC, for)	RESPONSES OF
Approval of Transfer of Common Carrier)	SHARPVUE CAPITAL,
Certificate to Bald Head Island Ferry)	LLC TO SECOND DATA
Transportation, LLC, and Permission to)	REQUESTS
Pledge Assets)	

Sep 14 2022

The Village of Bald Head Island (the “Village”), by and through counsel and pursuant to the Order Scheduling Hearing, Establishing Procedural Deadlines, and Requiring Public Notice, moves the Commission to compel SharpVue Capital, LLC (“SharpVue”) to provide a full response to Data Requests 2-3, 2-4, 2-11, 2-16, 2-17, 2-18, 2-19, 2-21, 2-22, 2-23, 2-24, 2-25, 2-27, and 2-28 contained in the Village’s second Set of Data Requests. Attached as Exhibit 1 is a copy of SharpVue’s Responses to Village of Bald Head Island’s Second Data Requests setting forth the data requests in issue and SharpVue’s responses to the same.

INTRODUCTION

The Village regrets having to file this motion. Our preference is always to seek to work discovery matters out on a cooperative basis – consistent with Commission expectations. However, we have no choice but to pursue complete answers to the questions identified below. SharpVue’s responses are so utterly deficient that the responses themselves call into question SharpVue’s commitment to the level of candor and disclosure that is typically associated with the obligations of public utility ownership. The Village,

by its requests, is seeking standard information in the possession of the applicant, addressing matters put in issue by the applicant. It would be manifestly unfair for SharpVue to make factual assertions in support of its application and then refuse to provide information substantiating those allegations. The Village is entitled to inquire into these matters so that it may properly assess the facts and allegations at issue in this proceeding, and it is necessary that we do so.

ARGUMENT

North Carolina Rule of Civil Procedure 26 provides for a “broad scope of discovery, allowing ‘[p]arties [to] obtain discovery regarding any matter, not privileged, which is relevant to the subject matter involved in the pending action.’” *Friday Investments, LLC v. Bally Total Fitness of the Mid-Atl., Inc.*, 370 N.C. 235, 238, 805 S.E.2d 664, 667 (2017) (quoting Rule 26). Thus, “[i]t is not ground for objection that the information sought will be inadmissible at the trial if the information sought appears reasonably calculated to lead to the discovery of admissible evidence” N.C. R. Civ. P. 26(b)(1).

When a motion to compel discovery is filed, “[t]he party resisting discovery bears the burden of showing why the motion to compel should not be granted.” *Duke Energy Carolinas, LLC v. AG Ins. SA/NV*, No. 17 CVS 5594, 2019 WL 6699461, at *3 (N.C. Super. Ct. Dec. 6, 2019) (quoting *Nat’l Fin. Partners Corp v. Ray*, No. 13 CVS 3319, 2014 NCBC 49, ¶ 40 (N.C. Super. Ct. Oct. 13, 2014)). “Specifically, the party seeking protection from the court from responding to discovery must make a particularized showing of why discovery should be denied” *Nat’l Fin. Partners Corp*, 2014 NCBC 49, ¶ 40 (quoting

Smithfield Bus. Park, LLC v. SLR Int'l Corp., No. 5:12-CV-282-F, 2014 WL 3919679, at *7 (E.D.N.C. Aug. 11, 2014)).

Each of SharpVue's improper objections or deficient answers is addressed in turn. The Village has grouped certain of these requests where there are commonalities in the deficiencies in an effort to facilitate efficient review.

Data Requests 2-3, 2-11, 2-19, 2-22, and 2-23

In its Application, SharpVue claims that it “has the financial resources to support and enhance the Ferry Operations and Tram Operations, including accommodating anticipated growth in ridership.” Application ¶ 27. Similarly, SharpVue claims that it “has the financial capital and resources to support ongoing operations, contingencies, and needed capital improvements.” *Id.* ¶ 36. The Village thus seeks all facts supporting these allegations:

3. Provide state the current capitalization of BHI Ferry Transportation, LLC, Pelican Legacy Holdings, LLC, and SVC Pelican Partners, LLC and identify all documents showing such capitalization.
11. Identify the source of funds for the capital improvements specified in response to data request 8 and state whether such funds are currently committed or otherwise secured. If not committed or otherwise secured, state SharpVue's plans for obtaining the necessary funds.
19. Identify all facts in support of the allegations of paragraph 27 of the Application.

Exhibit 1 at 2, 7 (SharpVue Capital, LLC's Responses to Village of Bald Head Island's Second Data Requests).

SharpVue also makes various representations about how the proposed purchase of the ferry system would be financed. It claims that it will establish a “reliable financing

mechanism that is a combination of debt financing and equity,” and that it “may borrow funds/issue debt and pledge the Ferry and Tram Assets to secure such debt financing.”

Application ¶¶ 17-18. The Village thus issued requests asking about SharpVue’s plans to pledge ferry assets as collateral or security:

- 22. Does SharpVue intend – either as a component of the Transaction or as a component of a planned future transaction – to pledge the assets comprising the ferry and tram operations as collateral or security? If SharpVue does not presently intend to pledge these assets, might SharpVue consider pledging those assets in the future?
- 23. Does SharpVue intend – either as a component of the Transaction or as a component of a planned future transaction – to pledge the parking facilities or barge assets as collateral or security? If SharpVue does not presently intend to pledge these assets, might SharpVue consider pledging those assets in the future?

Ex. 1 at 8.

SharpVue neither objects nor responds to any of these requests. Instead, SharpVue directs the Village to Exhibit F of its Application. **[BEGIN CONFIDENTIAL –**

ATTORNEYS’ EYES ONLY] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

ferry and tram operations. Seeking to understand the factual basis for this assertion, the Village's Data Request 2-4 seeks information relating to SharpVue's experience providing utility services:

4. Provide a complete summary of SharpVue's experience providing utility services, broken down by SharpVue entity. If SharpVue's experience consists solely of acquiring ownership interests entities providing utility services, please (a) identify the entity providing utility services, (b) state the percentage ownership interest held and the type and nature of the interest, and (c) state the dates that SharpVue Capital acquired and sold such interests.

Ex. 1 at 2.

In its response to Data Request 2-4, SharpVue states that it plans to hire the ferry operation's current management and employees but objects to any further response to this question claiming that "it requests irrelevant information that is not likely to lead to discoverable information." It further states that it has "raised capital specifically for this opportunity from a group of primarily local investors with the understanding that this collection of assets can be held for the long term." Ex. 1 at 2-3. However, SharpVue does not identify these purportedly "local" investors or offer any explanation of their experience providing utility services.

The issue of SharpVue's "expertise and experience" providing utility services was put in issue directly by SharpVue itself in its Application. Obviously, this experience and expertise is directly relevant to SharpVue's qualifications to serve as a utility operator and having put the matter in issue is cannot now claim that the issue is "irrelevant."

SharpVue should be directed to provide a complete response to this request.

Data Requests 2-18

In its Application, SharpVue claims to have “experience with infrastructure projects which will be valuable in assuming operations.” Application, ¶ 34. Seeking to understand the factual basis for this assertion, the Village thus asked SharpVue to describe that experience:

18. In paragraph 34 of the Application, the applicants state that SharpVue “has experience with infrastructure projects which will be valuable in assuming operations.” Please identify all such projects, specify SharpVue’s role in such project, identify the extent of any ownership interest in such projects, and the dates SharpVue acquired and disposed of any interest in such projects.

SharpVue responded to Data Request 2-18, but only in part. SharpVue provided a list of representative “financing projects” in which the managing partner of SharpVue, Lee Roberts, has been involved with. But SharpVue did not specify SharpVue’s role (if any) in such project; it did not identify the extent of any ownership interest in such projects; nor did it identify the dates SharpVue acquired and disposed of any interest in such projects. *See* Ex. 1 at 6-7. In other words, SharpVue simply ignored critical aspects of the data request.

SharpVue did not object to Data Request 2-18. Nor did SharpVue explain why it was not responding in full to the request. In an email on September 12, 2022, counsel for the Village asked counsel for SharpVue to provide the missing information. As of the date of this filing, counsel for SharpVue has not responded to the Village’s request other than to indicate that counsel was checking with his client on this request.

The Village thus asks the Commission to order SharpVue to respond to the Village’s Data Request 2-18 in full.

Data Request 2-21

SharpVue states in its Application that it has reached an agreement to purchase all the assets of the utility, Bald Head Island Transportation, Inc. (“BHIT”), plus “a significant portion of the remaining assets of [Bald Head Island Limited, LLC]” for a total purchase price of \$67.2 million. Application ¶ 14. Given that the stated purchase price includes assets beyond the ferry and tram assets which are subject to the Application, the Village requested in Data Request 2-21 that SharpVue provide additional detail as to how the total price was allocated among the assets:

21. Specify how SharpVue allocates the purchase price among the assets to be purchased in the Transaction and how it proposes to allocate the purchase price among the acquired assets at closing. If SharpVue contends that it has not allocated the purchase price among the assets, explain how SharpVue has valued the individual components of the transaction and provide all documents relating to the valuation of these components.

Ex. 1 at 8. SharpVue did not object to this request, but it also did not respond in full. Instead, SharpVue responds generally that “\$56M is allocated to ferry, tram, parking, and barge.” *Id.* SharpVue contends that it will complete such analysis “at the time of closing under the APA.” *Id.*

First, this response does not indicate how the purchase price is allocated among the assets in issue in this proceeding. Second, SharpVue failed to provide documents supporting the \$56 million allocation that it claims, or any other allocation. Again, SharpVue has not objected to the request; accordingly it should fully respond, including by providing all documents relating to the allocation of the components of the transaction. In any event, the manner in which SharpVue arrived at the purchase price is highly relevant

to the value of the assets in issue, the protection of ratepayers from adverse impacts of the transaction, and, ultimately, whether the transaction should be approved.

The Village requests that the Commission compel SharpVue's full response.

Data Requests 2-24, 2-25 and 2-27

Data Requests 2-24, 2-25 and 2-27 seek information about the owners and investors in Pelican Legacy Holdings, LLC—the company that has been formed to purchase the ferry system—as well as BHI Ferry Transportation, SVC Pelican Partners, LLC, and SharpVue:

24. Identify the individual investors in Pelican Legacy Holdings, LLC and SVC Pelican Partners, LLC, including name, address and committed funding amount.
25. Identify the “co-investors” in Pelican Legacy Holdings, LLC, including name and address.
27. State the ownership (by percentage of each owner) of each of BHI Ferry Transportation, LLC, Pelican Legacy Holdings, LLC, SVC Pelican Partners, LLC, and SharpVue Capital, LLC.

Ex. 1 at 9.

In response to Data Requests 2-24, 2-25 and 2-27, SharpVue objects on the basis of relevance and refuses to answer the requests. SharpVue instead points the Village to Exhibit F of the Joint Application. As discussed above in connection with Data Requests 2-3, 2-11, 2-19, 2-22, and 2-23, however, Exhibit F merely states the committed funding amount and does not answer the Village's requests concerning ownership interests and investors.

Contrary to SharpVue's response, disclosure of its ownership structure and the identity of its investors and owners is highly relevant to its Application.

First, SharpVue asserts in its Application that it has the resources to “support and enhance the Ferry Operations and Tram Operations, including accommodating anticipated growth in ridership.” Application ¶ 27.

Second, SharpVue asserts that has the “expertise and experience to manage the Ferry Operations and Tram Operations” (*Id.* ¶ 28), and its response to Data Request 2-4 it has specifically referenced its “group of primarily local investors” as relevant to its assertion of experience providing utility services. *See* Ex. 1 at 2-3.

Third, SharpVue repeatedly alleges that it has raised funds from “local investors” specifically to acquire these assets. *See* Application ¶ 31 (claiming that SharpVue “has raised capital specifically for this opportunity from a group of primarily local investors”); Direct Testimony of Lee Roberts, at 4-5 (“SharpVue has raised capital specifically for this opportunity from a group of primarily local investors”); SharpVue Responses to Village Second Data Request, at 2-4 (Exhibit 1) (“SharpVue has raised capital specifically for this opportunity from a group of primarily local investors”).

SharpVue has put the identity of its investors directly in issue in this proceeding. It cannot, on the one hand rely on the “local” nature of its investors as evidence of its qualifications to serve as the owner of the utility assets in issue and, on the other hand, refuse to provide facts establishing the basis for this claim. The Village is entitled to inquire concerning this allegation. Further, the applicant’s ownership structure and capitalization is directly relevant to SharpVue’s managerial qualifications, the resources that are available to support the utility, and its overall qualifications to own and operate a public utility.

Data Requests 2-24, 2-25, and 2-27 thus seek relevant information and are likely to lead to the discovery of admissible information. The Commission should compel SharpVue's full response.

Data Request 2-16 and 2-17

In its Application, SharpVue references the "acquisition premium" SharpVue would pay for the ferry system. Specifically, SharpVue represents that "*BHI Ferry Transportation* is not seeking to recover any transaction costs or acquisition premiums related to this transaction from passengers" Application ¶ 37 (emphasis added). The Application is silent, however, as to *SharpVue's* intentions, as the parent entity, regarding an acquisition premium. If SharpVue will seek to recover its "foregone" acquisition premium from barge or parking customers, its promises in the Application are illusory. Accordingly, the Village issued two data requests to SharpVue relating to the acquisition premium. The first, Data Request 2-16, seeks to clarify the amount of the acquisition premium:

16. State the acquisition premium associated with the ferry assets, and provide a spreadsheet (in native form) showing the calculation of the premium, including any workpapers associated with or supporting the calculation.

The second, Data Request 2-17, asks whether SharpVue will also commit not to recover any acquisition premium from customers:

17. Does SharpVue commit that it will not seek to recover any portion of the acquisition premium described in the preceding data request from barge and/or parking customers (either directly or indirectly) if those services remain unregulated?

In response, SharpVue now disclaims any understanding of “acquisition premium”—the very term it used in its own Application. In response to Data Request 2-16, SharpVue simply responded that it “does not believe the term ‘acquisition premium’ applies in this context.” Ex. 1 at 6. In response to Data Request 2-17, SharpVue again reiterates its belief that the term does not apply in this context, and adds that it does not intend to raise prices, but will “analyze the business more fully” after the transaction closes. *Id.* at 6 ¶ 17.

An “acquisition premium” typically refers to the difference between the acquisition price and actual value (book value) of an acquired company. The term is a well-known and understood regulatory term and is placed in issue in nearly every transfer proceeding before the Commission. The Application itself concedes that SharpVue is paying an acquisition premium for the ferry assets. *See* Application ¶ 37. The Village is therefore entitled to know the amount of the premium and SharpVue’s plans for recovering that premium, if any.

Data Request 2-28

After SharpVue’s Application was filed, the Bald Head Association moved to intervene, and the Commission granted the motion. Thus, the Village asked for all communications between the Bald Head Association and SharpVue regarding the transaction or matters before the Commission:

28. Identify all communications with the Bald Head Association staff, Officers, or Board of Directors members concerning the Transaction or related matters before the North Carolina Utilities Commission, including those in Docket No. A-41, Sub 21.

Ex. 1 at 9-10. Without explaining its reasoning, SharpVue stated “Objection to questions about Docket No. A-41, Sub 21 in Docket No. A-41, Sub 22.” *Id.* SharpVue further

described a meeting Lee Roberts attended at the Bald Head Island Association, but did not identify any other communications.

SharpVue's response is not actually responsive to the Village's request. The Village asked for all communications between SharpVue and the Bald Head Association. SharpVue instead describes a public meeting it attended. If this was SharpVue's only communication with the Bald Head Association—which seems unlikely, SharpVue's response does not make that clear.

As for SharpVue's "objection," it is not sufficient. North Carolina Rule of Civil Procedure 34(b) requires a party objecting to a discovery request to state "the reasons for the objection." SharpVue's objection, which simply states that it objects to "questions about Docket No. A-41, Sub 21 in Docket No. A-41, Sub 22," does not state a reason for SharpVue's refusal to answer, and its bare bones response is not sufficient to preserve its objection.

Further, Data Request 2-28 is well within the scope of Rule 26, which permits parties to request any information "reasonably calculated to lead to the discovery of admissible evidence." N.C. R. Civ. P. 26(b)(1); *see also In re Village of Bald Head Island v. Bad Head Island Transp., Inc.*, Order Allowing in Part and Denying in Part Respondents' Motion to Compel, N.C.U.C. Docket No. A-41, Sub 21 (July 27, 2022) (finding communications concerning subject of petition were relevant within the meaning of Rule 26 and compelling production of the same). SharpVue's communications with the Bald Head Association, the Island's largest property owners' association, about SharpVue's proposed purchase of the ferry system are highly relevant to this litigation, regardless of whether those communications may pertain to Sub 21. For example, on information and

belief, at the July 27, 2022 meeting referenced in SharpVue’s response, SharpVue intimated that regulation of the barge and parking facilities would increase costs to users. If SharpVue is making other representations to Bald Head Association members in an attempt to sway their opinions in its favor, such communications are highly relevant to whether SharpVue will be a good steward of the ferry system, as it claims it intends to be. *See* Application ¶ 35 (claiming SharpVue “intends to be a committed partner to the continued success, prosperity, and conservation mission of Bald Head Island”). Thus, the Village requests that the Commission compel SharpVue to respond to Data Request 2-28 in full.

WHEREFORE, the Village respectfully requests that the Commission grant its Motion to Compel and order SharpVue to provide complete responses to Data Requests 2-3, 2-4, 2-11, 2-16, 2-17, 2-18, 2-19, 2-21, 2-22, 2-23, 2-24, 2-25, 2-27, and 2-28.

This 14th day of September, 2022.

By: /s/ Marcus Trathen
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing MOTION TO COMPEL has been served this day upon all parties of record in this proceeding, or their legal counsel, by electronic mail or by delivery to the United States Post Office, first-class postage pre-paid.

This the 14th day of September, 2022.

By: /s/ Marcus Trathen

Exhibit 1

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

Docket No. A-41, Sub 22

In the Matter of		
Joint Application of Bald Head Island)	
Transportation, Inc., and Bald Head)	SHARPVUE CAPITAL, LLC'S
Island Ferry Transportation, LLC, for)	RESPONSES TO VILLAGE
Approval of Transfer of Common Carrier)	OF BALD HEAD ISLAND'S
Certificate to Bald Head Island Ferry)	SECOND DATA REQUESTS
Transportation, LLC, and Permission to)	
Pledge Assets)	

SharpVue Capital, LLC (“SharpVue”), by and through its undersigned counsel, hereby responds to the Village of Bald Head Island’s Second Data Request to SharpVue Capital, LLC in the above-captioned docket.

GENERAL OBJECTIONS

SharpVue objects to the Data Requests to the extent they seek information, documents, materials, support, and/or things protected from disclosure by the attorney-client privilege, the work-product doctrine, consulting expert privilege, the common-interest privilege, and/or seek information beyond the regulated assets at issue herein. Inadvertent disclosure of any such information, documents materials, support, and/or things shall not operate as a waiver of any applicable privilege or immunity. SharpVue’s production of documents or information does not waive any SharpVue’s right to object to this request as not reasonably calculated to lead to the discovery of admissible evidence in this docket.

Certain SharpVue information provided herein are produced on the condition that they are held as confidential pursuant to the parties’ confidentiality agreement. SharpVue

reserves the right to object to the admissibility of any of these responses, in whole or in part, at any further proceeding of this matter, on any grounds, including but not limited to timeliness, materiality, relevance, and privilege.

RESPONSE TO DATA REQUESTS

1. Please produce any and all documents identified, referred to, or relied upon in preparing your response to the Village's Second Set of Data Requests.

RESPONSE: See SHARPVUE NOS. 0831 to 0882.

2. Provide a complete summary of the existing business operations, if any, of BHI Ferry Transportation, LLC, Pelican Legacy Holdings, LLC, and SVC Pelican Partners, LLC.

RESPONSE: BHI Ferry Transportation, LLC, Pelican Legacy Holdings, LLC, and SVC Pelican Partners, LLC are all affiliates of and managed by SharpVue Capital, LLC. These entities were established to own and operate the assets purchased pursuant to the Asset Purchase Agreement ("APA") attached as Exhibit E to the Joint Application filed herein. BHI Ferry Transportation, LLC will own the regulated assets, and Pelican Legacy Holdings, LLC, and SVC Pelican Partners, LLC will own the non-regulated assets – much in the same way the existing owner holds the assets.

3. Provide state the current capitalization of BHI Ferry Transportation, LLC, Pelican Legacy Holdings, LLC, and SVC Pelican Partners, LLC and identify all documents showing such capitalization.

RESPONSE: See Exhibit F to the Joint Application filed herein. This document has been previously provided to the Village in a previous data request, and was provided as CONFIDENTIAL – ATTORNEYS' EYES ONLY.

4. Provide a complete summary of SharpVue's experience providing utility services, broken down by SharpVue entity. If SharpVue's experience consists solely of acquiring ownership interests entities providing utility services, please (a) identify the entity providing utility services, (b) state the percentage

ownership interest held and the type and nature of the interest, and (c) state the dates that SharpVue Capital acquired and sold such interests.

RESPONSE: SharpVue plans to hire the operations' current management to continue in their current roles and duties, to include (but not limited to): Charles A. "Chad" Paul, III, President of Bald Head Island Transportation, Inc. and Chief Executive Officer and a Manager of Bald Head Island Limited LLC; Shirley Mayfield, Chief Financial Officer of Bald Head Island Limited LLC; and Captain Bion Stewart, the current Chief Operating Officer of Bald Head Island Transportation, Inc. Further, SharpVue has committed to hire almost all of the current employees.

SharpVue objects to Data Request No. 4 in that it requests irrelevant information that is not likely to lead to discoverable information about separate and distinct investments that are not related to its purchase of the assets described in the APA. SharpVue has raised capital specifically for this opportunity from a group of primarily local investors with the understanding that this collection of assets can be held for the long term. In other words, and importantly, this investment will not be held in a limited life fund, but in an LLC with a perpetual life.

5. What is the average length of SharpVue Capital's pre percentage ownership interest held and the type and nature of the interest, and (c) state the dates that SharpVue Capital acquired and sold such interests.

RESPONSE: SharpVue objects to Data Request No. 5 in that it requests irrelevant information that is not likely to lead to discoverable information about separate and distinct investments that are not related to its purchase of the assets described in the APA. SharpVue has raised capital specifically for this opportunity from a group of primarily local investors with the understanding that this collection of assets can be held for the long term. In other words, and importantly, this investment will not be held in a limited life fund, but in an LLC with a perpetual life.

6. Explain all ways in which SharpVue will maintain a strong local community presence and constructive relationships on the island.

RESPONSE: SharpVue intends to step into the Seller's shoes, and maintain the same level of strong local community presence and constructive relationships on the island, to include employing the same personnel who have been representing the Sellers on the island in the past.

7. Explain all ways in which SharpVue will be a committed partner to the continued success, prosperity, and conservation mission of Bald Head Island.

RESPONSE: The success of SharpVue’s investment depends fully on Bald Head Island’s continued success and prosperity, and therefore the interests of SharpVue and island stakeholders are fully aligned.

8. Specify the capital improvements that SharpVue commits to undertake as owner of the transportation facilities, including (a) the projected date of completion of the improvement, and (b) the project cost of the improvement.

RESPONSE: After closing the transaction, SharpVue intends to continue the ferry and tram operations without significant or immediate change. SharpVue plans to analyze the business more fully while operating it and make strategic decisions, including related to capital improvements, in due course.

9. Does SharpVue intend to exercise operational control of the ferry and tram assets? In your response, state whether SharpVue’s intention is to transfer operational control of the assets to a third party while retaining ownership the underlying real estate assets and the timeframe for this restructuring.

RESPONSE: BHI Ferry Transportation, LLC is an affiliate of and will be managed by SharpVue Capital, LLC – not an unrelated third party entity. SharpVue plans to hire the operations’ current management to continue in their current roles and duties, to include (but not limited to): Charles A. “Chad” Paul, III, President of Bald Head Island Transportation, Inc. and Chief Executive Officer and a Manager of Bald Head Island Limited LLC; Shirley Mayfield, Chief Financial Officer of Bald Head Island Limited LLC; and Captain Bion Stewart, the current Chief Operating Officer of Bald Head Island Transportation, Inc.

10. What is SharpVue’s timeframe for divesting 100% of the initial investments in this project?

RESPONSE: SharpVue has no divestment timeframe. SharpVue intends to continue the ferry and tram operations without significant or immediate change. SharpVue plans to analyze the business more fully while operating it and make strategic decisions in due course.

11. Identify the source of funds for the capital improvements specified in response to data request 8 and state whether such funds are currently committed or otherwise secured. If not committed or otherwise secured, state SharpVue's plans for obtaining the necessary funds.

RESPONSE: After closing the transaction, SharpVue intends to continue the ferry and tram operations without significant or immediate change. SharpVue plans to analyze the business more fully while operating it and make strategic decisions, including related to capital improvements, in due course. Regarding funding, see Exhibit F to the Joint Application filed herein.

12. Provide an estimate (in dollars) of the public benefits that SharpVue contends will accrue from the Transaction, if any. Provide all backup and workpapers substantiating and supporting this calculation in native format.

RESPONSE: SharpVue has not undertaken such an analysis.

13. Provide a complete description of the public benefits that SharpVue contends will accrue from the Transaction.

RESPONSE: SharpVue will ensure that the ferry and tram services continue uninterrupted in the same professional, safe, and reliable manner that the public has come to expect. Going forward, SharpVue is willing and able to provide the operations with the capital they need to accommodate growth and enhance the passenger experience while maintaining efficient operations.

14. Does SharpVue commit to implementing electronic ticketing? If so, specify when electric ticketing will be implemented.

RESPONSE: After closing the transaction, SharpVue intends to continue the ferry and tram operations without significant or immediate change. SharpVue plans to analyze the business more fully while operating it, and make strategic decisions, which could include electronic ticketing, in due course.

15. Will SharpVue commit to improving baggage handling operations? If “yes,” explain how SharpVue plans to improve baggage handling operations, the estimated cost associated with such improvements, and when SharpVue commits to completing the improvements.

RESPONSE: After closing the transaction, SharpVue intends to continue the ferry and tram operations without significant or immediate change. SharpVue plans to analyze the business more fully while operating it, and make strategic decisions, which could include changes or improvements to the baggage handling operation, in due course.

16. State the acquisition premium associated with the ferry assets, and provide a spreadsheet (in native form) showing the calculation of the premium, including any workpapers associated with or supporting the calculation.

RESPONSE: SharpVue does not believe the term “acquisition premium” applies in this context.

17. Does SharpVue commit that it will not seek to recover any portion of the acquisition premium described in the preceding data request from barge and/or parking customers (either directly or indirectly) if those services remain unregulated?

RESPONSE:

SharpVue does not believe the term “acquisition premium” applies in this context. SharpVue does not intend to raise prices as a result of any acquisition fees or expenses. After closing the transaction, SharpVue intends to continue the parking and barge operations without significant or immediate change. SharpVue plans to analyze the business more fully while operating it and make strategic decisions in due course.

18. In paragraph 34 of the Application, the applicants state that SharpVue “has experience with infrastructure projects which will be valuable in assuming operations.” Please identify all such projects, specify SharpVue’s role in such project, identify the extent of any ownership interest in such projects, and the dates SharpVue acquired and disposed of any interest in such projects.

RESPONSE: Lee H. Roberts, managing partner of SharpVue, has been involved with the following selected infrastructure transactions, among others:

- **Financing of the \$1.6 billion Africa ONE fiber network encircling the African continent;**
- **Financing of the \$2.2 billion Mumbai Trans Harbour Link, India's longest bridge;**
- **Establishment of the Triangle Transit Authority's master developer program for "Transit-Oriented Development" around light rail;**
- **The \$5 billion redevelopment of the World Trade Center site in lower Manhattan;**
- **The \$300 million IPO and recapitalization of Golar LNG, the world's largest maritime shipper of liquefied natural gas;**
- **Acquisition of one of the largest privately owned waste services companies in the United States;**
- **Financing to support the wastewater treatment infrastructure for one of the largest master-planned communities in the Southeast.**

Moreover, with regard to this transaction, SharpVue has reached agreement with the operations' current management to continue in their current roles and duties, to include (but not limited to): Charles A. "Chad" Paul, III, President of Bald Head Island Transportation, Inc. and Chief Executive Officer and a Manager of Bald Head Island Limited LLC; Shirley Mayfield, Chief Financial Officer of Bald Head Island Limited LLC; and Captain Bion Stewart, the current Chief Operating Officer of Bald Head Island Transportation, Inc. Further, SharpVue has committed to hire almost all of the current employees.

19. Identify all facts in support of the allegations of paragraph 27 of the Application.

RESPONSE: See Exhibit F to the Joint Application filed herein.

20. Identify all facts in support of the allegations of paragraph 28 of the Application.

RESPONSE: In addition to the business, finance, and management experience of the SharpVue team, SharpVue has a history of participating in infrastructure projects, as described above. Further, SharpVue has reached agreement with the operations' current management to continue in their current roles and duties, to include (but not limited to): Charles A. "Chad" Paul, III, President of Bald Head Island Transportation, Inc. and Chief Executive Officer and a Manager of Bald Head Island Limited LLC; Shirley Mayfield, Chief Financial Officer of Bald Head Island Limited LLC; and Captain Bion Stewart, the

current Chief Operating Officer of Bald Head Island Transportation, Inc. Further, SharpVue has committed to hire almost all of the current employees.

21. Specify how SharpVue allocates the purchase price among the assets to be purchased in the Transaction and how it proposes to allocate the purchase price among the acquired assets at closing. If SharpVue contends that it has not allocated the purchase price among the assets, explain how SharpVue has valued the individual components of the transaction and provide all documents relating to the valuation of these components.

RESPONSE: Of the \$67.7M purchase price, \$56M is allocated to ferry, tram, parking, and barge. Otherwise, SharpVue has not completed such an analysis but will do so at the time of closing under the APA.

22. Does SharpVue intend – either as a component of the Transaction or as a component of a planned future transaction – to pledge the assets comprising the ferry and tram operations as collateral or security? If SharpVue does not presently intend to pledge these assets, might SharpVue consider pledging those assets in the future?

RESPONSE: See Exhibit F to the Joint Application filed herein.

23. Does SharpVue intend – either as a component of the Transaction or as a component of a planned future transaction – to pledge the parking facilities or barge assets as collateral or security? If SharpVue does not presently intend to pledge these assets, might SharpVue consider pledging those assets in the future?

RESPONSE: See Exhibit F to the Joint Application filed herein.

24. Identify the individual investors in Pelican Legacy Holdings, LLC and SVC Pelican Partners, LLC, including name, address and committed funding amount.

RESPONSE: SharpVue objects to this request because among other things it is beyond the scope of information relevant to the proceeding or likely to lead to discoverable information. Without waiving objections, see Exhibit F to the Joint Application filed herein for the committed funding

amount. As is customary for such transactions, the committed amount will be in SharpVue’s possession at closing under the APA.

25. Identify the “co-investors” in Pelican Legacy Holdings, LLC, including name and address.

RESPONSE: SharpVue objects to this request because among other things it is beyond the scope of information relevant to the proceeding or likely to lead to discoverable information. Without waiving objections, see Exhibit F to the Joint Application filed herein for the committed funding amount. As is customary for such transactions, the committed amount will be in SharpVue’s possession at closing under the APA.

26. Provide the Operating Agreements for Pelican Legacy Holdings, LLC, and SVC Pelican Partners, LLC.

RESPONSE: See SHARPVUE NOS. 0831 to 0882.

27. State the ownership (by percentage of each owner) of each of BHI Ferry Transportation, LLC, Pelican Legacy Holdings, LLC, SVC Pelican Partners, LLC, and SharpVue Capital, LLC.

RESPONSE: SharpVue objects to this request because among other things it is beyond the scope of information relevant to the proceeding or likely to lead to discoverable information. Without waiving objections, see Exhibit F to the Joint Application filed herein for the committed funding amount. As is customary for such transactions, the committed amount will be in SharpVue’s possession at closing under the APA.

28. Identify all communications with the Bald Head Association staff, Officers, or Board of Directors members concerning the Transaction or related matters before the North Carolina Utilities Commission, including those in Docket No. A-41, Sub 21.

RESPONSE: Objection to questions about Docket No. A-41, Sub 21 in Docket No. A-41, Sub 22. Without waiving objections, on July 27, 2022, Lee Roberts was invited to and attended an informational meeting for the Bald Head Island Association staff, officers, Board of Directors, and members. The Village and the Authority were also represented at the meeting. The meeting was held in person on the island and by Zoom. Mr.

Roberts, as well as the other invited guests, discussed the transaction and answered questions from Association members. Upon information and belief, over 400 Association members either participated in the meeting live or later viewed a recording of the meeting posted to the Association's website.

29. Please identify all due diligence referenced at page 6, line 14 of the Testimony of Lee H. Roberts.

RESPONSE: SharpVue performed research and review of the operating costs, financial data, and related information of BHIT/BHIL, which has been previously provided to the Village by BHIT/BHIL. Further, SharpVue had the benefit of the fact that BHITA had spent four years evaluating the system in great depth in conjunction with their plans to purchase the ferry and tram services. SharpVue obtained and reviewed appraisals, evaluations, reports, and analyses on all of the assets included in the APA and reviewed the records related to these operations as a going concern – all of which we believe has been previously provided to the Village by BHIT/BHIL.

30. Refer to page 6, line 16 of the Testimony of Lee H. Roberts. Please describe what is meant by “changes to its regulatory status or to the rate base” and provide copies (in native format) of all analysis or due diligence conducted or reviewed relating to such changes and their potential impact on utility rates.

RESPONSE: A decision in Docket No. A-41, Sub 21 or any future docket to include the assets of the parking and barge businesses that SharpVue has contracted to purchase from Bald Head Island Limited, LLC (“Limited”) in the ferry/tram rate base or to otherwise regulate those assets. Notwithstanding the above, SharpVue agrees to assume responsibility for all rights and obligations of BHIT that flow from the Commission's order approving a settlement of the 2010 Rate Case for the ferry and tram services in A-41, Sub 7. Specifically, this includes but is not limited to, the element of that order that \$523,725 of annual revenues (including regulatory fee impact) from the parking business that SharpVue seeks to acquire from BHIL will continue to be imputed to the revenue requirement of the utility with respect to the existing Commission-ordered ferry/tram rates until such time as the Commission may approve an adjustment to rates. SharpVue also affirms it will adhere to the 2012 and 2022 Commission orders regarding baggage entered in A-41, Sub 9 and 20, the current treatment of fuel surcharge as provided in the 2010 rate case, as well as abiding by the terms of the lease agreement between BHIT and BHIL to lease real property in Southport, North

Carolina and on Bald Head Island (upon which services involving the assets at issue in this docket are performed).

31. Refer to page 6, lines 16-21 of the Testimony of Lee H. Roberts. Please provide copies (in native format) of all financial and operational analysis and due diligence conducted or reviewed showing that SharpVue can continue to operate the ferry and tram services at the approved rates for at least one year.

RESPONSE: See operating costs, financial data, and related information of BHIT/BHIL, which has been previously provided to the Village by BHIT/BHIL. See BHITA due diligence documents, including appraisals, evaluations, reports, analyses on all of the assets included in the APA, and records related to these operations as a going concern, all of which we believe has been previously provided to the Village by BHIT/BHIL.

32. Refer to page 2, line 18 of the Testimony of Lee H. Roberts. Please provide the basis for Mr. Robert's statement of familiarity with Bald Head Island, including identification of any prior investments on the island, ownership of property, and other contacts with the island.

RESPONSE: Mr. Roberts has traveled to Bald Head Island multiple times over a twenty-year period. Additionally, Mr. Roberts served as the Budget Director for the State North Carolina at the time of the Bald Head Island Transportation Authority's formation, and was aware of the related legislative process and thesis behind the Bald Head Island Transportation Authority's creation. Mr. Roberts does not and has not personally owned property or other investments on Bald Head Island.

33. Provide copies of the agreements referenced at page 4, lines 1-7 of the Testimony of Lee H. Roberts. If the agreements have not been reduced to writing, summarize their terms.

RESPONSE: The offers to the operations' current management have not been reduced to writing, but the offers and expected agreements would be for them to continue in their current roles and duties. Again, SharpVue, on behalf of BHI Ferry Transportation, is simply stepping into the shoes of BHIT.

34. If SharpVue intends to hold the ferry assets "long term," how does SharpVue define this term. Include in your response the specific number of years that

would constitute “long term” ownership and state what assurances you will provide the Commission that you will retain ownership of this assets for this period of time?

RESPONSE: Other than the preliminary information included in investor presentations at SHARPVUE-0001 to SHARPVUE-0655 previously provided to the Village, SharpVue does not have a predefined definition of “long term” ownership. SharpVue plans to analyze the business more fully while operating it and make strategic decisions in due course.

- 35. Provide all documents produced to the Village or any other intervening party (including the Public Staff) in connection with Docket No. A-41, Sub 21.

RESPONSE: All such documents that have been requested to date have been provided to the Village.

This the 12nd day of September, 2022.

NEXSEN PRUET PLLC

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing SHARPVUE CAPITAL, LLC'S RESPONSES TO THE VILLAGE OF BALD HEAD ISLAND'S FIRST DATA REQUESTS has been served this day upon all parties of record in this proceeding, or their legal counsel, by electronic mail or by delivery to the United States Post Office, first-class postage pre-paid.

This the 12th day of September, 2022.

By: /s/ David P. Ferrell