

The following is a list due diligence items that the Village Council would like addressed prior to supporting the transaction.

It was forwarded via email to the entire Bald Head Island Transportation Authority (BHITA) Board via BHITA Interim Clerk, Daralyn Spivey on January 21, 2021:

At Deep Point:

1. Verify a new capacity of at least 31,000cy in the recently excavated spoils basin. Soils & Materials Engineering, Inc. performed the most recent work on the basin and its spoils and would be the logical group to follow up. The Seller may offer trucking load invoices but I would prefer a survey which would be subject to favorable weather conditions (drying out).
2. Finalize the purchase option agreement for the 2+ acres at the entry where the spoils were recently spread. Review terms of the option (which can vary from workable to useless) and the final survey.
3. Since there is no more readily available land within or adjacent to Deep Point to dispose of the spoils in the basin in the manner that has heretofore been employed, identify 10+/- nearby acres to be purchased for future spoils disposal/staging. A likely candidate is a portion of the nearby site of the power cogeneration plant that is scheduled to close in March.
4. Complete the two unfinished parking areas at the entry: fine grading, stone, asphalt, striping, landscaping.
5. Engage an independent civil engineer to verify the viability of the proposed additional parking within the existing parking areas with special attention to the adequacy of the storm water management infrastructure.
6. Analyze baggage handling and passenger embarkation and disembarkation with emphasis on the operational status of the machinery and the viability of the whole system, i.e. arrivals utilizing the upper level and departures the lower level.

At Bald Head Island:

1. With regard to the severely compromised dredge spoils disposal basin on a small island north of the marina, verify the status of the permits and whether the construction document supplied is viable. Although it makes no sense to perfect the permits or commence reconstruction prior to a need, a plan should nevertheless be in place.
2. Repair punctures in the metal bulkheads at the marina entry channel.
3. Since the existing toilet facilities have now been shut off from the public, offer a plan for toilet facilities in the short and long term.
4. Address the frequent flooding at the passenger loading dock.
5. In the present proposal there is a mere 2+ acres relegated to the island terminal complex. Vehicular ingress and egress are constrained by the existing real estate sales building. This lack of space cannot safely or efficiently accommodate the multi-functional needs of the operation and in fact would force the compromise of a critical

protective dune structure. Engage a Professional land planner to conduct a land use study to include all parcels within the area with participation of all stakeholders.

In General:

Engage a professional firm to conduct a thorough compensation study: executive director to tram driver. In the challenging local labor market, the BHITA should not only be competitive but generous in order to support a superlative service that reflects the pride in our island. Early on I recommended an independent firm that the Village has employed and is therefore familiar with local realities; however, the suggestion was not pursued.

This study should also address any employee issues arising from the transition from a private entity to a public one.

All of these issues have a financial impact, some far more than others. Similarly, some solutions are more readily apparent than others. The deficiencies and dysfunction at the terminals are both harder to solve and potentially far more expensive than other tasks. However, estimates in both cost and timing can be made and incorporated into a schedule of capital expense; deferred, present and future.

Additionally, a Maintenance Reserve Schedule should be more fully detailed.