



Treasurer Folwell Asks Bald Head Island Limited to “Gift” the Bald Head Island Ferry System for the Benefit of All

Cites the Island’s Developers’ Philanthropic Legacy as the Reason for the Gift

Dec 23, 2020

(Raleigh, N.C.) – State Treasurer Dale R. Folwell, CPA, today asked the owners of the ferry system between Southport, N.C., and Bald Head Island to give the entire system to the Village of Bald Head Island or the Bald Head Island Transportation Authority (BHITA). A proposal to sell the ferry system has been in the works since 2017 when legislation was passed to facilitate the sale. A gift could generate tremendous tax benefits to the family or estate.

“I believe the best outcome for all would be for the Mitchell family to gift the ferry system to the people of Southport, the Village of Bald Head Island and/or the authority [BHITA],” said Treasurer Folwell. “It would be a win-win for everyone concerned.”

That 2017 legislation (Session Law 2017-120) authorized the creation of a ferry transportation authority, to acquire by purchase, gift, lease or otherwise the existing privately owned ferry system including Deep Point Marina in Southport, the Bald Head Island Terminal on the island, 36 acres of developed parking, two aluminum mono-hulls and two aluminum catamarans, one tug boat, one deck barge and 12-seat trams.

The legislation authorizes the new governmental entity – BHITA – to purchase and run the ferry system. The legislation also allows for public financing through the sale of tax-free bonds to buy the assets as well as to provide funding for improvements. Because BHITA is a public authority it must get approval from the Local Government Commission (LGC).

Recently, BHITA presented its proposal to the LGC asking for bond approval to cover the nearly \$50 million purchase price of the assets but limiting the overall bond amount to \$59 million. When asked by Treasurer Folwell and members of the LGC whether there was any opposition to this transaction the BHITA representatives said no. However, a few days later Treasurer Folwell learned that the proposal is not without controversy.

BHITA approved an Asset Purchase Agreement by a 7-4 vote with island residents – including Bald Head Island Mayor Andrew Sayre – voting against the agreement. Those opposing the agreement subsequently wrote a letter to Treasurer Folwell asking that the vote of the LGC be delayed while many issues are investigated. Of central concern is whether BHITA is paying too much money for the ferry system, whether the appraisal and valuations of the assets are accurate, and if the debt load would cause an increase in tolls.

Bald Head Island Limited is owned by the family of George P. Mitchell, who bought the undeveloped property in 1983. From the island's very inception, the Mitchell family insured that the area's natural beauty would be maintained, and the footprint of people would be minimal. When planning for the development of the island, George Mitchell and his sons, Mark and Kent, decided to forgo a second golf course, instead opting to dedicate 200 acres of maritime forest as a preserve.

Additionally, Mr. Mitchell and his sons prohibited gas-powered cars on the island and chose to have it serviced by a ferry only with no bridge providing access to the island. The current ferry system is run by Bald Head Island Limited LLC and is owned by the Mitchell family.

"It's in the spirit of the Mitchell family's obvious love for the island that I'm asking for them to donate the ferry system for the benefit of all," said Treasurer Folwell. "I think it would be a fitting tribute to the legacy of Mr. Mitchell. It would solve all of the current problems with the sale and provide certainty to those who live, work and recreate there."

Treasurer Folwell added that the state should coordinate with the island and public officials to address the overall transportation needs for the area, citing nearby state-owned and operated Southport/Fort Fisher Ferry, which is just a few hundred yards away.

"I'm most concerned about the forgotten citizen who may end up getting the short end of this deal through higher fares. Often times the number of people working on the island is four times the number of residents. Nearly all of them have to leave the island every day and night," said Treasurer Folwell. "The best way to keep that from happening is for the Mitchell family to continue their philanthropic legacy in the area by donating the system for the benefit of all."

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