The Village of Bald Head Island

September 20, 2022

VIA Email and Certified Mail-Return Receipt Requested

Bald Head Island Limited, LLC
Attention: Mr. Charles A. Paul, III, CEO
Post Office Box 3069
Bald Head Island, North Carolina 28461
cpaul@bhisland.com

Bald Head Island Transportation, Inc.
Attention: Mr. Charles A. Paul, III, President
Post Office Box 3069
Bald Head Island, North Carolina 28461
cpaul@bhisland.com

Re: Right of First Refusal dated August 21, 1999 ("ROFR")

Dear Chad:

Thank you for your letter dated September 6, 2022. In this letter, Bald Head Island Limited, LLC ("Limited") and Bald Head Island Transportation, Inc. ("BHIT") "extend to the Village an opportunity to exercise the right of first refusal granted by the 1999 Agreement on the same terms and conditions as in the enclosed APA." Your letter further states that this opportunity is limited to "the businesses and assets covered by the APA that relate to the Transportation System (as defined in the 1999 Agreement)" and that the purchase price for that subset of assets is $56,000,000. But in footnote 1, you also state that the Village may exercise its right of first refusal with respect to all of the business and assets covered by the APA – not just the Transportation Assets.

As you know, the Village has previously publicly stated its interest in acquiring the Transportation System. But we are also interested in evaluating the totality of the transaction as described in footnote 1. By this letter, the Village of Bald Head Island ("Village") is seeking additional information necessary to consider your offer, as it pertains to both the Transportation System businesses and assets and to all the properties and assets included in SharpVue's $67,200,000.00 Asset Purchase Agreement.

First, the Village requests that you provide the offer from SharpVue relating to the purchase of the Transportation System properties and assets. The Village's need for this information is consistent with the ROFR requirements. Section 2 of the ROFR provides that, "The purchase price to be paid by VILLAGE for the Transportation System and the terms of such purchase shall be equal to the price of the assets comprising the Transportation System and the terms of purchase as shall be contained in any *bona fide* offer from a third party dealing at arm's length with TRANSPORTATION or any successor in title to TRANSPORTATION." The Village has not received a third party offer specifying the "price of the assets comprising the Transportation System," and the Asset Purchase Agreement ("APA") from SharpVue that you provided states a $67,200,000.00 purchase price that includes numerous real properties and other assets, additional to those of the Transportation System.

Second, with regard to the properties and assets other than the Transportation System assets and properties, please provide all appraisals, reports and studies in the possession, custody or control of Limited, BHIT and/or you pertaining to those properties and assets. This information is necessary to support the Village's ability to evaluate purchasing and financing those assets.

Finally, given your letter, the Village is assuming that all assets subject to the SharpVue APA are currently owned by Limited and BHIT and that no conveyance of these assets has occurred or will occur until the Village's rights under the ROFR and any time period thereunder have expired. If this assumption is not correct, please let me know as soon as possible.

We appreciate your communication and look forward to receiving the information necessary for the Village to evaluate and respond to the proposal.

Very truly yours,



Peter C. Quinn
Mayor, Village of Bald Head Island

pc: SharpVue Capital, LLC
Attn: Mr. Lee Roberts, Managing Partner (via email)