The Village of Bald Head Island

November 2, 2022

VIA Email, Hand-Delivery, 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

Dear Mr. Paul:

This letter responds to your correspondence dated September 6, 2022 and September 28, 2022. In that correspondence, you purported to provide notice of a contemplated transaction between Bald Head Island Limited, LLC ("Limited"), Bald Head Island Transportation, Inc. ("Transportation"), and SharpVue Capital, LLC and its affiliates ("SharpVue") embodied in an Asset Purchase Agreement dated May 17, 2022 ("APA"). You claimed that the September 6, 2022 letter constituted full and adequate notice, pursuant to the 1999 Right of First Refusal Agreement between Transportation, Limited, and the Village ("ROFR"), of the Village's right to purchase assets of Transportation and Limited on the terms stated in the APA.

The Village disputes that your September 6 or September 28 letters constituted adequate or sufficient notice to the Village under the terms of the ROFR. The reasons include, but are not limited to, the following: (a) the Village was not timely notified that Transportation and Limited had received an acceptable offer to purchase pursuant to Section 3 of the ROFR; indeed, the Village was not provided the APA dated May 17, 2022 until September 7, 2022, despite the APA containing an Outside Date for Closing of September 1, 2022 (since amended to November 18, 2022); (b) the APA did not include a price for the specific Transportation System assets; and (c) the

APA fails to identify any specific assets as the Transportation System assets supposedly to be sold for $56,000,000.00. This list is not intended to be an exhaustive response to the statements made in your September 28 letter, many of which the Village disputes. Upon the Village receiving reasonable and adequate notice and information as required under the ROFR, the Village will be pleased to review same and to acknowledge that the sixty (60) day period for Village review of the ROFR offer has then commenced.

I further note that the Village requested information, including but not limited to appraisals, concerning the assets being offered so that it could properly evaluate the proposed transaction. The Village understands that such information was provided to SharpVue so that it could perform its due diligence. However, you have refused to provide the Village with the requested information. Absent such materials, the Village is unable to perform necessary diligence and meaningfully analyze the terms presented.

For the foregoing reasons, the Village cannot accept the terms proposed in your correspondence. However, it does not waive its rights to proper notice under the ROFR. Nor does it waive its rights to timely notice and to exercise the ROFR with respect to any amended or separate terms that may be agreed between Transportation, Limited, and either SharpVue or any other party.

Very truly yours,



Peter C. Quinn
Mayor, Village of Bald Head Island

pc: The Honorable Dale R. Folwell, CPA, State Treasurer
The Honorable Beth A. Wood, CPA, State Auditor
Senator William Rabon
Representative Frank Iler
Representative Charles W. Miller
Lee Roberts, Managing Partner, SharpVue Capital, LLC
Bald Head Island Transportation Authority Board of Trustees, c/o Susan Rabon, Chair
Brunswick County Board of Commissioners, c/o Patricia Sykes, District 3
City of Southport Board of Aldermen, c/o Mayor Joe Pat Hatem
Bald Head Island Association, c/o Alan Briggs