Worldwide Marine Appraisers,
Surveyors and Consultants
Inland and Ocean

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National Association of Marine Surveyors
and
American Society of Appraisers
Accredited Members
on Staff

September 18, 2013

Condition and Valuation
As of
August 21, 2013

LOWER ALGIERS FERRY LANDING

SURVEY REPORT NO. 1411-01N13-F

THIS IS TO CERTIFY that the undersigned Marine Surveyor did, on August 21, 2013, at the request of Elliott Bay Design Group and for the account of Veolia Transportation, survey the all welded steel non-self-propelled inland deck barge utilized as the Lower Algiers Ferry Landing platform, Louisiana State Department of Transportation and Development, Owners and Operators, while the subject vessel lay afloat at the facilities of the Lower Algiers Ferry Landing, Algiers, Louisiana, in order to ascertain the condition of the vessel and her value as of August 21, 2013 for insurance purposes.

Note: All sizes, shapes, dimensions, and capacities are approximate, unless otherwise noted.

GENERAL DESCRIPTION:

The vessel is a non-typical inland deck barge. The vessel has a square raked bow, square box stern, and a flat main deck with a recessed doghouse structure located aft.

VESSEL PARTICULARS:

Built	:	Unknown
Official Number	:	Unknown

VESSEL PARTICULARS: (continued)

Dimensions : 135' x 35' x 6' 10"

Weight : 1,456,000-lbs (includes ballast water)

The starboard side of the barge is completely faced, above the waterline with five tiers of composite fendering located forward with wooden timbers located aft. The timbers and fendering extend up and above the deck level and secured to 28" open type bulwarks fitted with reinforcing stanchions located approximately every 20".

The main deck is fitted with six large 500-watt deck light stanchions and two small navigation light stanchions.

Deck fittings consist of the following:

- Nine starboard side single bitts
- Port side forward and aft deck welded padeyes fitted with 25-ton shackles and 1" chain link

The aft end of the barge is fitted with port and starboard fantails fitted with 3-tier hand safety rails. Fantails are built to support the aft securing mechanism which is constructed of 16" pipe that fits into brackets on the upriver dolphin. The bracket braces against the starboard side bulwarks and is attached to the port side dolphin. The attaching mechanism allows the barge to ride up and down with the tide and the wakes of passing vessels. The port side forward end of the barge is secured to the downriver dolphin by means of a hull welded bracing system which rides up and down the dual I-beam securing system in place on the dolphin.

The aft end of the vessel's deck was additionally fitted with an approximate 100-gallon fuel drum.

The forward end of the vessel's deck is fitted with a hydraulically operated car ramp which has not been operated in numerous years. The ramp itself measures approximately 45' in length by the entire width of the barge and is made up of two separate sections in order to allow folding when operating. Hydraulic rams are noted beneath the ramp.

HULL COMPARTMENTATION:

Hull compartmentation is as follows:

- The forwardmost compartment is divided into three watertight compartments in way of the bow rake
- The next four compartments aft are port, starboard, and centerline watertight void spaces

HULL COMPARTMENTATION: (continued)

- The last compartment aft is port, starboard, and centerline box stern compartments

AUXILIARY MACHINERY:

The following auxiliary machinery is located in the vessel's doghouse in way of the No. 4 port side hull compartment:

- One hydraulic power unit used for the vessel's car ramp which is operated via two approximate 5-HP electric motors set over a common hydraulic reservoir *(Non-operational)*
- One 30-KW generator run via a Detroit Diesel, model 3-71 *(Non-operational)*
- One bilge ballast manifold operated via a 2-HP electric motor *(Non-operational)*

CERTIFICATES/DOCUMENTS:

At time of survey, no certificates or documents were noted on board the vessel.

SERVICE:

In the opinion of the undersigned, service of this vessel should be limited to lakes, bays, and sounds.

CONDITION:

The vessel was sighted afloat at the facilities of the Lower Algiers Ferry Landing.

Exterior Condition:

At time of survey, the outer portions of the hull that were able to be sighted were noted to be fairly well coated with older and fading coatings. Some light rust and scrapes were noted in the hull coatings in scattered areas throughout. Light 0-½" washboarding between verticals was noted in scattered areas. Light 0-1" insets were noted.

The fendering on the starboard side of the vessel was noted to be in good condition with some of the timbers splintered and/or broken in some areas.

Overall, the main deck was noted to be in good condition and well coated with older and notably fading coatings, with very light rust throughout.

The starboard side of the deck was noted to be set down along the bulwark frames with some sections of framing noted to be crimped 0-2" to varying degrees. There was also some light washboarding noted on the deck between longitudinals of 0-1¼". Some scattered 0-1" insets were also noted.

CONDITION: (continued)

The bulkheads were noted to be set in 0-2" in scattered areas, mostly in way of the aft end.

The vessel's hydraulic car ramp was noted with the starboard side heavily dented and set down, mostly at its forward end of 0-8", to varying degrees.

Interior Condition:

Note: All compartments are coated to varying degrees with epoxy coatings.

Bow Rake:

The compartment was noted to be in good condition with some light rust noted.

Centerline Bow Rake Compartment:

The compartment was noted with moderate rust and considerable scaling in way of the bottom longitudinals. No damages were noted.

Starboard Bow Rake Compartment:

The compartment was noted to be in good condition. Sighted with 0-4" of water against the aft bulkhead. Bottom longitudinals were not able to be viewed in their entirety, but the forward portions appeared to be in good condition. New steel appears to have inserted in some locations in the recent past.

No. 1 Port, Starboard, and Centerline Compartments:

The compartment was not able to be viewed at time of survey due to being under the vessel's car ramp.

No. 2 Port Side Compartment:

The compartment was noted to be in good condition with 0-4" of water throughout. Some light rust and scale were noted in scattered areas throughout.

No. 2 Centerline Compartment:

The compartment was noted to be in good condition with the majority of the compartment seeming to be comprised of newer steel inserts.

No. 2 Starboard Compartment:

The compartment was noted to be in good condition with light rust and scale as well as 0-3" of water and a light film of silt.

CONDITION: (continued)

Interior Condition: (continued)

No. 3 Starboard Side Compartment:

The compartment was noted to be in good condition with 0-1½" of water throughout as well as light rust and scale scattered throughout.

No. 3 Centerline Compartment:

The compartment was noted with light to moderate rust and scale in way of the bottom longitudinals with the upper portions of the compartment noted in good condition.

The No. 3 Port Compartment:

The compartment was not able to be accessed due to excessive water.

The No. 4 Starboard Compartment:

The compartment was noted to be in good condition with light rust and scale in some scattered areas and moderate scale in other areas.

The No. 4 Centerline Compartment:

The compartment was noted to be well coated and in good condition.

The No. 4 Port Compartment:

The compartment was noted to be in good condition with light rust and scale in some scattered areas and moderate scale in other areas.

The Port Box Stern Compartment:

The compartment was noted to be in good condition with 0-6" of water noted throughout. A light silt residue covered the bottom.

The Centerline Box Stern Compartment:

The compartment was noted with 0-3½" of water throughout with a thin film of silt on the bottom. The water was too murky to see the bottom in its entirety, but where visible, was noted to have light rust and scale that was also noted to be moderate in some areas.

As far as may be ascertained from a general examination of this vessel afloat, without removals or opening up to expose parts ordinarily concealed, and without taking drillings to ascertain thickness of structural members, testing for tightness, or opening up the machinery, it is the opinion of the undersigned that her hull, machinery and equipment will be in satisfactory condition for operation after the following recommendations have been complied with.

RECOMMENDATIONS:

1. Replace any old/broken and/or dried and cracking gaskets in way of the manhole covers.

VALUATION:

Opinion of **Fair Market Value** as of August 21, 2013: **$260,000**

Opinion of **Orderly Liquidation Value** as of August 21, 2013: **$195,000**

Opinion of **Forced Liquidation Value** as of August 21, 2013: **$155,000**

Opinion of **Replacement Cost** as of August 21, 2013: **$510,000**

NARRATIVE:

The replacement cost of the subject ferry landing barge has been determined to be $510,000. The replacement cost was generated by a local South Louisiana barge construction facility for a new construction cost of the subject barge.

We also contacted local equipment vendors to obtain replacement costs of the machinery aboard the subject barge.

Once we determined the replacement cost, we considered both the cost and sales comparison approaches in determining fair market value.

Utilizing the sales comparison approach, we canvassed the local marine brokerages seeking similar ferry landing barges currently offered for sale. It should be noted that these are unique and dedicated service barges to the ferry industry. Although the basic hull is a deck barge type hull, these vessels would not be suitable for materials transport in the general industry.

Our research indicated that of the websites utilized, there were no ferry landing barges currently offered for sale. There were numerous deck barges in the size range of the subject barge; however, since they were only dedicated deck materials barges, they are not suitable for comparables.

Based upon the foregoing, we applied the cost approach to determine fair market value. Utilizing this approach, we applied a formula of deprecation to the replacement cost after deducting a residual value. Our formula of depreciation was based upon a normal useful life of

NARRATIVE: (continued)

forty years and a remaining useful life of twenty years based upon the physical conditions present during survey.

We then added back the residual value to the equation to arrive at a value of $280,000.

It should be noted that the machinery aboard the subject barges reportedly is in non-working condition.

From the above figure, we have deducted a cost to cure in the amount of $20,000.

Based upon the foregoing, it is our opinion that the estimated present day fair market value of the subject barge is in the amount of $260,000.

To determine the orderly liquidation of the subject barge, we applied a discount of 25% to the fair market value to arrive at an orderly liquidation value of $195,000.

To arrive at the forced liquidation value, we applied a discount of 40% to the fair market value to arrive at a forced liquidation value in the amount of $155,000.

The income approach was considered, but not utilized due to lack of information.

SPECIFIC REFERENCE MATERIAL:

1. Shipyard quotes
2. Dufour, Laskay & Strouse, Inc. journal
3. Dufour, Laskay & Strouse, Inc. database
4. Marcon International
5. Damco Marine, Inc.
6. Tassin Marine Transportation, LLC
7. Ocean Marine Brokerage
8. Lee Felterman & Associates

SCOPE OF WORK:

The subject survey was conducted for insurance purposes. The vessel was inspected afloat and moored to dolphins at the Algiers Ferry Landing. At time of survey, all compartments were opened and viewed with the exception of those where water levels prevented entry. A visual inspection was conducted of all exterior portions of the vessel.

LIMITING CONDITIONS:

1. This is a summary appraisal report which was done for insurance purposes. Supporting documentation concerning the data developed, and the value calculations, is retained in the appraisal file.

2. The values are statements of opinion. No guarantee can be given that these opinions of value will be sustained or that they will be realized in an actual transaction.

3. The values given in this appraisal are for the stated valuation date only, and only for the stated purpose. They are gross values and do not consider brokerage fees, marketing costs, shifting or relocation costs, security, etc.

4. The vessel and equipment was appraised under the assumption that there was responsible ownership and management, competent crewing, and ongoing maintenance.

5. The vessel and equipment was appraised on the premise that they were free and clear of all encumbrances, mortgage debt, and special liens.

6. Value is considered to be in cash. Contracts or charters, if any, are not considered in reaching the value.

7. We are unaware of any significant potential environmental hazards associated with this equipment other than normal on board fuel and lubes.

8. The values noted above are based on the unit's existing condition and location.

9. It is assumed that the vessel is in full compliance with all applicable international, federal, state or local regulations unless otherwise stated in the report.

10. The vessel was sighted afloat; therefore, its underwater condition could not be determined.

11. Various mid-body void spaces were made available for internal inspection.

12. No electronics or vessel systems were operated.

13. No responsibility is assumed for latent defects of any nature that could have an effect on the equipment's value. No determination of stability characteristics or inherent structural integrity has been made, and no opinion is expressed with respect thereto.

14. Equipment descriptions are included in the report for purposes of identification and classification. Descriptions are intended for informational purposes only, but are not intended to detail all conditions or list all features associated with each item described.

LIMITING CONDITIONS: (continued)

15. This report was prepared for the client of record, as noted, in order to provide an opinion of value under an assumed set of circumstances as requested and mutually agreed upon by that client. Any legal defense, court or deposition preparation related to it will be considered a new and separate assignment.

16. This report was made by Dufour, Laskay & Strouse, Inc. and will be considered as confidential. Copies of this report will only be made available to other parties with prior written consent of the purchaser/owner of this report. Any confidential information received in preparation of this report will be kept confidential.

17. Information supplied by others that was considered and utilized in constructing this report is from sources believed to be reliable and no further responsibility is assumed for its accuracy.

18. The appraisal was done without regard to any possible problems associated with the Americans with Disability Act (ADA) or violations of the ADA.

PROCEDURES AND ANALYSIS:

In general, marine equipment is built for a dynamic market and can be used worldwide, subject to limitations in mobilization, both physical and economical. In estimating the value of equipment, its age, condition, and outfitting are important factors.

To determine an opinion of value of a vessel or unit of marine equipment, an attempt is made to utilize the three approaches to value as appropriate to the appraisal assignment.

Using the ***cost approach***, the appraiser starts with the current replacement or reproduction cost of the property being appraised and then deducts for the loss in value caused by physical deterioration, functional obsolescence, and economic obsolescence. The logic behind the cost approach is the principle of substitution: a prudent buyer will not pay more for a property than the cost of acquiring a substitute property of equivalent utility.

For the cost approach analysis, we determine equipment's current day replacement cost, the cost of building a new vessel of like design, capacity and/or horsepower at the current market rates. After deducting an estimated terminal value, this value is then depreciated over the expected economic life of a similar piece of equipment. The calendar remaining economic life is adjusted, either up or down, for the condition of the equipment as noted by the surveyor at time of survey to reflect the apparent physical remaining economic life.

Equipment that has recently been rebuilt or repowered would have years added to its remaining expected economic life. Conversely, equipment in need of repairs, maintenance, or repowering would have years removed from its remaining expected economic life.

PROCEDURES AND ANALYSIS: (continued)

With the ***sales comparison approach***, the basic procedure is to gather data on sales and offerings of similar assets, determine their comparability to the subject asset, determine the appropriate units of comparison, collect and array the data, analyze and adjust the data, and apply the results to the subject.

We continue to analyze value by the sales comparison approach when appropriate data and information are available. Here comparable sales, current asking prices, and general market conditions are considered. The comparables found are adjusted to match the subject being appraised. Some of the information on comparables is based on our constant contact with owners, operators, brokers, buyers and sellers of all types of marine and marine related equipment.

The ***income approach*** is a method for measuring the present value of a marine asset's expected future benefits, usually via a discounted cash flow analysis. It is used only when sufficient historical data, such as income flows and related expenses, are provided to the appraiser.

GENERAL REFERENCE SOURCES:

This office maintains a journal in which information regarding new construction costs, day rates, repair costs, operational costs, actual/reported sales, and market/industry trends gleaned by this office are recorded. The journal was started during 1966 and provides much information that is used in the adjustment for equipment marketability.

Dufour, Laskay & Strouse, Inc. also maintains a computer database of thousands of vessels and other equipment of all types valued by our office since 1988 and CD-ROM access to domestic and international vessel databases.

DEFINITIONS:

The definitions used in Dufour, Laskay & Strouse, Inc. appraisal reports are based on those adopted by The American Society of Appraisers Machinery & Technical Committee in 2010.

Fair market value is an opinion, expressed in terms of money, at which a property would change hands between a willing buyer and a willing seller, neither under any compulsion to buy or sell, and both having reasonable knowledge of relevant facts, as of a specific date.

Orderly liquidation value is an opinion of the gross amount, expressed in terms of money, that could be typically realized from a liquidation sale, given a reasonable period of time to find a purchaser (or purchasers), with the seller being compelled to sell on an as-is, where-is basis, as of a specific date.

DEFINITIONS: (continued)

Forced liquidation value is an opinion of the gross amount, expressed in terms of money, that could typically be realized from a properly advertised and conducted public auction, with the seller being compelled to sell with a sense of immediacy on an as-is, where-is basis, as of a specific date.

Replacement cost is the current cost of a similar new property having the nearest equivalent utility as the property being appraised as of a specific date.

Economic useful life is the estimated period of time that a new property may be profitably used for the purpose for which it was intended. Stated another way, economic life is the estimated number of years that a new property can be used before it would pay the owner to replace it with the most economical replacement property that could perform an equivalent service. Functional or economic obsolescence factors may limit a property's economic life. An asset's economic life will often be less than its *normal useful life*.

Remaining Useful Life is the estimated period which a property of a certain effective age is expected to be used before it is retired from service.

Terminal or residual value in connection with a tangible asset refers to the value of an asset after expiration of its normal useful life or the value remaining after part of the property's life has been consumed.

SURVEYOR'S CERTIFICATION:

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.

2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

3. I have no present or prospective interest in the vessel that is the subject of this report, and no personal interest with respect to the parties involved.

4. We are currently unaware of ever having previously provided any professional services involving this marine asset within the last three years. While we attempt to follow owner and name changes, many are not recorded, or not recorded in a manner that provides reasonable transparency.

5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.

7. **SURVEYOR'S CERTIFICATION:** (continued)

8. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

9. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice.*

10. I have not made a personal inspection of the property that is the subject of this report. Mr. Ryan Armida inspected the property.

11. No one provided significant personal property appraisal assistance to the person signing this certification.

I, Paul F. Deister, hereby certify that, to the best of my knowledge and belief, the statements of fact contained in this report are true and correct, and this report has been prepared using the guidelines of the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation and the Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers.

The American Society of Appraisers has a mandatory re-certification program for all of its Senior Members. I, Paul F. Deister, am in compliance with that program.

Survey made, signed and submitted without prejudice to rights and/or interests of whom it may concern.

Attending Surveyor:
Ryan Armida

DUFOUR, LASKAY & STROUSE, INC.

Ryan Armida, Marine Surveyor

Paul F. Deister – Surveyor
NAMS – CMS, ASA

PFD/dl

Enclosure: Photographs

(Please see next page)

Distribution:
Report and Invoice
Alan Moldawer
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Report
Gary Barrios
Veolia Transportation
Via Email: gary.barrios@veoliatransdev.com

Report
Jeremy Rice
Elliott Bay Design Group
Via Email: jrice@ebdg.com

1. AFT PORTION

2. FORWARD PORTION

3. CAR RAMP

4. CAR RAMP

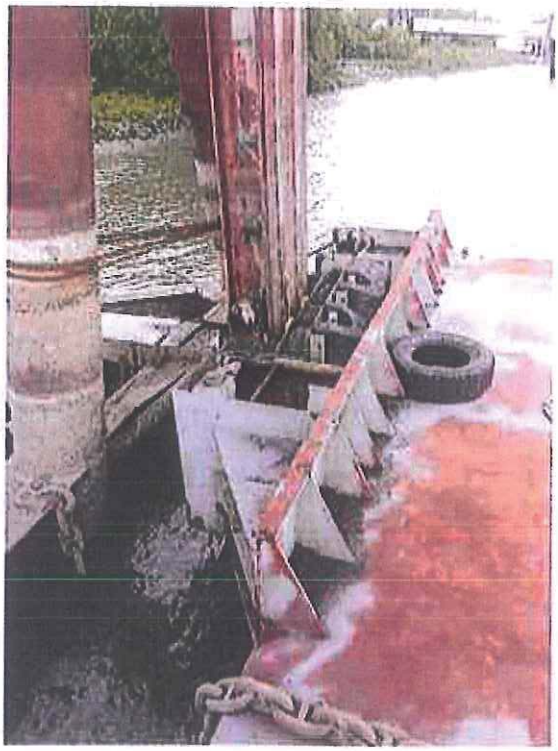
5. FENDERING

6. BULWARKS

7. BULWARKS

8. BULWARKS

9. MAIN DECK

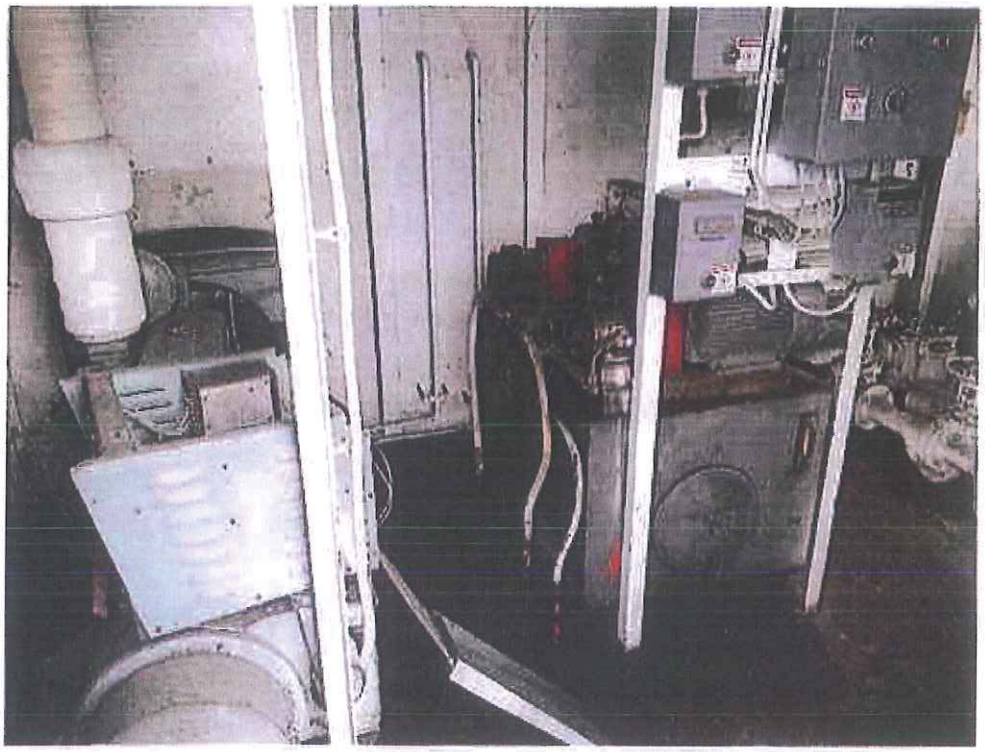


10. SECURING MECHANISMS

11. SECURING MECHANISMS

12. SECURING MECHANISMS

13. AUXILIARY MACHINERY



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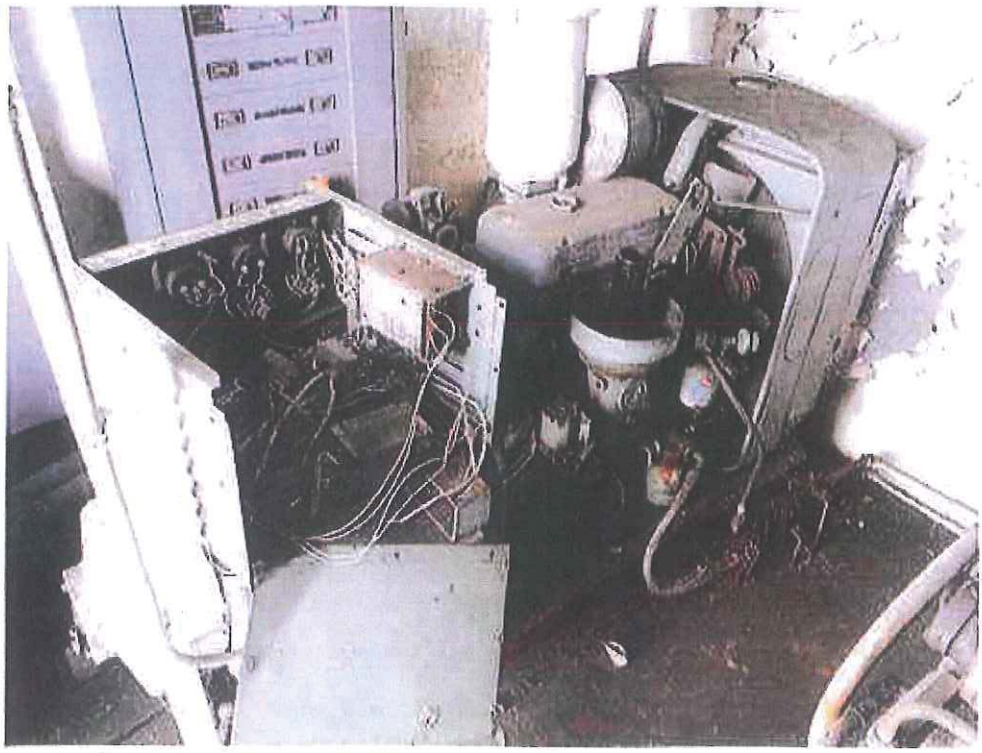

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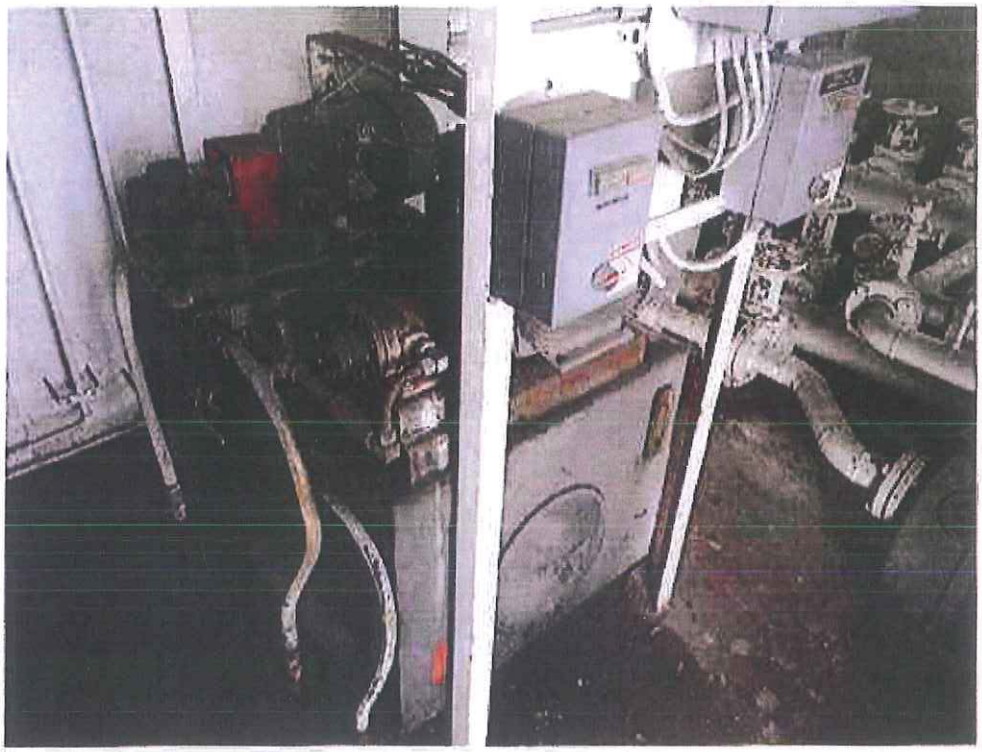
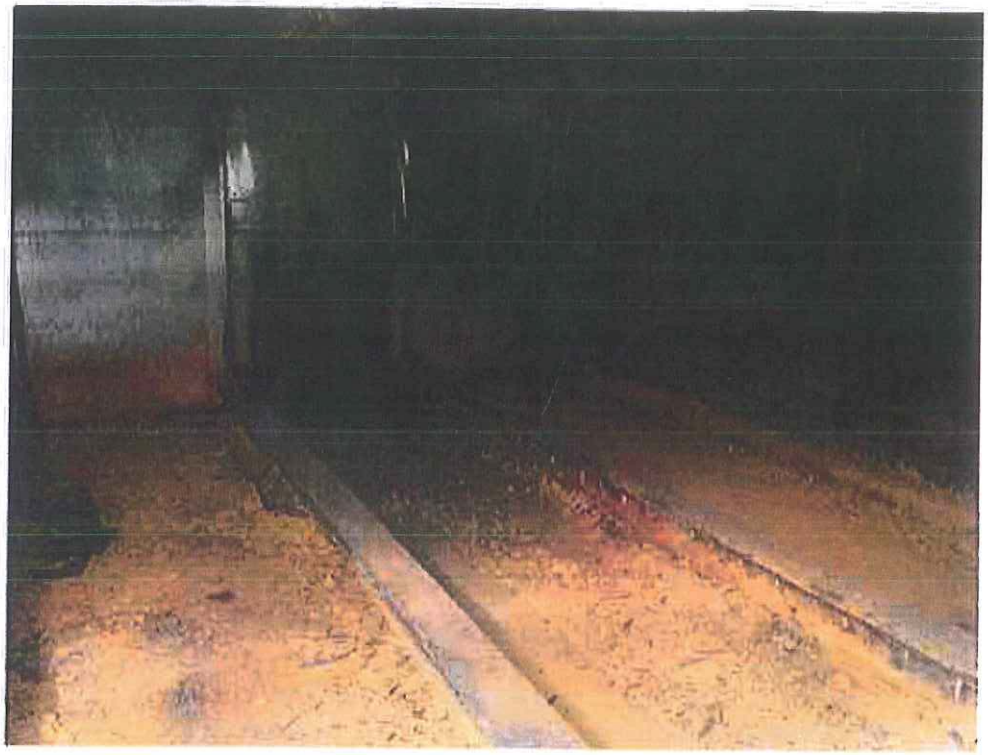


16. INTERNALS

17. INTERNALS



18. INTERNALS

19. INTERNALS