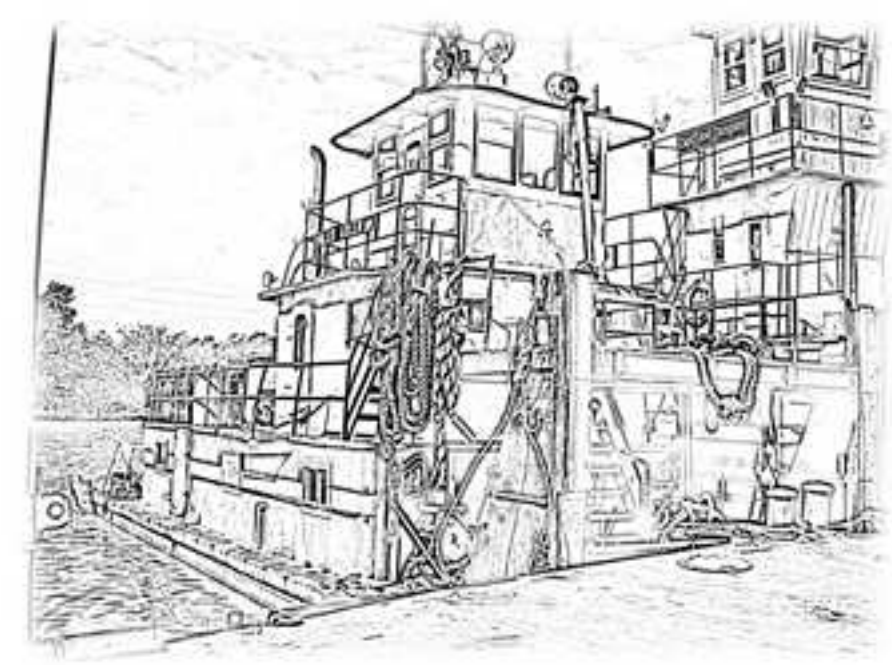
Steel/Diesel Pushboat
ED ADLER

Report of Condition and Valuation Survey



Conducted by:
Christopher E. Collier, NAMSGlobal-CMS

Prepared for:
Bay Bank, Theodore, Alabama
October 30, 2009

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October 30, 2009

Bay Bank
P. O. Drawer 349
Theodore, AL 36590

Attention: Ms Binky Clark

Re: File No. 09CVOC18
S/D Pushboat ED ADLER
Condition & Valuation Survey

This is to certify that at the request of Bay Bank, Theodore, Alabama, Condition and Valuation Survey of the captioned ***S/D Pushboat ED ADLER*** was made by the undersigned Certified Marine Surveyor on October 22, 2009 with said vessel located afloat at Sea Side Services, Inc., Three Mile Creek, Mobile, Alabama, per attached pictures.

Purpose of inspection was to ascertain condition of vessel and equipment and pertinent particulars in connection therewith in way of construction details, capacities, dimensions, etcetera; to inspect all installations and list equipment sighted; to make such recommendations as found necessary in accordance with marine underwriting, U.S. Coast Guard, NFPA and ABYC requirements; to make appraisal thereof as to present day market and new cost replacement values and to report findings.

ATTENDING:
There was no one in attendance. Access to vessel gained through Sea Side Services, Inc. Yard Superintendent Steve Williams.

VESSEL PARTICULARS:
Official Number - 258209
Net Tonnage - 40
Gross Tonnage - 59
Call Sign - WDE6503
Hailing Port - Mobile, Alabama
Year Built - 1949
Builder - Harris Boat Yard
Builder location and hull number unknown

Owners - Eagle Marine Group LLC
910 Dunlap Drive
Post Office Box 19037
Mobile, AL 36619

Registered Dimensions:
Length - 46.0'
Breadth - 17.7'
Depth - 5.0'

CLASSIFICATION/CERTIFICATES:
U.S. Coast Guard Certificate of Documentation
Towing Vessel
Documentation Issuance Date - September 2, 2009
Documentation Expiration Date - September 30, 2010

The subject vessel holds no classification certificates.

STABILITY DATA:
None available.

GENERAL DESCRIPTION & INTENDED USAGE:
The subject vessel is an all welded steel construction, twin screw, inland pushboat with three (3) deck levels and round stern. Vessel was originally built as a model bow tug with pusher bow added in recent years. Vessel is currently out of service but has in the past been utilized in commercial towing service along the Gulf Intracoastal Waterway and inland river system.

CONSTRUCTION:
Welded Steel - A36

Plating: (Estimated or Reported)
Keel/Skeg/Struts - 1"
Bottom - 1/2"
Sides - 3/8"
Headlog - 3/8"
Sternlog - 1/2"
Bow Radius Corners - 1/2"
Stern Radius Corners - 1/2"
Main Deck - 5/16"
Upper Deck - 1/4"
Bulkheads - 5/16"
Deckhouse - 1/4"
Pilothouse - 1/4"

Structurals:
Transverse Hull Framing - 5" x 1.920" x 8.2# channel transverse on 14" centers
Longitudinal Bottom Trusses - Unknown
Hull Deck Beams - Same as transverse hull framing
Deckhouse Framing - 2" x 2" x 1/4" angle transverse on 24" centers
Main Engine Keel Coolers - Fernstrum or Duramax grid type
Generator Engine Keel Coolers - Channel (size unknown)
Rub Rails/Fenders - 2" thickness Johnson rubber towknee pusher plates affixed across headlog between towknees
- Tires are chain fitted & shackled port and starboard along sides at the bow and stern
Towknees - 9'6" height above main deck, constructed of 5/16" plate and 12" x 3.047" x25.0# channel.
Towknees are fitted with 2" thickness Johnson rubber towknee pusher plates

FUEL TANKS:
2 - welded steel construction fuel tanks, 2,800 gallons reported total capacity, which are integral with the hull and located port and starboard beneath galley sole, forward of the engine room.

Fuel System Accessories:
1 - 3/4" Gasboy model 73, 115 VAC fuel transfer pump
- Racor 75/1000MAX & 1000MA fuel filter/separators

MISCELLANEOUS TANKS:

2 - Hydraulic Steering Tanks, capacity 40 gallons each (estimated)
1 - Hydraulic Winch Tank, capacity 12 gallons (calculated)

POTABLE WATER TANKS:

1 - molded polyethylene construction potable water tank, 500 gallons estimated total capacity, which is separate of the hull and located centerline aft outside atop quarters deck.

Potable Water System Accessories:

1 - new Water Ace 3/4 HP 115/230 VAC potable water pump, model RTS5
1 - new Whirlpool 19 gallon 120 VAC water heater
1 - new Water Ace captive air tank, model RT6H

SEWAGE TREATMENT SYSTEM:

1 - Incinolet model TR marine toilet

HULL COMPARTMENTATION & ARRANGEMENT:

The subject vessel is fitted with five (5) transverse bulkheads into the following compartments from bow to stern: First are port and starboard pusher bow void compartments outside of the original tug model bow. Next aft is the forepeak compartment housing the hydraulic power unit and reservoir for the deck winches. Next compartment aft is the galley area with fore and aft fuel oil innerbottom tanks beneath. Next aft is the engine room. Aft of the engine room is a compartment housing the hydraulic steering system power unit(s) and reservoir(s). Next aft is a transverse void compartment. Aft most is the lazarette/steering compartment.

PILOTHOUSE/DECKHOUSE CONSTRUCTION & ARRANGEMENT:

The superstructure has three (3) deck levels. The pilothouse, quarters deckhouse and main deckhouse are estimated 1/4" plating, angle framed, fiberglass insulated, ceiled with wood and/or fiberglass paneling, hardwood joiner work, wood, fiberglass and/or Marlite ceiling panels and either vinyl or wood laminate floor coverings or painted steel decks. Lighting is 115 VAC incandescent or fluorescent.

The raised pilothouse is fitted with a full width formica covered controls console forward, single pedestal pilot chair and port and starboard commercial grade stainless steel exit weathertight doors. Windows are aluminum framed or gasket fitted tempered safety glass. Forward of the starboard side exit door is the navigation lighting panel. Aft in pilothouse are full width built-in cabinets with wood countertop, 3-drawer file cabinet on centerline beneath along with port and starboard storage lockers. Pilothouse is provided with two (2) Goldstar estimated 6,000 BTU capacity 115 VAC window type air conditioner units. Access companionway lower deck levels is external only.

Beneath the pilothouse is the quarters deckhouse. Said deckhouse is estimated 1/4" plating, angle framed, fiberglass insulated, ceiled with wood decoguard and fiberglass wall paneling, hardwood joiner work, fiberglass ceiling panels and hardwood laminate floor covering. 4-dog steel doors of the watertight variety exit port and starboard aft. Beginning forward most in this deckhouse are port and starboard crew staterooms, each fitted with upper and lower bunks giving the vessel total sleeping accommodations for four (4). Each stateroom is additionally equipped with an estimated 6,000 BTU capacity Fedders 115 VAC window type air conditioner units. Aft most in the port stateroom is a wood counter in which a single basin stainless steel sink is set. Sink is however not currently plumbed. As with the pilothouse, access to upper and lower deck levels is exterior only.

Beneath the quarters deckhouse is the main deck deckhouse which is also estimated 1/4" plating and angle framed. Accommodation areas of the main deck deckhouse are insulated, ceiled with fiberglass wall paneling, hardwood joiner work, fiberglass ceiling panels and painted steel floors. Beginning forward most and recessed down from the main deck is an unfinished galley area beneath which are fore and aft innerbottom fuel oil tanks. Starboard side galley is a folding table. The starboard forward watertight door accesses the vessels foredeck while the aft door enters the engine room. Galley is equipped with and a Frigidaire 12,000 BTU, 115 VAC window type air conditioning/heating unit.

Aft of the engine room is an unfinished/unceiled auxiliary machinery space housing the hydraulic steering unit. To port of the auxiliary machinery space is a water closet equipped with an Incinolet model TR marine toilet. To port of centerline aft auxiliary machinery space is an exit watertight door to the stern deck.

NAVIGATION, ELECTRONICS & CONTROLS EQUIPMENT:

1 - set of Perko navigation and towing lights
2 - steering joysticks
2 - sets of Rexroth HD-2 propulsion engine & transmission controls
1 - Carlisle & Finch 14" searchlight
1 - Perko Solar-Ray searchlight
1 - Seafit dual trumpet 12-volt DC electric horn
2 - West Marine VHF transceivers, model VHF550
1 - Furuno radar, model NavnetVX2, S/N 4345-6749
1 - Schumacher 2 amp, 6 & 12-volt DC battery charger
1 - Astron power supply
1 - Emergency Power Source battery

ALARM SYSTEMS/PANELS:

2 - Murphy model ST10-AS audible/visual alarm panels with the following sensors/indicators:
Port & Starboard Propulsion Engine Low Oil Pressure
Port & Starboard Propulsion Engine Low Expansion (Day) Tank
Port & Starboard Propulsion Engine High Water Temperature
Fore & Aft Generator Engines Low Oil Pressure
Fore & Aft Generator Engines High Water Temperature
Fore & Aft Generator Engines Low Expansion (Day) Tank
Bilge High Water Level
Low Service Air Pressure

FIRE FIGHTING EQUIPMENT (EXTINGUISHERS): (Tagged 04/2009)

1 - 5 lb ABC dry chemical in pilothouse
1 - 20 lb ABC dry chemical at aft entrance to engine room
1 - 20 lb ABC dry chemical in engine room
2 - 20 lb ABC dry chemicals in galley
1 - 20 lb ABC dry chemical in quarters deckhouse
1 - 50 lb wheeled BC dry chemical in engine room
1 - 100 lb BC CO2 cylinder (not connected) in forepeak compartment

SAFETY EQUIPMENT:

1 - 30" Ring Buoy
3 - Type I USCG approved Life Vests
2 - Work Vests
1 - First Aid Kit
1 - 4" Ships Bell

GROUND TACKLE:

None sighted. Vessel typically made up to barges.

MAST:
The navigation light mast is 1/4" plate construction stiffened with 1/4" x 2" flat bar extending above the pilothouse.
Bracing is 3/4" pipe.

JONBOAT DAVIT:
None

ACCESS HATCHES/DOORS:
Pilothouse Doors: Stainless steel & safety glass, 1-dog, weathertight
Size: 23" x 69"; Coaming Height: 7"
Quarters Deckhouse Doors: Steel, 4-dog, watertight
Size: 28" x 62"; Coaming Height: 9"
Galley Door: Stainless steel, 1-dog, watertight
Size: 27" x 47"; Coaming Height: 9"
Engine Room Door: Steel, 4-dog, watertight
Size: 28" x 56"; Coaming Height: 3"
Forepeak
Compartment Hatch: Lipped steel hatch, non-watertight
Size: 24" x 40"; Coaming Height: 7"
Void Hatch: Steel, 4-dog, watertight
Size: 18" x 24" oval; Coaming Height: 6"
Lazarette Hatch: Steel, 4-dog, watertight
Size: 18" x 24" oval; Coaming Height: 6"

BULWARKS/RAILINGS:
Port and starboard and stern areas of the main deck are flush at the gunnel.
Centerline forward main deck between the towknees is fitted with 24" height estimated 1/4" plate construction bulwarks with 1/2" tapered plate vertical stiffeners and 2-1/2" pipe caprail.
Approximate 36" height 1" pipe stanchions equipped with 3/16" galvanized steel chain lifelines are fitted around the stern deck.
A 36" height railing constructed of 1-1/4" pipe is fitted around the deckhouse top (quarters deck) and pilothouse deck.
32" height from deck, 3/4" pipe grab rails are fitted fore and aft along deckhouse sides.

DECK FITTINGS:

A 4" x 2-1/2" pipe double bitt is fitted centerline at the bow bulwark.
A 36" length kevel is fitted on centerline at the bow on the fleet deck.
24" length kevels are fitted two (2) each port & starboard at gunnel just aft of the bow and forward of the stern.
One (1) each 10" wire rope roller buttons are fitted port & starboard at gunnel approximately 10' aft of the headlog.
Tank fills & vents are 2" steel pipe.
Galvanized steel grates over a framework of 1-1/2" x 1-1/2" x 1/4" angle provide a raised platform over the steering components which can be used for sling and/or other equipment storage.
Extending forward over the main deck from the quarters deck is an open fleet deck with channel and angle framework covered by galvanized steel grating decking.

PROPULSION ENGINES:

Vessel is powered by twin General Motors Detroit Diesel, model 12V71, V-12 cylinder, 2 cycle naturally aspirated diesel engines, S/N's 12VA53253 port & unavailable starboard, each rated at 350 SHP @ 1800 RPM. The engines are 12-volt DC starting, fresh water grid type keel cooled, fitted with dry exhausts and are pilothouse controlled. Each engine drives an estimated 64" diameter, fixed pitch 4-bladed propeller via a 4" cold roll steel shaft and a Twin Disc model MG-514C marine transmission, S/N's 987449 port & AI162 starboard with a ratio of 6.00 to 1.

STEERING:

Vessel is fitted with a single station power hydraulic steering system utilizing dual Geroter pumps driven by 10 HP 230/460 VAC, 3-phase motors, each mounted atop an estimated 40 gallon hydraulic oil tank. Vessel is fitted with three (3) steel plate steering rudders and two (2) steel plate flanking rudders connected to 4" bore x 30" stroke x 1.5" rod hydraulic rams. Drag links is 3/4" x 4" flat bar.

AUXILIARIES:

Vessel is fitted with two (2) Lima 30 KW, 120/208 VAC, 3-phase, 60 Hertz generators, each driven by a Cummins model 4B68-1800, in-line 4 cylinder, 4 cycle naturally aspirated diesel engine, S/N's 60115313 forward & 60113758 aft, rated at 68 HP @ 1800 RPM. The engines are fitted with dry exhausts, 12-volt DC alternators, are fresh water keel cooled and 12-volt DC starting.

PUMPS:
2 - 1-1/2" 115 VAC automatic submersible bilge pumps

VENTILATION:
1 - 18" 120/208 VAC tubeaxial engine room blower
Accommodation spaces fitted with heating & air conditioning

DECK MACHINERY/WINCHES:
2 - single drum electric/hydraulic driven make up winches. A single 10 HP Baldor 230/460 VAC, 3-phase motor drives a Geroter hydraulic pump with unit mounted atop an estimated 12 gallon hydraulic oil tank.

COMPRESSED AIR SYSTEM:
1 - Quincy model 310L-A air compressor, S/N 20041216, driven by a 5 HP Baldor 230/460 VAC, 3-phase motor piped to an adjacent Sanborn estimated 80-gallon receiver.
1 - Campbell-Hausfeld air compressor driven by an estimated 2 HP Dayton 120/240 VAC, 1-phase motor mounted atop an estimated 25-gallon receiver.

ELECTRICAL:
The subject vessel is wired with 12/2 type SO and metal jacketed cable with commercial and vapor proof marine type fixtures. The lighting system is 120/240 VAC primary and 12-volt DC emergency. Overload protection is provided by circuit breakers and fuses. Navigation lighting and 120/208 VAC circuit breaker panels are located in pilothouse. Motor starting switches, generator panel and master disconnects are located in engine room. Three (3) size 8D 12-volt DC batteries are located port side aft engine room for propulsion engines starting. Two (2) Group 24, 12-volt DC generator starting batteries are located fore & aft engine room in suitable poly trays with covers.

Electrical Accessories:
1 - 100/100 ampere, 208 VAC dual generator panel
5 - 500 watt 120 VAC quartz deck lights

GENERAL CONDITION/REMARKS:

The subject vessel appears to be in less than average physical condition throughout given its age and service. Vessel was built in accordance with accepted marine and/or commercial practices in affect at the time of manufacture by Harris Boat Yard. The vessel has average watertight integrity for its age having five (5) transverse watertight bulkheads as well as innerbottom fuel tanks. Vessel is adequately outfitted for service in the commercial inland towing service having power consistent with its size. Access hatch in way of the forepeak compartment was open allowing for inspection. Internals within were found in sound condition. The vessel was originally model bow construction with the pushboat bow added later adding to the vessels watertight integrity. Aside from the forepeak compartment, no tank and/or void compartment covers were opened at this inspection and none were entered. Both port and starboard propulsion engines as well as diesel auxiliary generator sets were sighted in apparent operating condition however, none were tested. Vessel was surveyed without benefit of dry-docking therefore condition of hull below water line and/or underwater running gear is unknown. In telephone conversation with owners representative Steve Brewster, he advised that a factory remanufactured (swing) port propulsion engine was installed approximately two (2) years ago. The starboard propulsion engine received an in-frame overhaul. Additionally, new shafts and keel coolers were installed requiring the vessel to be dry docked. All components of the vessel's potable water system including the water heater were also noted during survey as new or recently installed. Exterior coatings were noted as fair in way of the upper decks but failing in way of main deck with rust scale present. Vessel contained no appreciable physical damage.

Certain information listed in way of capacities, dimensions, etcetera is as reported by owners representative.

RECOMMENDATIONS:

1. Provide aboard suitable ground tackle.
2. Provide and install suitable non-conductive boots and/or covers over the exposed terminals of the 12-volt DC propulsion engines starting batteries.
   Ref. 33 CFR 183.420 and NFPA 302 9.3.5, 9.3.6.1, 9.3.6.2 & 9.3.7
3. Close up opening into forepeak compartment where submersible bilge pump hose passes through. Properly pipe bile pump discharge out of vessel.

REFERENCE SOURCES:

This office maintains a computer database along with paper files regarding vessels and other marine equipment valued by our office and that of the undersigned's previous affiliated surveying company, Capt. J. Paul Wright & Associates, Inc., Bayou La Batre, Alabama which maintained data and files dating back to 1955.

My employment and apprenticeship with Capt. J. Paul Wright & Associates, Inc. began in 1975. I became the corporation's vice president, part owner and principal surveyor after the retirement of Captain Wright from field work in 1983 upon my obtaining membership into The National Association of Marine Surveyors, Inc. After the passing of Captain Wright, I assumed full ownership of Capt. J. Paul Wright & Associates, Inc. in 1994 whereupon I subsequently started C. E. Collier & Associates, Inc. As such, C. E. Collier & Associates, Inc. owns and maintains all historical material, data, files, etcetera of the former Capt. J. Paul Wright & Associates, Inc.

Additionally, listings by such sources as Hall Associates (www.halltug.com), Lee Felterman & Assoc, LLC (www.leefelterman.com), Damco Marine (www.damcomarine.com), Marcon International, Inc. (www.marcon.com) and Ocean Marine Brokerage Services (www.oceanmarine.com) were considered along with our in house databank of vessels.

PROCEDURES & ANALYSIS:

There are three (3) universally accepted approaches in determining the value of a vessel or item of marine equipment that this office utilizes and subscribes too which are briefly explained below. All of these approaches can generally applied with regard to commercial vessels or equipment however, as respects recreational vessels, the ***sales comparison approach*** is the only logical choice.

Using the ***income approach*** method, the present value of a vessel is determined by its expected future benefits by way of a discounted cash flow analysis. This method is only used when sufficient historical data such as income flows, expenses, and etcetera are provided. In most cases, the information provided to the surveyor/appraiser is biased and/or unreliable at best, therefore said method is seldom if ever used.

Using the ***cost approach*** method, one starts with the current replacement cost of the vessel and then deducts for the loss in value caused by physical deterioration, functional obsolescence, and economic obsolescence. The logic behind this method is the principle of substitution, meaning, a prudent buyer will not pay more for a vessel than the cost of acquiring a substitute vessel of equivalent utility. After determining the vessel's current day replacement cost and deducting an estimated residual value, said residual value is

PROCEDURES & ANALYSIS: (continued)
then depreciated over the expected economic life of a similar vessel. The remaining economic life is adjusted either up or down based on the condition of the vessel as noted by the surveyor at time of survey.

With the ***sales comparison approach***, data on sales and offerings of like-in-kind, and/or sister vessels is collected, analyzed, adjusted, and applied to the subject. Some of the information gleaned on comparable vessels is derived by historical and ongoing contacts with owners, builders, operators, buyers, sellers and brokers as well as information maintained in our database. Since the ***sales comparison approach*** is generally considered and accepted to be the most accurate, said approach has been relied upon in determining the present day market and new cost replacement values of the subject vessel.

Utilizing the ***sales comparison approach***, brokerage firms such as those listed under the reference sources portion of this report were canvassed seeking similar pushboats offered for sale. Additionally, known boat operating company owners and/or managers were queried about potential sales prices of similar pushboats to the ***ED ADLER*** within their fleets.

VALUATION:

It is the considered opinion of the undersigned that the present day market value of the subject **S/D Pushboat *ED ADLER***, Official No. 258209, together with all equipment sighted on board and pertaining thereto is $225,000.00 with a new cost replacement value of $1500.00 per horsepower (HP) or $1,050,000.00.

CONCLUSION:

I certify to the best of my knowledge, that the statements of fact contained in this report and/or attachments are true and correct.

I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result or the occurrence of a subsequent event.

In the event this survey is being considered by a prospective buyer, C. E. Collier & Associates, Inc. makes no recommendation as to the marketability of said vessel. Further, said survey should not be misconstrued as any guarantee or warranty of seaworthiness.

CONCLUSION: (continued)

This report is based on inspection of vessel afloat and of those parts, spaces and equipment that could be sighted without the removal of ceiling, paneling, lockers and/or parts and equipment ordinarily and/or permanently affixed and is rendered without bias or prejudice for the account of Bay Bank, Theodore, Alabama.

In accepting same it is agreed that the extent of obligation of this firm, with respect thereto, is limited to furnishing competent surveyors, and in making report surveyor is acting on behalf of the person or firm requesting same, and no liability, in excess of charges for services performed, shall attach to this firm, or member thereof as respects accuracy, errors and/or omissions thereto.

Respectfully submitted,
C. E. COLLIER & ASSOCIATES, INC.
By: *Christopher E. Collier, NAMSGlobal-CMS*
Certificate Number 101-418-4


ED ADLER
MOBILE, AL