DIXIELAND MARINE Inc.
SURVEYORS & CONSULTANTS
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Survey Report No. 120803CV **Date: August 10, 2012**

Brown Helicopter, Inc.
10100 Aileron Ave.
Pensacola, Florida 32506

Attn.: Mike Majewski

Condition and Valuation Survey

M/V "**Ex USCG 55103**"

THIS IS TO CERTIFY that the undersigned Marine Surveyors did on August 9, 2012, at the request of Mike Majewski, and for the account of Brown Helicopter, Inc., inspect the captioned twin screw, diesel powered, aluminum vessel while subject vessel was lying hauled out at the docks of Gulf Coast Marine, in Galveston, Texas, in order to ascertain its general condition and valuation for various purposes.

ATTENDING SURVEY

Representing Owner's Interests:

Dick Frenzel, Marine Surveyor
Wesley Fowler, Marine Surveyor

PARTICULARS

Registered Ownership: Brown Helicopter, Inc.
Owner's Address: 10100 Aileron Ave., Pensacola, Florida 32506
Official No.: N/A Hull No: 55103
Length: 55' 0" LOA: 58' 4" Breadth: 16' 9"
Min. Freeboard: 4' 9" Draft: 5' 11"
Gross Tonnage: N/A Displacement Tonnage: 32 Tons
Fuel Capacity: 912 gal. Potable Water Capacity: 240 gal.
Total Horsepower: 1080 Hp. Maximum Speed: 20 knots
Flag: USA Hailing Port: Pensacola, Florida
Intended Service: Commercial Projects
Built in 1977 by R.E. Derecktor, Inc., in Mamaroneck, NY.

Ownership, HIN and Official numbers are from documents. Numbers not verified on hull.
All specifications above are from USCG documents or other reference data and not measured during survey.

SCOPE OF SURVEY

Circumstances of Survey

Vessel was inspected while hauled out. The hull exterior wetted surface and underwater machinery and hardware were inspected.

A formal sea trial was not conducted. Machinery and equipment were not inspected while operating except where specifically noted in this report. Machinery, tanks, belts, hoses, and piping were visually inspected where normally accessible. No disassembly, sampling, analysis, compression testing, or pressure testing was performed.

Locked compartments or otherwise inaccessible areas were not inspected. This vessel was surveyed without removals of any parts, including fittings, tacked carpets or liner materials, screwed or nailed boards or panels, anchors and chain, fixed partitions, instruments, clothing, spare parts and miscellaneous materials in the bilges and lockers, or other fixed or semi-fixed items.

No determination of stability characteristics or inherent structural integrity has been made and no opinion is expressed thereto. This survey report represents the condition of the vessel on the date specified above, and is the unbiased opinion of the undersigned, but is not to be considered an inventory or a warranty, either specified or implied.

Intended Users

This survey is prepared for the exclusive use of the client whose name and address appear on Page 1, and this report is not transferable to any other person or entity. The intended users of this report and appraisal are the client and those lenders and underwriters considering financing or insuring this vessel for this client only.

Standards

The mandatory standards promulgated by the United States Coast Guard (USCG), under the authority of Title 46 United States Code (USC); Title 33 and Title 46 Code of Federal Regulations (CFR), the voluntary standards and recommended practices developed by the American Boat and Yacht Council (ABYC), and the standards of the National Fire Protection Association (NFPA), have been used as guidelines in the conduct of this survey, but complete compliance with all such standards is not guaranteed.

Design Characteristics

Vessel is a 55', standard USCG-designed "Aids to Navigation" vessel, that was recently retired.

Watertight Hull Compartmentation: Seven compartments and/or integral tanks consisting of forepeak void, crew quarters, workspace with P&S fuel tanks, machinery space, lazarette with rudder posts, tiller assembly, hydraulic steering gear, and two (each) CO2 bottles. Aft work platform extends 3' aft of transom, with port and starboard voids. Vessel designed for operation in seas not to exceed 6' and/or winds exceeding 30 kts.

Hull Form: Heavy displacement, semi-planing type with moderately raked, sharp bow; vertical, square stern; vertical, with flair forward, curved sides; straight sheer; "V" bottom, with moderate deadrise at midsection.

Superstructure Form: One level deckhouse with control station in forward end, located forward of midsection; three exhaust ports, exiting out through the vessel sides; one, fabricated aluminum navigation mast.

Watertight Integrity, Decks and Superstructure: Hatches, doors, windows and port lights opening to all exterior decks and/or bulkheads are weathertight types.

Minimum Freeboard to Weather Deck: 4' 9"

Construction

Method/Material: Welded, 5086 aluminum, hull with transverse/longitudinal framing system.

Welded aluminum deck house.

Plywood, stainless steel, and aluminum ceiling in deck house and hull.

Hull scantlings considered normal for vessel's intended service, with sides protected by heavy rubber fendering around deck and aft hullsides.

Hand Rails: 32" minimum height, two course, welded-aluminum pipe handrail on port and starboard sides of deckhouse and bow; 42" height, aluminum pipe stanchions, with chain life lines surrounding aft weather deck.

Mooring Fittings: One, single post mooring bitt on bow; four, single post mooring bitts, ranging on each side; one, single post mooring bitt on each transom corner; one, single post towing bitt.

Propulsion System

MACHINERY:

Two, Detroit Diesel, Type: 12V71TI, 12-cylinder, electric-starting, fresh water cooled with heat exchanger, 540 hp. each, diesel engines driving twin, brass screws through two Twin Disc, Model: MG-514M, 2.5:1 ratio, hydraulic, reverse/reduction gears.

The port-side propulsion engine is fitted with a Twin Disc, Model: SP111HP3, mechanical power take off (PTO), for crane hydraulics. PTO Serial Number: 1X0812.

CONTROLS:

Manual and electronic type, with single levers for throttles and reverse gears at pilothouse control station; single and individual levers for throttles and reverse gears at aft deck control station.

ENGINE EXHAUST SYSTEM:

Wet type with reinforced rubber exhaust hose and stainless steel piping, with aluminum mufflers. All piping is lagged in engine room and exits through the vessel sides.

DRIVE TRAIN:

Two stainless steel, 3" dia. shafts, with two-bolt, compression type packing glands attached to shaft tubes with double-clamped reinforced hoses.

Water-lubricated rubber sleeve bearings in aluminum, double-arm struts, and two, brass, 38" dia. x 32" pitch, RH and LH, 3-blade propellers.

Auxiliary Equipment

STEERING SYSTEM:

Hydraulic type, wheel steering, two control stations; located at forward pilothouse station, and on aft deck.

SHIP'S SERVICE GENERATOR:

One, Onan, Model: 21.5DMKBE, 21.5 kW, 120 volt, single-phase, AC generator powered by one, Cummins, 4-cylinder, electric starting, fresh water cooled with heat exchanger, diesel engine.

Electrical Systems

AC SYSTEMS:

120 volt power supply from ship's service generator or dockside shore power, with main switch panel, distribution/breaker panel, voltmeter, ammeter, transformer for low voltage circuits, switch boxes, motor control boxes, and plastic covered, marine type wiring. Watertight marine type exterior fixtures. Marine type interior fixtures.

DC Systems:

24-volt, DC power is supplied by two, size 8D, lead-acid type, 12-volt storage batteries, with one, ON/OFF battery switch.

The batteries are contained in acid-resistant non-conductive boxes and secured from movement to meet USCG requirements.

Batteries are charged by two, Prestolite Electric, 75-amp engine alternators with one, LaMarche, Model: A41, marine-type battery charger.

The system contains a distribution panel, switches and fuses, circuit breakers for branch circuits, voltmeter, ammeter. Wiring is apparently plastic covered marine type wiring.

Exterior fixtures are watertight marine types. Interior fixtures are commercial type.

ALARM SYSTEMS:

Audible type indicating abnormal cooling water temperature and/or lubricating oil pressure. System installed on propulsion and generator engines. Generator engine reportedly further protected with automatic shut-down switch. Bilge alarm system installed in all bilge spaces.

FUEL SYSTEM:

Two, integral, aluminum tanks, with shut-off valves at tanks, black iron piping, manifold, strainers, filters, flex lines at engines, screened vents on tanks, and fuel transfer pump.

POTABLE WATER SYSTEM:

One, independent, stainless steel tank with copper piping and fittings; one, 12 gallon, electric water heater; one, electric-powered pressure unit, complete with pump and surge tank.

AIR SYSTEM:

One, 1–cylinder, electric-powered compressor unit with automatic start/stop switch, one receiver tank, steel piping, valves, and fittings.

MARINE SEWAGE DISPOSAL SYSTEM:

One, 35-gallon holding tank, with one, electric-driven discharge pump to deck pump-out fitting or overboard.

This system meets USCG regulations (CFR 159) if seacock is in closed position to prevent overboard discharge when within 3 miles offshore.

DEWATERING SYSTEMS:

Six, electrically-powered, 1" dia. discharge, submersible bilge pumps with manual and automatic switches.

Manual and automatic switches located at pilothouse control station panel. Power is reportedly supplied direct from battery and not interrupted by main battery switch.

VENTILATION SYSTEM:

Natural type for engine room with two, 18" x 18" area intake vents. Natural and mechanical type for personnel accommodations with forced draft circulation through air conditioning systems, or through door, window, and vent openings.

DECK CRANE:

One, Alaska Marine Cranes Co., Model: MCK-420-KM, hydraulic-powered, double jointed, 360°rotating deck crane with 20' reach, for servicing overboard items, with maximum lifting capacity over the stern of 3,600 lbs., and 1,800 lbs. over the sides.

ANCHOR GEAR:

One, 1-1/2" dia. x approximately 300' L synthetic line rode, complete with spliced eyes, thimbles, swivel, shackles, and chain leader. One, 32 lb., Fortress, Model: FX-55, Danforth-type, aluminum anchor.

ACCOMMODATIONS:

Furnished quarters with sleeping facilities for 4 persons located in hull, consisting of two, stacked, port and starboard side crew berth racks. Central electric air conditioning. Individual unit electric heating. All electric galley appliances.

NAVIGATION AIDS:

One, Furuno, Model: Navnet, digital GPS, chart plotter, and depth indicator.

One, lead line, depth indicator.

One, Danforth, 5" apparent diameter, magnetic steering compass.

One, 9 dia., incandescent-bulb type, remote control searchlight, mounted atop pilothouse.

COMMUNICATION:

One, ICOM, Model: IC-412, VHF marine radiotelephone.

POLLUTION CONTROL:

Oil Discharge Prohibited Placard (CFR 155.450): Mounted in engine room.

Garbage Discharge Placard (CFR 151.59): Mounted in pilothouse.

Safety Equipment

REQUIRED LIGHTS AND SIGNAL APPARATUS:

Red and green 10 pt. side lights properly screened; white 20 pt. bow light; white 12 pt. stern light; one, white, 32 pt. anchor light; necessary towing lights. One, single-trumpet, pneumatic horn. One, 6" dia. bell.

EMERGENCY LIGHTING SYSTEM:

Bulkhead and compression post mounted, battery-powered lanterns.

LIFE SAVING GEAR:

Six, U.S. Coast Guard approved life preservers.

Two, 30" dia., plastic, U.S.C.G. approved ring buoys, with water lights and retrieving lines.

Two, First-Aid kits.

Escape Hatches: Six, located one each in forepeak void and lazerette; two each in engine room and in aft work platform.

Smoke Detectors: Four, located one each in crew quarters, workspace, machinery room, and lazerette.

Carbon Monoxide Detectors: Three, located one each in crew quarters, engine room, and in wheel house.

FIRE FIGHTING APPARATUS:

Four, 10 lb., dry chemical type, USCG classification BII, portable fire extinguishers, located one each in crew quarters, workspace, engine room, and lazerette.

One, 15 lb., CO_2 type, USCG classification BII, portable fire extinguisher, located in engine room.

Two, 2-1/2 gal., Aqueous Film-forming Foam (AFFF)-type, portable fire extinguishers, located one each in engine room, and wheel house.

FIXED FIRE FIGHTING SYSTEMS:

CO_2 type, automatic system located on lazerette, with two, 35-pound cylinders and automatic/manual discharge to engine room.

General Condition

CIRCUMSTANCES OF SURVEY:

Vessel hauled-out. Bottom inspected. All accessible compartments entered. Machinery not inspected while operating.

Housekeeping: Good.

Protective Coatings: Good.

Structural: Good.

Machinery: Operational.

Remarks

Starboard and port sides contained scattered, light indents.

Stern found free of indents and/or insets.

Bottom found free of indents and/or insets.

Anti-fouling coating in satisfactory condition.

Bilges and Internal Framing found free of corrosion wasting and oil accumulation.

Weather Deck found free of corrosion wasting, indents and/or insets.

Superstructure found free of corrosion wasting, indents and/or insets.

Machinery found to be reasonably clean and appeared to be subjected to a good maintenance program.

Navigation Limits

Vessel designed for coastal waters of the US, not to exceed 20 miles from land.

NOTES

A. Maintenance history from 2001-2011,was reviewed at time of survey.

B. Gross and net tonnage will need to be determined if USCG documentation is applied for.

C. Starboard main engine replaced in 2002.

D. Deck crane overhauled in 2007.

E. Aluminum fuel tanks encapsulated with insulated blankets, preventing inspection of structure.

F. This former USCG "Aids to Navigation" vessel was completely updated in 2011 just before being retired and placed for sale. It was found to be in excellent condition, as far as structural integrity is concerned. Owner is installing all required equipment consistent with commercial use.

RECOMMENDATIONS AND APPRAISAL

Recommended Operation Procedure

1. Owner should instruct crew to keep watertight doors closed and secured while not in use.
2. Owner should require engine room be visually checked by competent crew personnel every four hours while underway.
3. Owner should require that all crew personnel wear U.S.C.G. approved work vests while on weather deck.
4. Owner should instruct crew to keep all weather deck hatches, doors, and port lights secured while underway.
5. Owner should instruct crew to operate vessel per all applicable U.S. Coast Guard Regulations.

Recommended

1. Inspect CO2 system and service as required.
2. Complete USCG Documentation procedures or State Registration.

3. If vessel used over 20 miles offshore, a 406 MHz EPIRB, additional VHF radio, SSB radio (or equivalent), and 6-man life raft to be placed aboard. Vessel not designed to be operated in seas exceeding 6' or winds exceeding 30mph.

VALUATIONS

Since thiswas a military-type USCG vessel there are no available value comparables, therefore the Cost Method of Appraisal must be used. In doing so, the actual purchase price must be considered, plus the necessary modifications and equipment installed for civilian use.

This valuation is based on the vessel's apparent condition on the date of survey and assumes that the vessel's engines and other installed equipment not proven during the survey inspection are in fact operational. Discoveries made as a consequence of additional testing/inspection procedures may significantly lower this valuation. Also, there is no warranty given, or implied, for the future use or life of the engines or machinery described herein. Valuations are developed using some or all of the following resources: commercially published used boat price guides Soldboats, Workboat, Boats 'n Harbors, Waterways Journal etc., commonly accepted marine depreciation schedules, and consultations with knowledgeable boat brokers.

I certify that to the best of my knowledge and belief: •The statements of fact in this report are true and correct. •The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions and conclusions. •I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved. •I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment. •My engagement in this assignment was not contingent upon developing or reporting predetermined results. •My compensation for completing this assignment was 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. •My analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the **UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE** using methods recognized by the **AMERICAN SOCIETY OF APPRAISERS**, leading to an educated, unbiased, and defensible opinion. I have made a personal inspection of the property that is the subject of this report. •No one provided significant personal property appraisal assistance to the person signing this report.

CONCLUSION

This vessel, as described herein, and subject to compliance with the foregoing recommendations, was found to be in satisfactory condition for its intended service.

REPORT SUBMITTED WITHOUT PREJUDICE

Attending Surveyors;

D. Wesley Fowler
SAMS-Accredited Marine Surveyor
NAMS-Certified Marine Surveyor

Richard L. Frenzel
SAMS-Accredited Marine Surveyor
NAMS- Certified Marine Surveyor

Attachments: Photos

Photo 1, As inspected.

Photo 2, Stern view.

Photo 3, View into deckhouse from aft deck.

Photo 4, Galley area and chart table in pilot house.

Photo 5, Panel for nav. Aids above pilot station.

Photo 6, Pilot station.

Photo 7, Hatch from pilot house to sleeping quarters.

Photo 8, Aft control station.

Photo 9, Stbd. side fuel fittings. Same on port side.

Photo 10, Stbd. aft deck. Note safety grating on deck.

Photo 11, Deck crane and tow bitt. Hatches to engine room and lazarette.

Photo 12, Deck crane weight test results.

Photo 13, Port engine seen from deck. Note heavy insulation installed. Stbd. side same.

Photo 14, Air compressor located fwd. stbd. side engine room.

Photo 15, Onan Generator set, aft engine room.

Photo 16, PTO in front of port side engine driving crane hydraulic system.

Photo 17, four berth cabin below pilot house.

Photo 18, Work room just aft of sleeping quarters with primary electrical panel.