

mv

TWIN CAPES



U.S Vehicle/Passenger Ferry offered for sale by the Delaware River & Bay Authority

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The Delaware River & Bay Authority is a bi-state (*Delaware & New Jersey*) governmental agency which owns and operates the Delaware Memorial Bridge, Delaware - Salem City Ferry, New Castle County Airport and the Cape May - Lewes Ferry system including a fleet of four vehicle/passenger ferries. The ferry boat *MV Twin Capes* is berthed in Cape May, New Jersey and has recently been surveyed to a “fair market value” of \$5.5 million.



THE VESSEL

The 320-foot *M/V Twin Capes* vehicle and passenger ferry is of all welded steel construction, and was purpose-built by the Delaware River & Bay Authority to serve as a transportation link across the lower Delaware Bay. The vessel has a flat main deck for vehicle loading over either end, with the beam well forward and aft over broad, forward hull flair and a wide, rounded stern. To accommodate the Cape May – Lewes route, the flat-bottom hull has a shallow draft and is set up with its twin propellers and rudders in tunnels so as not to protrude below the hull body.

Above the main deck finds four enclosed, or partly enclosed, passenger decks, with the fifth deck finding an open passenger area with the full breadth pilothouse forward. Handicapped accessibility is a feature throughout the vessel.

The *M/V Twin Capes* holds a Subchapter H U.S. Coast Guard vessel rating of unlimited tonnage and is currently allowed to carry a maximum of 895 passengers and 100 passenger cars on lakes, bays, and sounds.

THE DECKS

MAIN DECK

The main deck offers six aisles (*two outboard on each side and two down the center*), with access islands outboard of the center lanes. Passengers access the upper decks by air actuated doors at either end of the center islands, providing stairs and handicap access by two elevators.

PASSENGER DECK TWO

This deck offers a well-appointed and nearly fully-enclosed passenger deck. Forward on the centerline is the Vista Lounge, with windows offering a panoramic view from seating in an arc forward port to starboard in two tiers. This space is carpeted, with acoustic aluminum ceiling panels.

Next aft, there is a stair tower and elevators for accessing the other levels, as well as restrooms on either side of the information hall. This is an open area with circular forward bulkhead on the centerline, featuring a painted mural wall and displays discussing history and ecosystem of the lower Delaware Bay.

The deck also features a full-service cafeteria and food court, including microwaves, fryers, ovens, refrigerator/freezer units, and a walk-in cooler. A stainless steel prep station with steam drawers

and under counter refrigerator allows for elevated meal service. The galley also features an ice maker, prep tables, a dish wash area, and a dumb waiter connecting to the third deck galley.

Seating amidships features a variety of fixed tables, with a carpeted salon, acoustic panel ceiling, and large, full length windows on port and starboard sides, and—aft in this area—a children's play area.

Moving aft on the port side is a glass-enclosed arcade room, featuring four arcade games. Further aft on the centerline is a retail shop.

LOUNGE & OBSERVATION DECK THREE

A forward bar lounge, featuring rich mahogany treatments accented by upholstered barrel-backed chairs and cocktail tables, is surrounded on three sides by floor to ceiling windows and polished overhead panels, and offers a nautical theme. The beverage bar is full service, with soda guns, refrigeration equipment, and stainless steel sink unit with speedwells.

Next aft is the stair tower, with tile flooring and brass grab rails, restrooms, and elevators. The starboard atrium finds the grand curved staircase to starboard accessing the balcony on Deck Four. Further aft is the DeBraak Room,



being a multi-level restaurant lounge, with full-perimeter double height windows on three sides. The multi-level dining areas are separated by brass fixed rails. Forward on the centerline is a small beverage bar and waitress station fitted with soda gun equipment, single basin sink and speedwells, without refrigeration equipment.

Forward of the DeBraak Room and set to the port side, is a second galley. This is a full service galley, with equipment here including ovens, tray warmers, a refrigerator/freezer, ice maker, food prep station, and dish washing area. Access is by a door to the open deck to port, and large stainless steel access door to the restaurant aft.

The open perimeter deck extends all the way aft to the boat deck, which offers a canopy over a full-service bar with twenty-one stools.

The aft enclosure finds the aft stair tower. Forward in this enclosure is found air handling equipment and the emergency generator.

MEZZANINE DECK FOUR

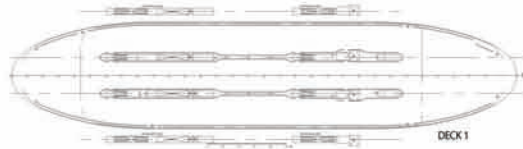
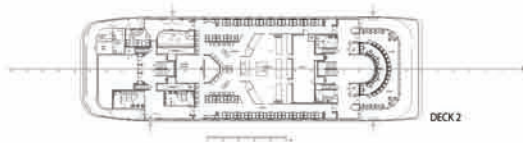
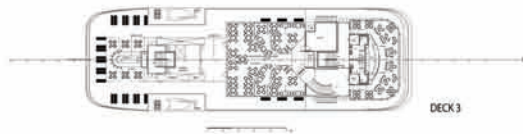
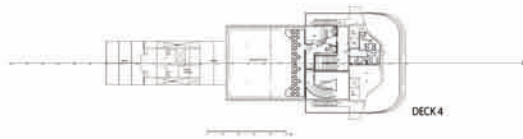
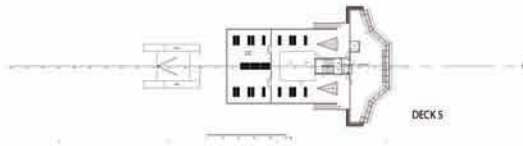
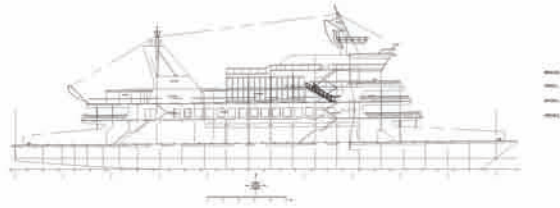
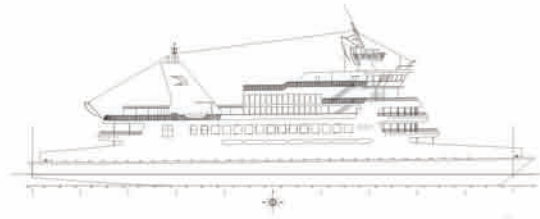
Deck Four is an open walk-around deck forward, surrounding a crew day room. Just aft in the enclosure is the stair tower access, along with the balcony beverage service bar on the port side, with the upper atrium over the grand staircase to starboard. Deck prisms, being enclosed glass pyramids at the Deck Five level, illuminate the balcony bar and the staircase atrium. The balcony bar is a carpeted slightly raised space aft that overlooks the DeBraak Room. The balcony/mezzanine beverage bar is a full service area, with refrigeration equipment, stainless sink and speedwells. An elevator offers access to this level on the port side.

PILOT HOUSE DECK FIVE

This deck contains the pilothouse forward, followed by an open passenger space. This area spans the full breadth of the deck and is set forward. A large walk-around navigation console is located in the bridge with windows angled out and overhanging port and starboard wings for improved visibility.



DECK PLAN





VESSEL STATISTICS

Official Number: 563906
Overall Length: 320 feet
Bearn: 68 feet
Maximum Draft: 8 feet
Depth: 15 feet, 11 inches
Air Draft: 98
Builder: Todd Shipyards Corp. Hull #594
Delivery Date: May 8, 1975
Gross Tons: 2262
Passenger Capacity: 895 (COI)
TOB: 912 / 412*
Vehicle Capacity: 100
Operating Speed: 10–11 kts
Maximum Speed: 12 kts
MDE HP: 4000 HP
Propulsion: Fairbanks Morse
Opposed Piston Marine Diesel
2000 HP at 900 RPM
Coupled to IHI reverse/
reduction gears of 3:2:1 ratio
Electricity: Two Caterpillar model 3412 diesel
movers for 500 KW generator units
Emergency Genset Cat 3406
Bowthruster: Category 3408 diesel connected to
an Omni Thruster gear box HCT800
SSG KW: Two Category 3412 500KW
EDG: Category 3306 170KW
Fuel Use: Approximately 126 GPH
Loading Configuration: Double Ended—Single car deck,
Six Vehicle Lanes
Manning: One Captain, One Chief Engineer,
One Mate (*First-Class Pilot*),
Four AB's, Two OS's,
Eight Other—17 total
Lifeboatman: Four
Permitted Route: Lakes, Bays & Sounds
Rescue Boats: Two
Life Rafts: 12

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- US Coast Guard Certification Subchapter 'H' vessel
 - COI Current/Issued on April 4, 2013
 - ABS Class 7503908 Re-Issued April 2013
 - Certified for Lakes, Bays and Sounds
 - Major 5-year drydock performed March 2011
 - Engines overhauled on 2005
 - Clutches by Industrial Air
 - Three Fulton Air Fired Boiler at 1004 BTU's/hour
 - Air Conditioning/pair of Sabroe reefer, compressor units, with seawater chillers.
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MARINE SURVEY

CONDITION & VALUATION SURVEY REPORT

This is to certify that the undersigned surveyor did attend and conduct a survey of the above captioned vessel on August 13, 2012 and subsequent dates while the vessel was afloat at North Cape May, NJ. The purpose of this survey was to ascertain the general condition and estimated value.

THE FOLLOWING ARE THE VESSEL'S PARTICULARS:

Name: M/V TWIN CAPES
Official Number: 563906
Owner: Delaware River & Bay Authority
147 Quigley Boulevard
P.O. Box 10610
Wilmington, DE 19850
Length: 301.2 (registered)
Breadth: 68'
Depth: 15.9'
Gross Tons: 2,262 (regulatory); 5,557 (ITC)
Net Tons: 1,538
Propulsion: Twin oil screw of
4,100 total horsepower
Service Speed: 11 knots
Built: 1975, Todd Shipyards Corp,
Houston, TX, Hull # 594

DESCRIPTION

The *M/V Twin Capes* is an automobile/passenger ferry of all welded steel construction, purpose-built by the current owners to serve as a transportation link between Cape May, New Jersey and Lewes, Delaware, across the waters of the lower Delaware Bay.

The vessel has a flat main deck for vehicle loading over either end, carrying her beam well forward and aft over broad forward hull flair and wide, rounded stern. To accommodate the route, the hull is of the shallow draft design, with single hard chine forward, softening near midships where there is only slight bottom deadrise, with hard chine aft to flat bottom. Twin propellers and rudders are set up in tunnels so as not to protrude below the hull body.

The hull below the main deck is divided into eleven (11) full breadth spaces by ten (10) transverse watertight bulkheads.

Above the main deck finds three enclosed, or partly enclosed, passenger decks, with the 04 deck finding open passenger area with the full breadth pilothouse forward.

SCOPE OF SURVEY

The survey was conducted accompanied by an owner's representative. No machinery or equipment were operated for the purpose of this survey. The survey was conducted while the vessel was dockside.

Inspection was carried out to all available compartments. Void spaces were not entered.



CERTIFICATION / CLASS / STABILITY

The *M/V Twin Capes* is certified by the U.S. Coast Guard as a Subchapter 'H' vessel, allowed to carry eight hundred sixty-four (864) passengers and nine (9) crew on a Lakes, Bays and Sounds route. The crew complement comprises one licensed master/first class pilot; one licensed mate/first class pilot; one chief engineer; four able seaman; and two ordinary seaman; four (4) of whom must be certified lifeboat men, and eight (8) others.

The current certificate was issued on April 17, 2012 and expires on April 17, 2013. The credit dry-docking is next due before May, 2016, with a UWILD due before March, 2013. Our inspection found that the vessel is in compliance with the COI, having all required lifesaving, fire protection and emergency equipment as listed on the Certificate.

The vessel is classed by the American Bureau of Shipping, certificate number 7503908, for A1 Ferry River Service, the certificate expiring April 30, 2013. The vessel does not possess loadline certificate.

The vessel's Stability Book was reviewed. A stability test was conducted at Norfolk, VA on April 18, 1996. As a result of that test the vessel was determined to have adequate stability for a partially protected route. A new stability letter was issued on January 12, 2012, allowing for 899 persons, 864 of whom may be passengers, based upon a recalculation of 185 lbs per person. No restriction is made within this letter for the vertical distribution of passengers.

The vessel was determined to have a lightship displacement of 2,139.96 light tons. The maximum full load draft is 8.0'.

UNDERWATER BODY

The undersigned had the opportunity to inspect this vessel while on drydock at Norfolk, VA in July of 2006. The bottom hull was found smooth and fair at that time, with no discrepancies noted. A recent drydocking was conducted in March, 2011.



TOPSIDES / SUPERSTRUCTURE

The exterior hull above the waterline was inspected, and found to be in overall very good condition.

We find the condition of the topsides and superstructure to be very good, and without notable discrepancy. Paint coatings are very good and tight.

Hull plate shows light wash boarding, typical of age and service, with hull frames lightly proud.

The superstructure is smooth and fair.



BELOW DECK SPACES

Below deck void spaces were inspected by the undersigned in 2006. At that time all were found in good condition, with evidence of on-going maintenance. All were dry. The spaces below the main deck, listing their usage, are as follows:

1. Forepeak

2. # 1 Void

This space contains the bow thruster engine and auxiliary equipment.

3. # 2 Void

4. # 3 Void

5. # 4 Void

6. # 5 Void

This is the tank void, containing four (4) non-integral rectangular welded steel tanks. The outboard tanks are for fuel, of 10,000 gallons each. The inboard tanks are for potable water, containing 10,000 gallons each.

7. Auxiliary Machinery Room

The auxiliary machinery room contains the air conditioning chillers and the heating boilers, accessed by watertight door from the engine room.

8. Engine Room

The engine room contains all propulsion, electrical generating and auxiliary machinery, entered by trunk ladders in the port and starboard freight deck islands.

9. # 7 Void

10. # 8 Void

This is the rudder room, with watertight rudder flat over the void space. The rudder flats are entered by main deck watertight hatches, port and starboard on the aft freight deck.

11. Aft Peak Tank





MAIN DECK

The main deck is a freight deck, arranged for double end loading/unloading of automobiles and trucks, with open bulwarks fore and aft.

There are six (6) aisles, two (2) outboard and two (2) down the center, with access islands inboard and outboard of the centerline. Capacity is reported at 85 to 90 vehicles.

The freight deck is painted diamond plate in very good condition without discrepancy. Lighting is very good by overhead enclosed florescent fixtures.

Paint coatings on the overhead and bulkheads are considered very good. The freight deck, pipe curbs, cleats, and exposed piping systems are painted Federal Yellow and are in good condition.

Passenger access from the freight deck to the upper decks is by air actuated doors at either end of the center islands, providing stairs and handicap access by two (2) elevators.

DECK 2

Deck 2 is a nearly fully enclosed passenger deck, with open passenger spaces forward and aft under third deck overhangs.

Forward on the centerline is the Vista Lounge, which is a passenger seating area, two-tiered, with 5' safety glass windows and seating arc forward port to starboard in two tiers. This space is carpeted, with acoustic aluminum ceiling panels.

Next aft, and outboard the forward transverse passage, port and starboard sides are the life raft embarkation chutes. The area finds tile deck, with stair tower at the center for accessing the third deck and car deck, as well as restrooms port and starboard sides of the elevator access forward, either side of the information hall. This is an open area with circular forward bulkhead on the centerline, featuring a painted mural wall and video displays discussing history and ecosystem of the lower Delaware Bay.

Aft port and starboard sides is the access to the second deck cafeteria and food court. Forward in the cafeteria is the full service second deck galley, featuring two (2) Giles fryolaters with Ansel hoods, a Groen double oven, a four (4) door Cospolich refrigerator/freezer unit, and 500 cu. foot walk-in

cooler. Support equipment includes: transverse stainless steel prep station with steam drawers and under counter refrigerator, an ice maker, prep tables, and a dish wash area, featuring triple basin stainless steel sinks. A dumb waiter connects the third deck galley with the second deck galley. This is found all the way to port.

Next aft is the food court, finding the employee serving area being full breadth, with steam tables to starboard and centerline, four (4) Bakers Pride pizza ovens on the centerline, counter space to port featuring counter displays and microwave. Aft in this space is a full breadth food service counter, with display areas, sneeze guards, and heat lamp warming trays.

In the self-service area, which is fully tiled, are found self-service reach-in freezers, beverage and ice dispensers port and starboard side, four (4) double door glass front reach-in coolers, and coffee machines. This opens port and starboard sides and aft to the cafeteria, which finds seating amidships without benefit of tables, with a fixed tables and upholstered benches down the port and starboard sides, extending all the way forward to the transverse forward passage.

The area is carpeted, with acoustic panel ceiling and large safety glass windows port and starboard sides, full length. Aft in this area is the children's playpark, with soft absorbent flooring, and children's play equipment with adult seating area segregated along the centerline.

Moving aft in the enclosure on the port side is found a glass enclosed arcade room, featuring four (4) arcade games, with a smaller private dining area just aft to port, with a television monitor.

Moving aft from the cafeteria to starboard is found a passageway to the second deck passenger access gate, men's and ladies room fore and aft the aft transverse passage. This passage has tiled deck, with acoustical aluminum overhead panels.

On the centerline are three (3) sets of double doors opening to the aft gift shop. Stair towers aft lead down to the car deck. All the way aft on this deck is access to a small open passage space at the stern protected by third deck overhang.



DECK 3

Deck 3 has an enclosed deck forward, containing forward bar lounge, with walkaround deck forward. There is lower solid bulwark on the open deck, with three (3) tiered pipe rails above, capped with 4 x 4 teak.

The open perimeter deck extends all the way aft to the boat deck, which has an open passenger space all the way aft, with canopy beverage service bar and fixed stainless steel seating.

The mid bulwarks port and starboard sides are enclosed, with 4 x 4 teak caps, becoming open pipe railing at the boat falls, extending around the transom with 4 x 4 teak cap.

The forward superstructure enclosure is the forward cocktail lounge, with carpeted interior perimeter area, 6' tall windows, which are steel framed safety glass set in gaskets, with carpeted deck and acoustical aluminum panel overheads. Around the face of the arced beverage bar is a tile floor. Fixed small beverage tables are set about the carpeted area.

The beverage bar is full service, with soda guns, refrigeration equipment, and stainless steel sink unit with speedwells.



Next aft is the transverse passage, with tile flooring and brass grab rails, and finds a men's and ladies heads forward, with elevator access port and starboard sides, with passage to the forward bar at the extreme outboard sides port and starboard.

The starboard atrium finds the grand curved staircase to starboard accessing the balcony on Deck 4.

Aft on Deck 3 is the DeBraak (red) Room, being a multi-level restaurant lounge, with full-perimeter double height steel framed 6' windows, on three (3) sides. The multi-level dining areas are protected by brass fixed rails, with varnished mahogany caps. Forward on the centerline is a small beverage bar and waitress station fitted with soda gun equipment, single basin sink and speedwells, without refrigeration equipment.

Forward of the DeBraak Room on Deck 3, and set to the port side, is the vessel galley. This is a full service galley, with equipment here including: four (4) Groen oven units, Alto-Shaam tray warmer, with double door Cospolich stainless refrigerator/freezer. To port is an ice making machine, with food prep station fitted at the centerline. Dishwashing area by a triple basin sink is on the aft bulkhead. This space has a linoleum floor, stainless steel

bulkheads and stainless steel overhead. Access is by a door to the open deck to port, and large stainless steel access door to the restaurant aft.

The aft enclosure finds the aft stair tower from the freight deck, which terminates on Deck 3. Forward in this enclosure is found air handling equipment and the emergency generator.



DECK 4

Deck 4 is an open walkaround deck forward, with open passenger space under the overhang of the pilothouse windows.

Within the forward enclosure is found the crew day room to port, accessed by a forward door to the locker room, which contains the first responders equipment firemen outfit and breathing apparatus along with crew lockers, with the room outboard to port containing mess table, refrigerator and microwave. Crew head and shower are accessed inboard, along the centerline. In the starboard side of the enclosure is the fan room.

Just aft in the enclosure is the stair tower access, along with the balcony beverage service bar on the port side, with the upper atrium over the grand

staircase to starboard. Deck prisms, being enclosed glass pyramids at the Deck 5 level, illuminate the balcony bar and the staircase atrium.

The balcony bar is a carpeted slightly raised space aft in the Deck 4 enclosure, that overlooks the DeBraak Room, which is the Deck 3 restaurant. It is two decks high, with full height windows port, starboard and aft.

The balcony/mezzanine beverage bar is a full service area, with refrigeration equipment, stainless sink and speedwells, being three (3) basins with an ice tray.

The elevator accessing Deck 4 only services the port side. The starboard side is the atrium.





DECK 5

This deck contains the pilothouse forward, followed by an open passenger space, two levels, extending aft with fixed port and starboard aluminum benches, with life jackets stowage under.

The exterior open space is surrounded by 40" high steel pipe railings capped with 4 x 4 teak naturally finished. The decks are painted non-skid. All the

way forward is the wheelhouse, directly behind the wheelhouse is the stair tower leading down to the freight deck.

Enclosed on the center of Deck 5 is the air handling space, for both air-conditioning and heating systems.



PILOT HOUSE

Forward on Deck 5 is found the pilothouse, being a full breadth structure, with overhangs at the helm stations port and starboard sides. The curved console is walkaround, found on the centerline, with fixed chairs port and starboard sides of the centerline helm station. The forward facing windows are steeply angled forward, being double height safety glass, set in aluminum and gasketed frames, with interior wood trim. Five (5) wipers are fitted across the center of seven (7) forward facing upper tier windows. These windows continue around to form the forward part of the pilothouse, steeply angled to the overhanging port and starboard wing stations, which are fitted with opening slider windows for ventilation and communication.

The overhead is dark blue painted aluminum acoustic panels, run longitudinally. The full interior of the bridge is wood framed windows with the exception of the centerline aft, which is composite panels around electronic equipment. The wood is brightly finished. Access to the pilothouse is by port and starboard aluminum weathertight doors to the open Deck 5 passenger area, or by interior passage with captain's toilet on the centerline to the upper stair tower.

Electronic and navigation equipment was not tested or operated during survey.

Navigational electronic equipment includes:

- 2 - Ross DSC 500 marine VHF radios
- 2 - Litton model MLX 420 navigation plotter system
- 2 - Sperry Rascar VT3400C ARPR radar units
- 1 - Sperry VMS VT navigation display
- 1 - NEC monitor as conning display
- 1 - Datamarine CD 400 depth sounder
- 1 - AIS GPS positioning system
- 1 - Motorola Astro company band radio
- 1 - MLS GE Company Band radio
- 1 - Mathers single lever controls
- 1 - Henchel Navigation light system
- 1 - Steering alarm panel and steering failure alarm
- 1 - EMS Marcon engine alarm panel
- 1 - PA System contains Crestron media control system with a Sony DSS receiver and Sea Tel Inc antenna tracing control unit
- 2 - Panasonic Jet Navigator AG 1350
- 1 - Saab R4 AIS Class A transponder System

MACHINERY

Propulsion is by a pair of Fairbanks Morse model 38D 8 1/8 opposed piston marine diesel engines of 2,050 horsepower each. They are coupled to IHI reverse/reduction gears of 2:1 ratio. The engines are air started, heat exchanger cooled, with dry vertical exhaust to twin stacks on the 02 deck. Clutches are by Industrial Air. The engines show approximately 2,000 hours since last major overhaul.

Both engines were overhauled in October 2011, with only seasonal operating hours. Both reduction gears were removed and overhauled in 2006.

The machinery spaces contain steering pumps, bilge and fire pumps, sanitary pumps and domestic water delivery systems, typical for a vessel of this class and certificated service. A sewage tank and treatment system is installed starboard aft in the engine room. A secondary 220V fire pump is found in the #1 void.

Electrical power is provided by two (2) Caterpillar model 3412 diesel prime movers for Caterpillar 500 KW generator units. Both generators were overhauled in October 2011. Shore power service is provided. Generators hours are approximately 500 hours.

Electrical transformers and distribution boards are mounted in the engineer's booth, located forward in the engine room, on the centerline. The booth provides an alternate complement of propulsion machinery controls.

The engine room paint coatings and appropriate piping insulation are very good, without exception. Engine room surfaces, particularly overheads, are typically lightly soiled. The forward machinery space is in very good condition.

All bilges are clean and free of any excess oil or slops. A bilge oily water separator system is installed.

The forward machinery room is accessed by watertight door from the engine room, and contains the HVAC equipment. Heating is provided by three (3) Fulton oil fired boilers, with 100/lb working pressure, developing 1004 BTU's/hour. Air conditioning is by two (2) Sabroe refrigeration compressor units, fitted with sea water chillers.

Located between the stacks on the 3rd deck is the emergency generator, being a Caterpillar model 3406, driving a 170KW Caterpillar generator, with

450 operating hours. The unit has a dedicated 100 gallon fuel oil storage tank and is 24V electric started, with charging by LaMarche constavolt.

The installed bow thruster is located in the #1 hull void, driven by a Caterpillar 3408 diesel engine. It is fitted with a Twin Disc power takeoff to an Omni Thruster gear box, which drives an Omni Thruster motor in the thruster tube, with hydraulically operated port and starboard doors for the directional thrust control.

The thruster engine is 24V started by two (2) 8D batteries, and maintained by a LaMarche constavolt. Fuel is provided by an engine room day tank with booster pump. The engine has a cam driven hydraulic pump for the hydraulic doors.

CONDITIONS FOUND

The vessel was found to be in overall very good condition, with all exterior paint coatings very good. Stairways, handrails, treads and walking surfaces are all very good, secure and without defect.

Inspection of machinery spaces found them to be in satisfactory condition, without notable exception. Interior passenger and crew spaces are found very good, and in good repair, with upholstery and fixtures in good condition.

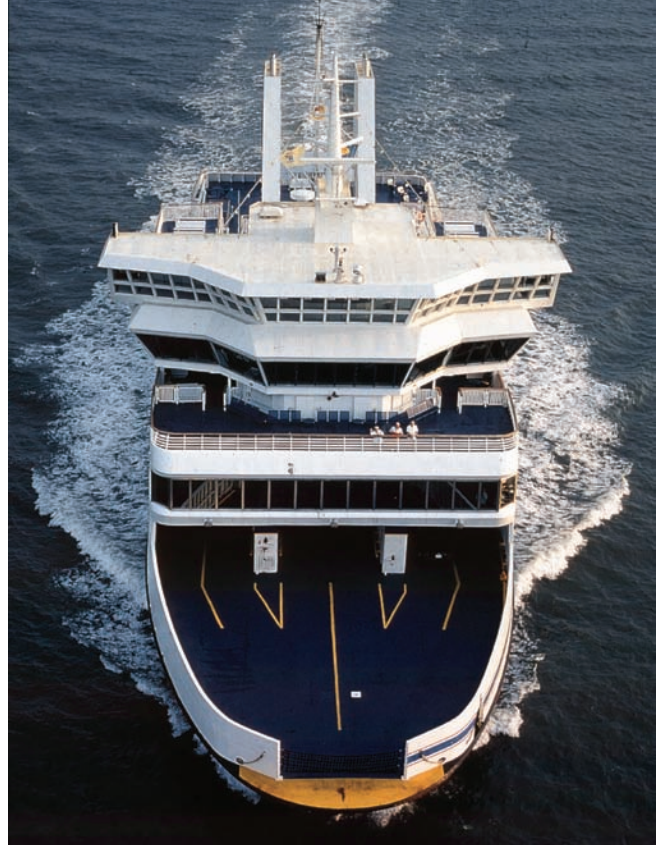
The complete superstructure above the main deck was replaced in 1996, creating modern passenger facilities and comfortable lounges. These areas remain in very good condition, with galleys and restaurant spaces showing only light usage.



SUMMARY

The *M/V Twin Capes* is found to be in overall very good condition for its age and is considered suitable for its intended purpose as a passenger and vehicle ferry on routes consistent with the U. S. Coast Guard Certificate of Inspection.

The full complement of equipment aboard, including life saving equipment, fire extinguishers, and navigation equipment appears to comply with the Certificate of Inspection with no recommendations for corrective action outstanding at this time.



VALUATION / RATIONALE

In determining the market value of the *M/V Twin Capes* it is understood that this appraisal includes the hull, structure, furnishings, all equipment, materials, machinery, tools, anchors and other appurtenances pertaining to the vessel as found aboard on the date of the survey.

Given the available information, we have determined our opinion of the fair market value of the vessel. Fair market value is defined as the price the vessel would realize on the open market, that price agreed upon between a willing buyer

and a willing seller, with neither being required to act and both having reasonable knowledge of the relevant facts. Eighteen to twenty-four months of exposure may be required to realize this value.

In determining value, two widely recognized methods were utilized to assist us. The first is to identify comparable sales. The second approach involves depreciating the replacement value. With this information as a guide, we then factor in such variables as market conditions, present physical condition and unique features.

We attempted to identify comparable vessels either recently sold or listed for sale at this time. The concept of “comparable” being vessels of similar vintage, and serving the same function with capability of being substituted for the *M/V Twin Capes*. Trade papers and internet sources were referenced for this purpose. Brokers familiar with this class of vessel have also been consulted. No recent domestic sale of similar auto/passenger ferries was found.

We determined that this is a special purpose vessel, which seldom trade with domestic brokers, at least until they have reached a level of functional obsolescence, at which time they are either sold foreign, sold for their scrap value, or sold for conversion to another purpose.

We contacted several shipyards in order to assist us in determining the current construction cost. Based upon our research and survey, it is calculated that the cost to build and outfit this vessel in 2012 is \$38,500,000.00.

In considering a replacement cost, less depreciation, method we choose to depreciate the vessel at 1.5% per year for functional depreciation and 1.0% per year for physical depreciation. This assumes a useful life for this class of vessel of approximately forty (40) years. This method would yield a current value of \$2,887,500.00.

We believe that the estimated useful life can be easily attained with a continuation of the current program in place.

Making this vessel attractive is the high level of maintenance observed, typical of a public vessel; the shallow draft design on a relatively wide platform, necessary to an operator in areas of frequent shoaling or operating on inland rivers; and the replacement of the upper decks with modern structural design providing a formal dining room, large galleys and appealing lounges. These improvements are sixteen (16) years old, and showing little discernible wear and tear.

Detracting from value are the older generation propulsion plants; and the lack of a loadline for coastwise passages.

This vessel, despite being older than her close sister *Cape May*, is a more attractive vessel for any buyer, given the high level of finish of the passenger spaces, the formal dining rooms and lounges, and the very good cosmetic condition. Despite the fact that sales are depressed by the poor economy, we would expect this vessel to sell at a somewhat higher value than that represented by her depreciated value.

It is our opinion that the fair market value of this vessel is estimated to be \$5,500,000.00 as of August 13, 2012.



DISCLAIMER / DISCLOSURE

In accepting this report, it is understood that the survey was performed without warranties as to the condition, seaworthiness or marketability of the vessel and without a title search to determine whether or not there are any liens or encumbrances. The valuation given is based on a charter free delivery, free of average and free of liens and encumbrances.

To the best of our knowledge and belief, the statements contained in this report are true and accurate.

The report, analysis, opinions and conclusions are limited only by the limiting conditions, and this report represents our personal unbiased professional analysis, opinion and conclusion utilizing the methodologies prescribed by the Uniform Standards of Professional Appraisal Practice. The undersigned has no present or prospective interest in the vessel that is the subject of this report, and has no personal interest or bias with respect to any of the parties involved.

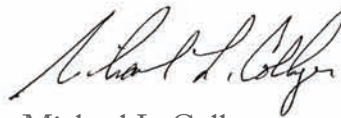
Compensation for this survey is not contingent upon the reporting of a pre-determined value that favors anyone using this report, and neither the amount of the value estimated nor the attainment of the conditions reported have not been pre-

determined and are not based on the fee associated with this assignment.

This report is based on examination of the vessel, and of those parts, spaces and equipment that could be sighted without removals or operation, and is rendered without bias or prejudice. In accepting same, it is agreed that the extent of obligation of this surveyor, with respect thereto, is limited to furnishing a competent survey, and in the making of this report this surveyor is acting on behalf of the person or firm requesting same. No liability shall attach to this surveyor for the accuracy, errors and/or omissions therefore.

Naval architecture and marine engineering analysis, as usually performed in the design stage of the vessel's construction, were not part of this survey, and typical subjects such as adequacy of stability and seakeeping were not within the scope of this survey.

Submitted without prejudice,
MARINE SAFETY CONSULTANTS, INC.



Michael L. Collyer
Senior Marine Surveyor



CONTACT

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