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April 10, 2023

Jovi Tenev, Esq.
Holland & Knight LLP
31 West 52nd Street
New York, NY 10019

Dear Mr. Tenev:

I am writing in response to your letter of February 6, 2023, with exhibits, in which you described and provided detailed information and documentation concerning a transaction by which Ryers Acquisition Corporation (Ryers AC), a privately held Delaware corporation would acquire, repair and place back into operation, the 12,170 GRT U.S. flagged dry bulk carrier Official Number 282106, STR EDWARD L RYERSON, built at Manitowoc, Wisconsin in 1959-1960 (the RYERSON).¹ As you have stated, the RYERSON has been idle since 2009, in lay-up at Superior, Wisconsin, but remains federally documented, and holding a coastwise endorsement. Your letter requested that both the National Vessel Documentation Center (NVDC) and the United States Maritime Administration (MARAD) review the overall structure of the transaction for the acquisition and ownership of the RYERSON and confirm, each by written reply, that such arrangements, and the operation of the RYERSON by Ryers AC in the U.S. coastwise trade, will be lawful and consistent with applicable laws and regulations governing such trade.

In very brief summary, the arrangements for the acquisition, ownership and operating structure described by your letter for the RYERSON would consist of the following:

- Ryers AC will acquire and be the record owner of the RYERSON.
- A U.S. citizen affiliate of Central Marine Logistics, Inc. (CML), an Indiana corporation, meeting all of the requirements for coastwise U.S. citizenship will provide long-term management, operations maintenance and technical support services.
- Upon completion of repairs at a U.S. yard, Ryers AC will enter into a long-term (25 years) time charter with Algoma Central Corporation (Algoma), a Canadian corporation, or a subsidiary of Algoma.
- CML, or a subsidiary meeting all of the requirements for coastwise U.S. citizenship, will own 75.1% of the issued and outstanding equity securities of Ryers AC.
- Algoma, or a subsidiary, will own 24.9% of the issued and outstanding equity securities of Ryers AC.
- Algoma or that subsidiary will also own Warrants that may be exercised to acquire common stock of Ryers AC subject to the terms of a Warrant Agreement, a draft of which accompanied your letter and is more fully described therein.

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- CML and Algoma will also enter into a Securityholders Agreement as the stockholders of Ryers AC and the holders of the Warrants, a draft of which accompanied your letter and is more fully described therein.

As you have copied and sought a written response from MARAD as well as from NVDC, NVDC will defer to MARAD for approval of the time charter pursuant to 46 C.F.R. § 67.11, discussed below.

Review of your proposal took in the whole of the arrangements described and documented, focused, in particular, on (i) the Technical Management Agreement, (ii) the Warrant Agreement, and (iii) the Securityholders Agreement.

As to the Technical management Agreement, according to your proposal, CML, or an affiliate, will provide those technical services and CML, or a subsidiary, will own 75.1% of the issued and outstanding equity securities of Ryers AC; and, as represented by your proposal, all three, CML, that affiliate, and that subsidiary will meet the requirements for coastwise U.S. citizenship. Moreover, as noted in the footnote discussing the history of the RYERSON, CML has already provided those technical services for the RYERSON in the past (as it does for other coastwise-qualified lake boats).

As to the Warrant Agreement, I note that you are familiar with the template and parameters applicable to such agreements established by numerous past determination letters issued by the NVDC to U.S. coastwise vessel owners, and appear to have crafted the warrants in this case to remain within the limits of those previously established parameters; specifically, (i) that warrant holders have no voting rights, no right to exercise any preemptive rights, and no right to receive notice as stockholders in respect of any meetings of stockholders, (ii) that warrant holders are not eligible to receive any dividends or other distributions by Ryers AC and that, prior to their exercise and the issuance of underlying shares, warrant holders have no title to the underlying unissued shares, (iii) that warrants, including any additional warrants issued pursuant to anti-dilution provisions may only be exercised in a manner such that non-U.S. citizen ownership of Ryers AC may not exceed 24.9% in the aggregate, and (iv) that warrants may be transferred but only subject to provisions that restrict the transferees of such warrants to be able to exercise them only if the result will not cause non-U.S. citizen ownership of Ryers AC to exceed 24.9%.

In that regard, your letter noted that many of those prior transactions where citizenship was confirmed in connection with the issuance of warrants were bankruptcy and insolvency restructurings designed to enable recapitalization of financially stressed coastwise operators. You stated that “(T)o the extent any such prior approvals may have been granted in view of such special reorganization situations, we believe the circumstances here are somewhat similar, in that there is an opportunity to bring a long-idled U.S. built, Jones Act-eligible vessel back into the U.S. coastwise fleet, expanding the Jones Act base and creating significant employment.”

In response to that argument, it should be made clear that in those transactions the NVDC did not, nor would it ever, purport to base its determinations on such policy-driven goals or considerations (laudable or not) and did not, nor would it ever, claim or assert the authority to do so. It may well be the case that financially stressed coastwise operators found warrants to be a

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useful financial tool to assist in recapitalization. It does not follow, though, that this office reviewed their proposals with an eye toward their financial stress. If there was a side or collateral benefit to the outcomes of those past transactions, and the positions taken by the NVDC in respect thereto, then so be it. The same is true with respect to our review and conclusion in this case.

As to the Securityholders Agreement, your summary, as well as the underlying draft documents have been reviewed. I concur that the requirements of 46 U.S.C. § 50501(d) appear not to have been violated.

Finally, there are certain actions identified which require the approval of all of the Directors of Ryers AC and, as such, are designed to protect the rights of minority stockholders, including non-U.S. citizens. All such actions are extraordinary corporate actions that have previously been considered and accepted by past NVDC determination letters.

Based upon the foregoing and the representations made by your letter and its enclosures, but subject to the consideration by MARAD of the time charter as noted below, I see no impediment to the qualification of Ryers AC, as owner of the RYERSON, to document that vessel with a coastwise endorsement and to engage in the coastwise trades of the United States.

As to the time charter, 46 C.F.R. § 67.11 provides as follows:

“(a) Unless approved by the Maritime Administration ---
(2) A documented vessel or a vessel last documented under the laws of the United States by a citizen of the United States as defined in 46 U.S.C. § 50501, may not be sold, leased, chartered, delivered, or otherwise transferred to any person who is not a citizen of the United States as defined in 46 U.S.C. § 50501.”

The central feature of the transaction and ownership structure described in your letter of February 6, 2023, without which it appears highly unlikely that the transaction described would occur at all, is the long-term (25 years) time charter of the RYERSON to Algoma. The RYERSON is currently documented under the laws of the United States to a United States citizen and Algoma, the proposed charterer, is acknowledged to be a non-citizen of the United States. Consequently, as provided by 46 C.F.R. § 67.11, whether or not such a charter is permissible is a matter for decision by MARAD. Indeed, it is impermissible without the approval of MARAD.

Your letter sought confirmation from both MARAD and the NVDC regarding the arrangements described, and that the operation of the RYERSON in the coastwise trades of the United States by Ryers AC, will remain consistent with applicable laws and regulations. However, as of this writing, MARAD has not yet responded by either approving or disapproving the time charter. In light of that uncertain status, the confirmation offered by the NVDC herein is expressly subject to the following conditions:

IN THE EVENT MARAD (1) DECLINES TO APPROVE THE TIME CHARTER, OR CHALLENGES THE APPLICATION TO THE TIME CHARTER IN THIS INSTANCE OF

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ITS GENERAL APPROVAL REGULATIONS AT 46 CFR 221.13(a), FOR ANY REASON, OR (2) APPROVES THE TIME CHARTER BUT ONLY AFTER MATERIAL CHANGE TO THE ARRANGEMENTS DESCRIBED HEREIN, WHICH HAVE NOT YET BEEN SUBJECT TO REVIEW BY THE NVDC, THIS LETTER SHALL BE DEEMED NULL AND VOID.

Sincerely,



Christina G. Washburn
Director

cc: Michael Pucci, Esquire
Maritime Administration

¹ Additional background regarding the RYERSON for context, even though this context may not be, strictly speaking, material to your request. The RYERSON was built at the Manitowoc Shipbuilding Complex in Manitowoc, Wisconsin for Inland Steel Corporation and named for Inland's Chairman, Edward Larned Ryerson. First placed in service on the Great Lakes in 1960, the RYERSON was the third to be placed in service of the thirteen so-called 730-Class of lake freighters which shared the unofficial title of "queen of the lakes" because of their record-breaking length; later exceeded, rendering them largely uneconomical, by a series of 1,000-foot self-unloading vessels. The first of the 730-Class was the EDMUND FITZGERALD, built at the Great Lakes Engineering Works at River Rouge, Michigan, for Northwestern Mutual Life Insurance Company, operated by the Columbia Transportation Division of Oglebay Norton Company, and lost with all hands in 1975 on Lake Superior. The second was the ARTHUR B. HOMER, built at the Great Lakes Engineering Works at River Rouge, Michigan, for Bethlehem Steel Corporation and sold for scrap at Port Colborne, Ontario in 1986. Once described as "the most aesthetically pleasing of all lake boats" (by George Wharton of Boatnerd) the RYERSON was the first lake boat with fully air-conditioned accommodations (which include accommodations for 37 crew and eight (8) guest passengers). The RYERSON was first placed in lay-up in 1986 and has been periodically operated and placed back in lay-up since then; including, since approximately 2009 to the current date. In 1998 the RYERSON was sold to Indiana Harbor Steamship Company LLC, the current owner (as the beneficiary of a trust), and the operator/technical manager, at least for a time since that sale, was Central Marine Logistics, Inc. Currently 63 years old, the RYERSON would be 88 years old at the expiration of the charter described herein--old for a vessel by any standard, but not impossibly old for a vessel whose service has been confined to the fresh water of the Great Lakes, as long as the economics of operation remain viable.