

U.S. Department of
Homeland Security

United States
Coast Guard



Director
National Vessel Documentation Center

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16713/8/2
December 27, 2019

Mr. Gary Chouest
Edison Chouest Offshore
16201 East Main
Cut Off, Louisiana 70345

Dear Mr. Chouest:

I acknowledge receipt of your letter of September 17, 2019 with enclosures. I also acknowledge receipt of and refer to your letter of October 22, 2019 with enclosures. That second letter was said by you to be intended to update and replace the prior letter. Accordingly, it is that second letter to which I refer and upon which I have based my conclusions herein.

You indicated that River 1, LLC, a Louisiana limited liability company ("River 1"), has or is planning to enter into contractual and financial arrangements to construct, own and operate an overnight inland cruise vessel (the "Vessel") to be deployed for cruises on the Mississippi River with itineraries including ports within U.S. coastwise waters. River 1 will time charter the Vessel to Viking USA, LLC ("Viking"), a Delaware limited liability company, and the Vessel will reflect Viking "branding". River 1 intends to document the Vessel under the laws of the United States with a coastwise endorsement.

You have requested confirmation from the National Vessel Documentation Center ("NVDC") that the proposed arrangements, as described in detail in your letter and its enclosures, would comply with the requirements for coastwise transportation of passengers, and that the Vessel would qualify for documentation with a coastwise endorsement, all as set forth in 46 U.S.C. § 55103, 46 U.S.C. § 50501 and 46 U.S.C. § 12112. In short, you have sought confirmation in the context of the detailed information provided that the Vessel, provided that it satisfies the requirements for vessels to be deemed to have been built in the United States, would be eligible for documentation with a coastwise endorsement under the ownership of River 1 and, accordingly, that River 1, as the Vessel's owner, would qualify to document the Vessel with a coastwise endorsement as a Jones Act citizen of the U.S. (a "Citizen").

By separate letter, a copy of which was enclosed with your letter to this office, River 1 has requested confirmation from the U. S. Maritime Administration ("MARAD") that the proposed time charter arrangements to Viking, not a Jones Act citizen (a "Non-citizen"), are within the bounds of MARAD's general approval of time charters of documented vessels operating in the coastwise trade by Citizens to Non-citizens in accordance with 46 U.S.C. § 56101 and the regulations promulgated thereunder at 46 C.F.R. § 221.13(a).

Rather than delving directly into the details of the ownership and governance structure and thus, the citizenship of River 1, the contractual arrangements it will enter into with other entities and the ownership and governance structures of those entities where relevant, I start instead with this fact: that you and all members of the Chouest family, including the “Chouest Children” (identified by name in your letter) and the “Chouest Grandchildren” (identified by your letter as the grandchildren of Gary and Carolyn Chouest) as such terms are used in your letter are all Citizens. That fact having been established as given, my response to your request flows inexorably in large part from that starting point.

I also take note of the fact that River 1 is part of the Edison Chouest Offshore family of companies (collectively, “ECO”) and that ECO, an organization comprised of numerous closely-held affiliated entities, currently own and operate by and through those affiliated entities, according to your letter, over 200 vessels documented in the United States with coastwise endorsements.

As already stated, River 1 is a limited liability company organized in Louisiana. Its managers (the “Chouest Children”) and all those elected or authorized to bind or manage River 1 or to participate in any capacity in its governance are and will be Citizens. As your letter has stated, “(A)ny person who is (1) elected to manage River 1 or authorized to bind River 1, (2) serving as River 1’s chief executive officer (by whatever title), (3) serving as the chairman of River 1’s board of directors (or functional equivalent), and (4) authorized to act in the absence of the foregoing persons will each be a citizen of the United States”.

The members or shareholders of River 1, each holding a 50% interest therein are 5K Cruise, LLC and GCGK Cruise, LLC (the “Parent Companies”). Both are also Louisiana limited liability companies which are owned, controlled and governed by the “Chouest Children” or by the “Chouest Children” in trust for the “Chouest Grandchildren”.

The commercial management of the Vessel will be carried out by River 1. However, technical operation/management of the Vessel will be carried out by Galliano Marine Service, LLC (“GMS”) pursuant to a management agreement between it and River 1. GMS, a Louisiana limited liability company, is the technical operator/manager of the entire ECO U.S. flag fleet. It is owned, controlled and governed by you and the “Chouest Children” and is a Citizen eligible to document vessels with coastwise endorsements in its own right.

The Vessel will be constructed in the U.S. in Houma, Louisiana, pursuant to a Ship Construction Agreement between River 1 and LaShip, LLC, an affiliate of ECO. Your letter assures us, and I will assume as fact for the purposes of this letter, that the Vessel will be constructed in such a way as to qualify as built in the U.S. pursuant to 46 C.F.R. § 67.97 in order to be eligible for documentation with a coastwise endorsement. However, it is beyond the scope of this letter, and not requested by your letter, for me to make such a determination at this time.

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In broad strokes, the Vessel will be financed in the main by construction-to-permanent non-recourse financing provided by JP Morgan Chase, in accordance with an Amended and Restated Commitment Letter, among River 1, JP Morgan Chase and Regions Bank, as collateral agent, and a Credit Agreement between JP Morgan Chase and River 1, as the borrower, supported by guarantees and lien grants by the Parent Companies. That Credit Agreement, to which Viking is not a party, will be secured by a ship mortgage under Louisiana law while the Vessel is being constructed and a first preferred ship mortgage upon delivery and documentation. Another ECO affiliated entity, Central Port, LLC, a Louisiana limited liability company that is also owned in full by the "Chouest Children", will provide, among other support, a capital support guarantee to the shipyard during construction. A portion of the delivered cost of the Vessel will also be contributed to by an Advanced Charter Hire Payment from Viking pursuant to the Time Charter.

With regard to the time charter of the Vessel by River 1 to Viking, you have sought confirmation from MARAD that the charter is a time charter and, as such, is subject to the general approval of 46 C.F.R. § 221.13(a). I note that by letter dated December 20, 2019, from Michael C. Pucci, Division of Maritime Programs, following its review of the charter and all surrounding circumstances, MARAD has confirmed that the time charter meets the requirements for general approval. For my part, I defer to MARAD on this issue. However, I would simply reinforce that approval and my general concurrence with that outcome by noting that as charterer, it appears (i) that Viking has only hospitality-related obligations with respect to the Vessel, with no right to direct or control the Vessel's operations, (ii) that it has no equity or voting interests in River 1, and (iii) that it has no ownership interest in the Vessel, or rights or options to purchase the Vessel, nor any right to direct its sale.

Finally, I note that your letter included as exhibits copies of relevant documents, including (1) your letter to MARAD, (2) the Amended and Restated Commitment Letter from JP Morgan Chase, (3) the Time Charter Party, (4) the Guaranty and other agreements referred to in your letter.

In summary, based upon the foregoing and subject to the representations made by your letter and its enclosures, I see no impediment to the qualification of River 1, as owner of the Vessel, to document the Vessel with a coastwise endorsement for the coastwise transportation of passengers and, therefore, confirm that the arrangements described meet the requirements of 46 U.S.C. § 55103, 46 U.S.C. § 50501 and 46 U.S.C. § 12112. If any of the arrangements described by your submissions should materially change this confirmation shall be null and void.

Sincerely,



Christina G. Washburn
Director