



DEPARTMENT OF THE NAVY  
UNITED STATES NAVAL ACADEMY  
121 BLAKE ROAD  
ANNAPOLIS MARYLAND 21402-1300

USNAINST 4520.1A  
7/PRODEV

12 APR 2012

USNA INSTRUCTION 4520.1A

From: Superintendent

Subj: POLICY FOR ACTIVATING AND TERMINATING THE CHARTER OF VESSELS AND SAIL TRAINING CRAFT DONATED TO NAVAL ACADEMY SAILING FOUNDATION (NASF)

Encl: (1) Procedures for Activating a NASF Charter Agreement  
(2) Procedures for Terminating a NASF Charter Agreement  
(3) USNA Superintendent Gift Acceptance Action Memorandum  
(4) Naval Academy Sailing Foundation Sample Charter Agreement  
(5) Naval Academy Sailing Foundation Sample Charter Termination

1. Purpose. To publish policy regarding activation and termination of a NASF charter agreement.

2. Cancellation. USNAINST 4520.1

3. Background. NASF principally exists to accept privately donated sailing and power craft intended for charter and use in the Naval Academy Sailing Program. NASF vessels no longer active or under charter by U.S. Naval Academy (USNA) are disposed of after three years or greater for the fiscal health of NASF's professionally managed corpus.

4. Action. An orderly means for accepting, activating, and terminating the charter of NASF assets by USNA must be used to account for both the administration and material condition of the vessel.

a. Enclosure (1) will be used when activating the USNA charter of a NASF Sail Training Craft (STC) or other NASF owned vessels.

b. Enclosure (2) will be used when terminating the use and USNA charter of NASF STC or other NASF owned vessels.

/S/  
S. S. VAHSEN  
Chief of Staff

Distribution:  
All Non-Mids (electronically)

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**PROCEDURES FOR ACTIVATING A NASF CHARTER AGREEMENT**

1. Information. The primary mission of Naval Academy Sailing Foundation (NASF) is to provide the Naval Academy Sailing Program with design-relevant and high quality Sail Training Craft (STC) that will enable the Midshipmen to compete in a wide variety of varsity sailing competitions and offshore Professional Development events. The STC is a proven medium for accelerating the seamanship skills and character maturation of future naval officers. The acceptance or rejection of a vessel offered for donation to the NASF, and intended for charter to the United States Naval Academy (USNA), is often a time-sensitive event involving an influential benefactor. Thus, the matter of vessel donations shall be staffed promptly to the Superintendent.

2. Procedure

a. Before the Executive Director of NASF makes an acceptance commitment to a prospective vessel donor, the Director, Naval Academy Sailing (DNAS) must first seek acknowledgement from the Superintendent using enclosure (3). NASF will only accept vessel donation offers that fill a USNA requirement and are pre-approved for charter by USNA.

b. DNAS shall ensure the vessel is design-relevant, seaworthy (i.e. is accompanied by a satisfactory marine survey), and meets the long-range strategic requirements of the sailing program or other USNA needs. Valid proposals are staffed to the Superintendent for charter acknowledgement to initiate NASF vessel acceptance.

c. Once the Superintendent has acknowledged, DNAS will coordinate with NASF to ensure the Executive Director accepts vessel transfer and ownership in accordance with industry standards, and prepares the vessel for charter to USNA in the following manner:

- (1) Survey, Inventory, Deed, Insure, and Title said vessel.
- (2) Coordinate the delivery of the vessel to Waterfront Readiness Department, Naval Support Activity Annapolis, Maryland.
- (3) Coordinate appropriate storage location of the vessel at Small Craft Repair Depot (SCRD).
- (4) Conduct delivery inventory and survey of the vessel as required.
- (5) In accordance with enclosure (4), prepare and activate the vessel Charter Agreement with USNA.

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**PROCEDURES FOR TERMINATING A NASF CHARTER AGREEMENT**

1. Information. Naval Academy Sailing Foundation (NASF) vessels under Charter Agreement or Extension with USNA, are typically terminated after one or more of the following criteria is met:

a. A vessel's usefulness and design is no longer in line with the strategic requirements of the sailing program;

b. The usable inventory of a vessel (e.g., sails, etc.) has been depleted and it has thus become cost prohibitive to maintain; or

c. After a vessel has remained the property of NASF for at least three years, it is deemed beneficial for the financial health of the NASF operating corpus to transfer, sell or dispose of it as allowed by IRS guidelines for a 501(c)3 organization.

2. Procedure

a. Charter Agreement Extensions shall be renewed annually for the subsequent calendar year and signed no later than 1 January by NASF and USNA representatives. Vessels not renewed under Charter Agreement will automatically lapse into termination, and be returned to NASF for appropriate transfer, sale or disposal.

b. Should a vessel no longer be required for use during the term of the charter, DNAS will inform the Executive Director, NASF, and the charter will be staffed for termination under mutual consent using a Charter Termination, an example of which is provided in enclosure (5).

c. Once the vessel is no longer under charter to USNA, it will remain stored at Small Craft Repair Depot (SCRD), Naval Support Activity, Annapolis, until the time of its transfer, sale or disposal by NASF.

d. The Executive Director, NASF, will notify DNAS once a buyer has been identified, the sale has been completed or vessel removed from SCRD.

e. As owner of the donated vessels, upon sale, all proceeds are retained by NASF for the health of NASF operating corpus and the general upkeep and preservation of active vessels under charter to USNA, to include Sail Training Craft (STC) in use by the sailing program.

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**ACTION MEMO**

FOR: SUPERINTENDENT

FROM: Director, Naval Academy Sailing

Subj: Proposed Acceptance of [TYPE/NAME OF VESSEL] into Naval Academy Sailing Foundation for USNA Charter

- BLUF: Request the Superintendent acknowledge [TYPE/NAME OF VESSEL] as a suitable future charter by the Naval Academy Sailing Foundation (NASF) for the United States Naval Academy (USNA) as a Sail Training Craft (STC).
- In order to ensure all vessels accepted by NASF meet sailing program requirements, the Superintendent must acknowledge a prospective donation prior to acceptance by NASF. Upon acknowledgement, the Director, Naval Academy Sailing will coordinate with NASF Executive Director to ensure that the NASF accepts vessel transfer and assumes vessel ownership in accordance with industry standards, and prepares the vessel for charter to USNA. [NAME OF VESSEL] was officially offered for donation on [DATE] by [NAME OF POTENTIAL DONOR].
- [INCLUDE A DESCRIPTION OF THE VESSEL].
- [INCLUDE DETAILS OF HOW THE PROPOSED CHARTER WOULD BE EMPLOYED BY THE NAVAL ACADEMY SAILING PROGRAM].
- [INCLUDE A DESCRIPTION OF THE CONDITION OF THE PROPOSED VESSEL].
- [SUMMARY REMARKS].

RECOMMENDATION: Superintendent approve [TYPE/NAME OF VESSEL] as a suitable potential Charter to the USNA Sailing Program.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

**NAVAL ACADEMY SAILING FOUNDATION SAMPLE CHARTER AGREEMENT**

**CHARTER AGREEMENT**

THIS CHARTER AGREEMENT, made this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_, at Annapolis, MD, by and among the Naval Academy Sailing Foundation, Inc. (NASF) (hereinafter referred to as OWNER), owner of the vessel \_\_\_\_\_, and the United States Naval Academy (USNA), (hereinafter referred to as CHARTERER), represented by the Director of Naval Academy Sailing, USNA, Annapolis, Maryland.

**WITNESSETH:**

Whereas, OWNER and CHARTERER desire and intend to enter into a Donative Bareboat Charter covering the operation of the \_\_\_\_\_ Sloop named \_\_\_\_\_, USCG Doc # \_\_\_\_\_, hereinafter referred to as the VESSEL;

NOW THEREFORE, in consideration of the mutual promises set forth herein, and other good and valuable considerations, it is agreed as follows:

- (1) OWNER agrees to let and CHARTERER agrees to utilize the VESSEL pursuant to the terms and conditions herein.
- (2) This charter shall be a Bareboat Charter to commence upon date on which both parties have signed this charter and to terminate 31 December 20\_\_\_, unless terminated earlier pursuant to Paragraphs (13) or (14) of this charter. This Charter may be renewed for additional terms of one year by written agreement between OWNER and CHARTERER, all other terms remaining unchanged.
- (3) The VESSEL shall be used by USNA as a Sail Training Vessel in support of professional training for Midshipmen and other assigned naval personnel. OWNER expressly acknowledges that the VESSEL may be used for directly supporting USNA Sail Training Program for developing a cadre of qualified operators for regular training exercises.
- (4) The VESSEL will be based at the United States Naval Academy; however, nothing herein shall be construed as prohibiting CHARTERER from operating the VESSEL out of other ports and locations for temporary periods.
- (5) OWNER agrees to deliver the VESSEL to CHARTERER at Annapolis, MD as of the date of execution of this contract, unless the VESSEL is already in custody of the CHARTERER at the time of execution of this charter, or any renewal thereof, in which case OWNER has no further delivery obligation. OWNER agrees that the VESSEL will be in full commission and proper working order, outfitted as a vessel of her size, type and accommodations, and in good and reasonable condition throughout and ready for service. An inspection of the VESSEL will be conducted by the CHARTERER and the OWNER to ensure that she is seaworthy and fit for use by the Naval Academy. Any costs for repair of discrepancies found will be borne jointly by the OWNER and CHARTERER as determined by their representatives.
- (6) A joint inventory and survey of the VESSEL will be conducted by representatives of OWNER and CHARTERER prior to turnover to CHARTERER pursuant to this Charter, and prior to each renewal thereof, unless OWNER waives in writing such inventory and survey, in which case OWNER agrees thereby to accept the accuracy and completeness of CHARTERER's own inventory and survey.
- (7) CHARTERER shall, at its own expense, maintain and keep the VESSEL in the same or substantially as good running order and condition as when VESSEL was received from OWNER pursuant to this Charter. Any items listed on the in-coming inventory which are lost, removed, or damaged by the CHARTERER will either be repaired or replaced, at CHARTERER option and expense, before termination of this Charter or last renewal thereof.
- (8) OWNER will pay the cost of necessary safety and material improvements to the VESSEL, prior to execution of this charter, but only with his advance written consent. The CHARTERER may install, at its

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expense, such other electronics, safety gear, and equipment required by the Naval Academy. Any equipment so installed may be removed by the CHARTERER upon termination of this agreement. The CHARTERER may, at its expense, make such other alterations as it may see fit, such as the addition of newer equipment, re-painting, re-naming, etc; but, will make every reasonable effort to restore the vessel to her prior condition before returning the VESSEL to OWNER.

(9) CHARTERER will maintain the running and standing rigging, sails, spars, engine, hull, electronics, pumps, piping, and systems. CHARTERER will be responsible for repair or replacement of damaged or lost equipment caused by its negligent or incorrect use, or by extraordinary wear on sails and running rigging.

(10) OWNER is responsible for latent defects, but the CHARTERER will repair or replace damages or breakdowns that occur during the charter period.

(11) CHARTERER shall, at its own expense, man, berth, fuel, supply, and store the VESSEL and pay any and all other expenses incident to the use, operation, and storage of the VESSEL, during the Charter Period, and any renewal thereof.

(12) OWNER agrees that, should the yacht after delivery to CHARTERER sustain a breakdown of machinery or be disabled or damaged by fire, grounding, collision, or other cause, so as to prevent the use of the VESSEL by the CHARTERER, the same not being brought about by any fault or default of the CHARTERER, CHARTERER shall have the right to either negotiate proper repairs with the OWNER, or to terminate this Charter.

(13) If either party fails to comply with any condition, term, or promise of this Charter, the other party shall have the right to terminate this Charter without prejudice to its rights with respect to breach of contract or other remedies. This Charter may also be terminated by mutual agreement. This could occur either in the event that the OWNER offers, and CHARTERER accepts, a substitute charter of another vessel to replace the VESSEL named herein, or in the event that CHARTERER determines that the VESSEL is no longer serving the needs of the sail training program.

(14) The VESSEL shall not be transferred or delivered to any third person or entity without the prior written consent or instruction of the OWNER. This Charter may not be assigned by the CHARTERER to any other person or entity.

(15) Upon termination of this Charter or last renewal thereof, CHARTERER, at his own expense, will deliver the VESSEL to OWNER at Annapolis, MD. If OWNER does not accept delivery of VESSEL within 15 days of termination of this Charter or last renewal thereof, the VESSEL will be hauled and placed in storage at the Small Craft Repair Depot of the Naval Station, Annapolis, MD.

(16) Each of the provisions of this Charter is severable. If any provision, or part thereof, of this Charter is held invalid, illegal or unenforceable, the other provisions, or parts thereof, shall continue in full force and effect.

IN WITNESS HEREOF, the parties hereto have set their hands and seals on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_.

FOR THE OWNER:

FOR THE CHARTERER:

Executive Director and Treasurer  
Naval Academy Sailing Foundation

Chief of Staff  
United States Naval Academy

NAVAL ACADEMY SAILING FOUNDATION SAMPLE CHARTER TERMINATION

**DONATIVE CHARTER AGREEMENT**

***TERMINATION***

The **donative charter** dated the \_\_\_ day of \_\_\_\_\_ 20\_\_\_, by and between the Naval Academy Sailing Foundation, Inc., the OWNER of the \_\_\_\_\_ and the United States Naval Academy, as well as the **Charter Extension** dated \_\_\_\_\_, in the case of the vessel \_\_\_\_\_, are **hereby terminated** by mutual agreement of both parties. Termination of this agreement and its extension has been determined to be in the best interests of both parties to the original agreement.

A copy of this termination agreement will be attached to the original charter contract.

IN WITNESS HEREOF, the parties hereto have set their hands and seals on this \_\_\_ day of \_\_\_\_\_ 20\_\_.

FOR THE OWNER:

FOR THE CHARTERER:

Executive Director and Treasurer  
Naval Academy Sailing Foundation

Chief of Staff  
United States Naval Academy