



DEPARTMENT OF THE NAVY
UNITED STATES NAVAL ACADEMY
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USNAINST 4520.1B
PRODEV
28 Jan 2021

USNA INSTRUCTION 4520.1B

From: Superintendent, U.S. Naval Academy

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

Ref: (a) SECNAVINST 4001.2K

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 Extension
(6) Naval Academy Sailing Foundation Sample Charter Termination

1. Purpose. To publish policy regarding activation and termination of a Naval Academy Sailing Foundation (NASF) charter agreement.

2. Cancellation. USNAINST 4520.1A

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 NASF vessels no longer active nor under charter by USNA are disposed of after three years or greater for the fiscal health of NASF's professionally managed corpus. Additionally, NASF serves as USNA advisor for DOD disposal and out-year charter replacement of the USNA Barge (i.e. Superintendent's Barge).

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 Sail Training Craft (STC) or other NASF owned vessels.

c. Per reference (a), a gift offer from NASF must be accepted by the appropriate authority.


J. S. BATES
Chief of Staff

Releasability and distribution:

This instruction is not cleared for public release and is available electronically only via USNA Issuances Intranet Web site, <https://intranet.usna.edu/AdminSupport/Instruction/>.

PROCEDURE FOR ACTIVATING A NASF CHARTER AGREEMENT

1. Information. The Naval Academy Sailing Foundation (NASF) is a non-federal entity whose mission is to provide the Naval Academy Sailing Program with design-relevant and high-quality Sail Training Craft (STC) that will enable Midshipman 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. 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 (e.g. comprehensive 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 approval 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 prepare 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 vessel at Small Craft Repair Depot (SCRD).

(4) Conduct delivery inventory and acceptance inspection of the vessel and take photographs to document the condition.

(5) Prepare and activate the vessel Charter Agreement with USNA in accordance with enclosure (4).

(6) A gift value determination worksheet will be created by the head coach of the Varsity Offshore Sailing Team (VOST) for any STC that will go on charter, and by the Naval Academy Sailing Maintenance Director for any power vessel that will go on charter. DNAS will approve the gift value worksheet and submit a USNA 4001, Gift Value Acceptance form with the charter. The gift offer to USNA must be accepted by the proper authority per reference (a).

(7) DNAS will coordinate with Director, Water Front Readiness Department the preparation for the boat for use as a Sail Training Craft (STC). All work will be documented in

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the Automated Work Notification (AWN) system for accomplishment by SCRD. The Charter Agreement will provide guidance on which jobs are to be performed by NASF.

d. Parts and maintenance will be funded by NASF for at least the first three years of the charter. If USNA chooses to renew a charter for a vessel for a fourth year, it should plan and budget for any new parts and maintenance requirements for that vessel. This arrangement allows for NASF to maintain a young chartered (0-3 years) vessel in sale condition and be able to sell it promptly upon charter termination. Furthermore, this will relieve NASF of the financial burden of supporting old chartered (greater than 3 years) vessels that could be sold to increase corpus that supports Navy Sailing, but continues to serve in USNA's chartered fleet.

e. Charter Agreements may be terminated at any time via enclosure (6). Charter Agreements considered for extension shall be reviewed annually by DNAS to ensure continued relevance to the sailing program, and the financial costs associated with maintaining a vessel on an old charter. Any amendments to an existing charter, i.e. the change of parts and maintenance responsibility when extending a charter into its fourth year, will be delineated on the Charter Agreement Extension. Charter Agreement Extensions for the new calendar year shall be renewed no later than January 1st, between NASF and the USNA representative. Vessels not renewed under Charter Agreement Extension will automatically lapse into termination and be returned to NASF for appropriate transfer, sale or disposal per enclosure (2).

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PROCEDURE FOR TERMINATING A NASF CHARTER AGREEMENT

1. Information. Naval Academy Sailing Foundation (NASF) vessels under Charter Agreement or Extension with the United States Naval Academy 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 (sails, etc.) of the vessel 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 3-years, it is deemed beneficial for the financial health of the NASF.

2. Procedure

a. Charter Agreement Extensions shall be renewed annually for the subsequent calendar year and signed no later than January 1st 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. Prior to the beginning of the annual winter maintenance period (generally November):

(1) Executive Director, NASF will provide historical and projected future maintenance costs for vessels approaching their fourth year in the program.

(2) Executive Director, NASF and DNAS will discuss present and future STC requirements and availability of desired craft, referencing the latest DNASNOTE 5000.

(3) DNAS will balance projected maintenance costs against ease of replacing the craft (if necessary to meet program requirements) and inform NASF of its intent to extend a vessel's charter or allow it to expire. DNAS will inform NASF which charter extensions will require an amendment to delineate changes in support funding.

(4) With Director, Naval Academy Sailing's consent, charter extensions will be routed utilizing enclosure (5) from NASF to Chief of Staff, USNA for approval.

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 (6).

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. SCRD storage time will not exceed four years from the beginning of charter or one year following termination of charter, whichever is longer, without written approval from the Superintendent, USNA. The equipment assigned to the boat will be inventoried and custody

transferred to NASF. NASF and a representative designated by DNAS will conduct a turnover inspection of the vessel. Once turned over, NASF is responsible for the vessel.

d. The Executive Director, NASF, will notify DNAS once a buyer has been identified and provide vessel delivery details (e.g. whether the vessel will be sailed or trucked away). DNAS will coordinate with the Director, WaterFront Readiness Department to ensure only work required to prepare the boat for delivery is documented in the Automated Work Notification (AWN) system for accomplishment by 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.

SAMPLE USNA SUPERINTENDENT GIFT ACCEPTANCE ACTION MEMORANDUM

DATE

ACTION MEMO

FOR: SUPERINTENDENT, UNITED STATES NAVAL ACADEMY

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 the vessel transfer, 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 _____

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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, (hereinafter referred to as CHARTERER), represented by the Director, Naval Academy Sailing, United States Naval Academy, 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 the United States Naval Academy (USNA) as a Sail Training Vessel in support of training of midshipmen and other naval personnel who may be assigned to the U.S. Naval Academy for professional training. OWNER expressly acknowledges that the VESSEL may be used for incidental recreational use 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.
- (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 (normal wear and tear, acts of God, damage caused by third parties (except agents, employees, guests and invitees of CHARTERER), and loss or damage for which CHARTERER is not liable to make good, excepted). Any items listed on the incoming 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 to include electronics, safety gear, and equipment required by the Naval Academy. The CHARTERER may, at its expense, make such other alterations as it may see fit, such as repainting, renaming, etc; but, will make every reasonable effort to restore

Enclosure (4)

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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. OWNER will support the emergent and preventative maintenance of the vessel with purchase of any required parts. CHARTERER will be responsible for repair or replacement of damage or loss caused by negligent or incorrect use of equipment 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, with aforementioned parts support from the OWNER.

(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) During the Charter Period, the VESSEL will be a "PUBLIC VESSEL" within the sense of the Public Vessels Act; 46 U.S.C. §31101, et. Seq.

(13) 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.

(14) 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.

(15) 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.

(16) 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.

(17) 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, Inc.

Chief of Staff
United States Naval Academy

NAVAL ACADEMY SAILING FOUNDATION SAMPLE CHARTER EXTENSION

DONATIVE CHARTER AGREEMENT

EXTENSION

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, is **hereby extended** in accordance with the provisions of Paragraph _ of the original Charter. The new termination date for subject charter of _____ is ___ 20___.

[IF APPLICABLE] Replace paragraph (9) of the original Charter with the following:

(9) CHARTERER will maintain the running and standing rigging, sails, spars, engine, hull, electronics, pumps, piping and systems and will support the emergent and preventative maintenance of the vessel with purchase of any required parts. CHARTERER will be responsible for repair or replacement of damage or loss caused by negligent or incorrect use of equipment or by extraordinary wear on sails and running rigging.

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

IN WITNESS HEREOF, the parties hereto have set their hands and seals on this date, ___ 20___.

For the OWNER

[NAME]
Executive Director and Treasurer
Naval Academy Sailing Foundation, Inc.

For the CHARTERER

[NAME]
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 _____ 2021.

FOR THE OWNER:

FOR THE CHARTERER:

[NAME]
Executive Director and Treasurer
Naval Academy Sailing Foundation, Inc.

[NAME]
Chief of Staff
United States Naval Academy