



UNITED STATES DEPARTMENT OF COMMERCE
Maritime Administration
Washington, D.C. 20230

July 16, 1981

Mr. Thomas H. Novak
Assistant Director for Operating
Reactors
Division of Licensing
Nuclear Regulatory Commission
Washington, D.C. 20555

Subject: License NS-1, N.S. SAVANNAH Docket No. 50-238,
Application to Amend License

Gentlemen:

The Maritime Administration hereby submits one original and five copies of the executed Bareboat Charter Agreement between the Maritime Administration and the Patriots Point Development Authority of the State of South Carolina. This charter is in support of MarAd's application to amend License NS-1, N.S. SAVANNAH Docket No. 50-238, which was submitted on June 16, 1981.

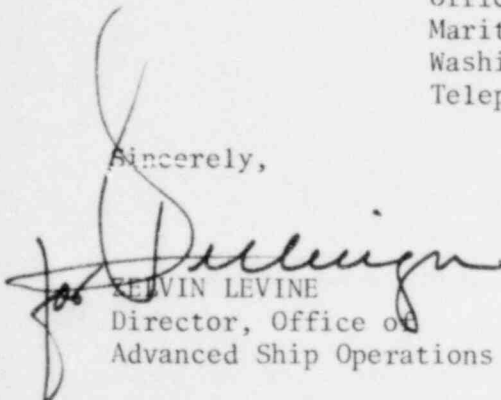
If additional information is required concerning this amendment, please contact:

Mr. J. E. Guerry, Jr.
Executive Director
State of South Carolina
Patriots Point Development Authority
Post Office Box 986
Mount Pleasant, South Carolina 29464
Telephone: 803-884-2727

Please provide a copy of all official correspondence with Patriots Point Authority to my office:

Dr. Zelvin Levine
Director
Office of Advanced Ship Operations
Maritime Administration (M-930)
Washington, D.C. 20230
Telephone: 202-377-3815

Sincerely,


ZELVIN LEVINE
Director, Office of
Advanced Ship Operations

Enclosures

Handwritten notes:
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BAREBOAT CHARTER

OF THE

NUCLEAR SHIP SAVANNAH

This BAREBOAT CHARTER (herein called the "Agreement"), dated the day of 14 July 1981, between the UNITED STATES OF AMERICA, acting by and through the SECRETARY OF COMMERCE as represented by the ASSISTANT SECRETARY OF COMMERCE FOR MARITIME AFFAIRS (herein called the "Owner"), and the PATRIOTS POINT DEVELOPMENT AUTHORITY, organized and existing under the laws of the State of South Carolina (herein called the "Charterer").

WITNESSETH

WHEREAS:

1. The Nuclear Ship SAVANNAH, Official No. 287392, (herein called the "Vessel") was designed and built as a nuclear-powered merchant vessel and is owned by the Owner and,

2. The Owner and the Charterer desire to enter into this Agreement to permit the Charterer to use the Vessel as a stationary public museum exhibit in furtherance of demonstrating the peaceful uses of nuclear energy, and,

3. This Agreement is authorized by Pub. L. 96-331, 94 Stat. 1055, August 28, 1980.

NOW, THEREFORE, the parties hereto agree as follows:

CLAUSE 1. (a) Agreement of the Parties. The Owner hereby agrees to let and the Charterer hereby agrees to hire the Vessel on a bareboat charter basis for use as a stationary public museum exhibit during the period and upon the terms and conditions herein set forth.

(b) Effective Date of the Agreement. Notwithstanding the date this Agreement is executed this Agreement shall not become effective until the date a license is issued by the Nuclear Regulatory Commission for the Owner and the Charterer as colicensees to possess but not operate the nuclear utilization facility aboard the Vessel.

CLAUSE 2. (a) Vessel Delivery.

The place and date of delivery of the Vessel to the Charterer, and the charterhire rate are as follows:

<u>Date and Place of Delivery</u>	<u>Charter Hire Per Year</u>
Within 30 days from the effective date of this Agreement	None per Pub. L. 96-331
Patriots Point, Mount Pleasant, South Carolina	

(b) Condition of Vessel on Delivery. The Owner shall effect the removal of all contaminated water in the nuclear systems aboard the Vessel prior to delivery to the Charterer. At such delivery, the Vessel shall be accepted by the Charterer in an "as is" condition without any express or implied warranties of any kind by the Owner.

(c) Expenses. Unless otherwise specifically provided in this Agreement, the Charterer, at its own expense, shall pay all costs and expenses incident to the said use of the Vessel. The Charterer shall be solely responsible for having the Vessel maintained under cathodic protection continuously and paying for the electrical power required.

CLAUSE 3. Period of Charter. The Owner agrees to charter and the Charterer agrees to hire the Vessel from the time of delivery for a period of five (5) years with options to renew for five (5) year periods thereafter, subject to the right to terminate this Agreement as set out in Clause 15 below. The Charterer shall renew its option by providing written notification of intent to renew at least three (3) months before the expiration of the term of this Agreement or any renewal term. The execution of a new bareboat charter for each renewal term shall be unnecessary. This Agreement as amended at the time of such renewal shall govern the relationship of the parties for the renewal term.

CLAUSE 4. Description of Use.

(a) The Charterer agrees that the Vessel shall be used as a stationary public museum exhibit at Patriots Point, Mt. Pleasant, South Carolina, and that the Vessel shall not be used for the purpose of transportation either of cargo or of passengers.

(b) The Charterer shall have the use of all outfits, equipment, and appliances now aboard the Vessel without extra cost, provided that the same or their substantial equivalent shall be returned to the Owner on redelivery in the same good order and condition as when received, ordinary wear and tear excepted.

CLAUSE 5. Indemnity by Charterer. The Charterer hereby agrees to indemnify and hold harmless the Owner, and all officers, agents, servants and employees of the Owner, from all liability with respect to the Vessel, including such liability as may arise by the negligence of the Owner or its officers, agents, servants, or employees, in connection with the use of the Vessel as a public museum exhibit and, at the option of the Owner, the Charterer shall defend the Owner against all claims and suits.

CLAUSE 6. Insurance.

(a) During the period of this Agreement, the Vessel shall be kept insured by the Charterer at the Charterer's expense

against hull and liability risks, on the latest American Institute of Marine Underwriters Port Risk form with P & I Endorsement or equivalent, in an amount not less than \$4,000,000 for liabilities and particular average purposes, and \$335,000 for the total loss of the Vessel; provided that the Vessel shall further be insured in an amount not less than \$6,000,000 excess of \$4,000,000, covering liabilities including but not limited to collision and wreck removal liabilities, or in such form and amount as the Secretary of Commerce shall in writing require or approve. Policies evidencing such insurance shall be in the name of the "Patriots Point Development Authority" and the "United States of America." Losses and other payments recovered under above policies for physical damage to the Vessel and liability insurance shall be made payable to the "Secretary of Commerce" for distribution to the Owner and others as their interests may appear, except that liability policies may provide that, upon proof of the satisfaction of a liability claim, payment may be made directly to the "Patriots Point Development Authority."

(b) Hull insurance shall be placed with American insurers or, if approved by the Secretary of Commerce, with underwriters at Lloyd's of London or with companies which are members of the Institute of London Underwriters or the Liverpool Underwriters' Association. Protection and Indemnity insurance may be obtained from an American, British or other mutual association with the prior approval of the Owner.

(c) During the period of this Agreement, the Charterer shall carry: insurance against liabilities arising out of state and federal workman's compensation law as well as general liability insurance in an amount not less than \$5,000,000 per occurrence. Policies of general liability insurance specifically shall provide coverage for, but coverage shall not be restricted to, liability arising out of Public Law 86-331 and this Agreement. The "United States of America" shall be named assured and such policies shall provide that when the Owner is a defendant, or an attempt is made to make the Vessel a defendant, any

payment under the policy shall be made to the "Secretary of Commerce" for distribution as interests may appear.

(d) Policies of insurance, certificates of entry, and cover notes shall include the following clauses:

1. There shall be no recourse against the Owner for the payment of premiums, commissions, club calls, advances or assessments.
2. At least ten (10) days prior to any cancellation or nonrenewal of insurance by the insurer or otherwise, actual written notice of such cancellation or non-renewal shall be given to the Owner's following representative: Director, Office of Marine Insurance, Maritime Administration, Department of Commerce, Washington, D.C., 20230.

(e) Copies of confirmations of such insurance, certificates of entry, cover notes, or other written evidence of insurance shall be tendered for approval to the Owner's following designated representative: Director, Office of Marine Insurance, Maritime Administration, Department of Commerce, Washington, D.C. 20230. Copies of insurance policies will similarly be tendered when issued.

(f) The Charterer shall assume direction and supervision of all claims, losses and recoveries arising during the period of this Agreement, and shall effect all insured repairs, unless notified in writing to the contrary by the Owner.

(g) The Charterer, at its own expense, will comply with the insurance requirements of the Nuclear Regulatory Commission, as expressed in its regulations or in any license granted to the Owner and/or the Charterer or otherwise. In the event that the Nuclear Regulatory Commission, pursuant to the Section 170 of the Atomic Energy Act of 1954, as amended, or similar statute, requires that the Charterer obtain financial protection, the cost of such financial protection shall be borne solely by the Charterer.

(h) Requirements for amounts or types of insurance made hereunder, or otherwise made by the Secretary, are intended to be minimum insurance requirements, and are not intended to limit the amounts or types of insurance carried by the Charterer nor to limit the liability of the Charterer arising from this Agreement, Public Law 96-331 or other applicable law.

(i) No visitors shall be permitted aboard the Vessel until proof of insurance has been received by MarAd. In the event of a lapse of insurance or payment of premiums, the Owner reserves the right to close the Vessel to visitors and to take such other action as may be appropriate to protect and safeguard visitors.

CLAUSE 7. Bond. The Charterer, at or before delivery of the Vessel under this Agreement, shall furnish the Owner with a bond with sufficient surety, in the amount of \$25,000, such bond to be approved by the Owner, both as to form and sufficiency of the sureties, and to be conditioned upon the true and faithful performance of all and singular the covenants and agreements of the Charterer contained in this Agreement including, but not limited to, the Charterer's obligation to pay damages and to indemnify against liens. The Charterer may, in lieu of furnishing such bond, pledge United States Government securities in the par value of the required amount or other acceptable security under an arrangement satisfactory in form and substance to the Owner.

CLAUSE 8. (a) Safeguarding the Vessel. Upon redelivery of the Vessel to the Owner, or in the event of suspension or termination of this Agreement for any cause whatsoever, the Charterer expressly agrees, in recognition of the nuclear characteristics of the Vessel, that it shall at Charterer's sole expense have a continuing obligation to provide the necessary safeguarding of the Vessel under any circumstances until an orderly redelivery to the Owner can be accomplished. At such physical redelivery, the Owner will provide to the Charterer a receipt of redelivery which relieves the Charterer of further responsibility for the Vessel.

(b) Vessel Logbooks and Reports. The Charterer shall maintain appropriate logbooks and other records relating to the use of the Vessel in the forms prescribed by the Owner and the Nuclear Regulatory Commission.

CLAUSE 9. Surveys.

(a) The Vessel shall be jointly surveyed before delivery and before redelivery under this Agreement to determine and state her condition. Such survey on redelivery shall include drydocking, at the Owner's option, if necessary to determine and state the condition of the Vessel's underwater parts. The cost of any damage to underwater parts found either upon redelivery or during the period of the Vessel's use under this Agreement shall be for Owner's account. The cost of the surveys on delivery and redelivery shall be paid for by the Owner.

(b) A complete inventory of the Vessel's entire fixtures, tackle, apparel, furnishings, and equipment shall be taken at Owner's expense and mutually agreed upon at the time of delivery and a similar inventory shall be taken at Charterer's expense and mutually agreed upon at the time of redelivery. The said agreed upon delivery inventory is appended to and forms an integral part of this Agreement.

CLAUSE 10. Maintenance.

(a) The Charterer, except as otherwise provided in Clause 9 of this Agreement relating to surveys, shall, at its own expense be responsible for the safeguarding, repair, and maintenance of the Vessel, her machinery, equipment, appurtenances, and spare parts during the period of use under this Agreement and shall keep the Vessel in substantially the same condition as when delivered by the Owner.

(b) Notwithstanding the provisions of paragraph (a) above, the Owner shall be responsible for the inspection and maintenance of the Vessel's hull below the waterline.

CLAUSE 11. Drydocking. The Owner shall drydock the Vessel and clean and paint her underwater parts when determined necessary by the Owner. The Owner shall give the Charterer reasonable notice of the time and place of drydocking and, if practicable, said notice shall be given six (6) months in advance thereof.

CLAUSE 12. Inspections. The Owner shall have the right, at any time and without notice, to inspect or survey the Vessel at the Owner's expense to ascertain her condition and to be satisfied that the Vessel is being reasonably maintained by the Charterer. Such inspection shall be held at such time and in such manner as to not unduly interfere with the Vessel's use. The Charterer shall do all such maintenance, at its own expense, as such inspection or survey may show is required for compliance with the Charterer's obligations under this Agreement. The Charterer shall also permit the Owner to inspect the Vessel's logbooks and other records aboard the Vessel or ashore, whenever requested and shall furnish the Owner upon request with full information regarding any casualties or other accidents or damage occurring on or to the Vessel.

CLAUSE 13. Care of Vessel.

(a) During the period of this Agreement, the Charterer, at its own expense, shall provide adequate personnel to safeguard and maintain the Vessel. The Owner reserves the right to approve the personnel assigned by the Charterer to safeguard and maintain the Vessel. Except as otherwise expressly provided in this Agreement, the Charterer and not the Owner shall have exclusive possession and control of the Vessel during the entire period of use under this Agreement, and shall have and exercise full control, responsibility, and authority with respect to the use of the Vessel, including the nuclear power plant components aboard, provided, however, the Charterer shall comply with any requirements, regulations, orders, and directions of the Nuclear Regulatory Commission with respect to such nuclear power plant components.

(b) During the term of this Agreement, the Owner and the Charterer shall be co-licensees of the Nuclear Regulatory Commission

for the possession but not the operation of the nuclear utilization facility aboard the Vessel, and the Charterer shall bear all costs for the monitoring and security of all nuclear materials and spaces aboard the Vessel as well as meeting any other requirements of the Nuclear Regulatory Commission. All of the costs incurred to prepare or improve the Vessel for public display, including changes necessary to meet requirements of laws and regulations governing public sites and facilities, and to obtain licenses and permits concerning health, safety and security of the public shall also be at the sole expense of the Charterer. The Charterer shall be responsible for obtaining and maintaining current all such licenses and permits.

CLAUSE 14. Structural and Other Changes. The Charterer shall make no structural changes in the Vessel and shall make no changes in the machinery, equipment, appurtenances, interior configuration of living or service spaces, spare parts, or any other item aboard the Vessel without the prior written approval of the Owner. The Charterer shall submit a plan for the use of the Vessel as a public museum exhibit and related activities or functions for approval by the Owner.

CLAUSE 15. Termination.

(a) If at any time during the period of this Agreement the President of the United States or the Congress of the United States declares that a state of war or national emergency exists and the Owner determines that the Vessel is needed at any time during such war or national emergency, the Owner shall have the right to immediately terminate this Agreement and take possession of the Vessel without any payment whatsoever to the Charterer.

(b) In the event of damage in excess of \$100,000, to the Vessel covered by insurance under Clause 6 of this Agreement the Owner has the option of canceling this Agreement.

(c) If at any time after the delivery of the Vessel to the Charterer, the Charterer shall fail to perform any of its

duties or obligations or shall violate any of the prohibitions imposed upon it under this Agreement or if the Charterer shall cease operations, the Owner, without prejudice to any other rights which it may have under this Agreement, may retake possession of the Vessel after giving two (2) weeks prior, written notice to the Charterer.

(d) If for any reason after the delivery of the Vessel the Charterer ceases to be a co-licensee under the license from the Nuclear Regulatory Commission, the Owner may cancel this Agreement.

(e) In the event that this Agreement is terminated, the Owner may, without prejudice to any other rights it may have under this Agreement, withdraw and retake the Vessel without legal process and for that purpose may enter upon any dock, pier or other premises where the Vessel may be lying and take possession of the Vessel.

CLAUSE 16. Nuclear License and Disposal. The Owner and the Charterer hereby agree to apply to the Nuclear Regulatory Commission for a license to possess, but not operate, the nuclear utilization facility aboard the Vessel. The Owner agrees to bear full financial responsibility for the ultimate disposal of the reactor and other nuclear systems and radioactive contaminated components in the Vessel. The Charterer shall be responsible for and agrees to comply with all the requirements of the Nuclear Regulatory Commission license including but not limited to the requirement for the monitoring and security of the reactor and all nuclear systems and radioactive components in the Vessel and for filing all reports that may be required as the licensee.

CLAUSE 17. Redelivery of Vessel.

(a) Port or Place of Redelivery. The port of redelivery shall be the port of delivery or such other port as may be mutually agreed.

(b) Redelivery Conditions. The Vessel shall be redelivered to the Owner, pursuant to the terms of this Agreement, in

the same good order and condition as that in which she was delivered, unless the lack of good order and condition is due solely to ordinary wear and tear, but in any event in such good order and condition as to be capable of being towed safely to a National Defense Reserve Fleet site of the Owner on the Atlantic Coast or Gulf Coast of the United States, at Owner's option. At the redelivery survey provided for in Clause 9 of this Agreement, surveyors appointed by the Charterer and surveyors appointed by the Owner shall be present and shall determine and state all the repairs or work necessary to place the Vessel on the date of redelivery in the condition and class required under this Clause. The Charterer, before redelivery, shall make all such repairs and do all such work so found to be necessary at its expense and time, or at Owner's option, the Charterer shall, on Owner's request, discharge such obligation by payment to the Owner of an amount sufficient to place the Vessel in said class, order and condition and to provide for the foregoing work and repairs at the prices current at the time of redelivery, which amount shall also include compensation for all other expenses reasonably required incident to such work or repairs. The Charterer shall not be required to make any hull repairs below the waterline which are for Owner's account under Clause 10(b) of this Agreement.

(c) Upon termination of this Agreement and redelivery of the Vessel to the Owner, the Owner shall be solely responsible for the custody, and further disposition of the Vessel and the nuclear materials aboard the Vessel. The Owner promptly will take all steps necessary to remove the Charterer as a party to the Nuclear Regulatory Commission license.

CLAUSE 18. Members or Delegates of Congress. The Charterer shall not employ any member of Congress, either with or without compensation, as an attorney, agent, officer, or director. Except to the extent permitted by law, no Member of or Delegate to Congress or any Resident Commissioner is or shall be admitted to any share or interest in this Agreement, or any benefit that may arise therefrom.

CLAUSE 19. Warranty Against Contingent Fees. The Charterer warrants that no person or agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial agencies maintained by the Charterer for the purpose of securing business. For breach of violation of this warranty, the Owner shall have the right to annul this Agreement without liability or in its discretion to require the Charterer to pay to the Owner the full amount of such commission, percentage, brokerage, or contingent fee.

CLAUSE 20. Notice. Unless otherwise provided in this Agreement or mutually agreed upon, all payments, notices and communications from Charterer to the Charterer, pursuant to the terms of or in connection with this Agreement, shall be made or addressed to the Charterer at the address provided herein and all payments, notices, and communications from the Charterer to the Owner, pursuant to the terms of or in connection with this Agreement, shall be made or addressed to the Owner at its office in Washington, District of Columbia.

Office of the Executive Director
Patriots Point Development Authority
P.O. Box 986
Mt. Pleasant, South Carolina 29464

Office of the Assistant Administrator
for Policy and Administration
Rm. 3890
Maritime Administration
Department of Commerce
Washington, D.C. 20230

CLAUSE 21. Right to Create Liens. Neither the Charterer nor the Master of the Vessel, if any, shall have any right, power or authority to create, incur, or permit to be imposed upon the Vessel any liens whatsoever except for salvage. The Charterer agrees to carry a properly certified copy of this Agreement with the ship's papers and upon demand to exhibit the same to any person having business with the Vessel which might give rise to any lien thereon, other than liens for salvage. The Charterer agrees to notify any person furnishing repair, supplies, towage or other necessities to the Vessel that neither the Charterer nor

the Master has any right to create, incur, or permit to be imposed upon the Vessel any liens whatsoever, except for salvage. Such notice, insofar as may be practicable, shall be in writing. The Charterer further agrees to fasten to the Vessel in a conspicuous place and to maintain during the life of this Agreement, a notice reading as follows:

"This Vessel is the property of the United States of America. It is under Charter to the Patriots Point Development Authority and by the terms of the Charter neither the Charterer nor the Master has any right, power, or authority to create, incur, or permit to be imposed upon the Vessel any liens whatsoever except for salvage."

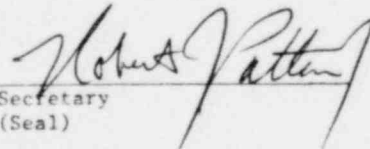
The Charterer agrees to take each and all steps necessary to remove from the Vessel or to defeat any attempt to place upon the Vessel any lien, and to take and pursue such steps with immediacy since time will be of the essence.

CLAUSE 22. Assignment and Sub-Demise. The Charterer shall not assign this Agreement nor sub-demise the Vessel except with the prior, written consent of the Owner.


Clause 23. Variation of Agreement. No variation from the terms and conditions hereof shall be permitted except pursuant to a formal amendment executed by the Owner and the Charterer.

IN WITNESS WHEREOF, the parties have executed this Agreement in triplicate as of the date first written above.

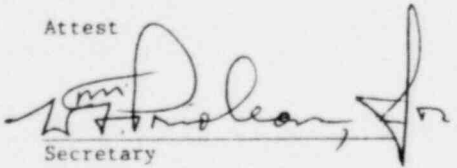
Attest


Secretary
(Seal)

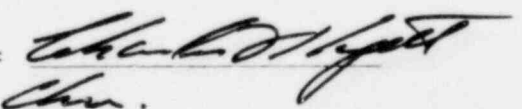
UNITED STATES OF AMERICA
SECRETARY OF COMMERCE

By: 
Assistant Secretary for
Maritime Affairs

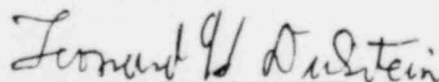
Attest


Secretary
(Seal)

PATRIOTS POINT DEVELOPMENT AUTHORITY

By: 
Chairman

Approved as to form:


General Counsel
Maritime Administration