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B E R M U D A  
**S L O O P**  
F O U N D A T I O N

## Chairman's Report- February 15<sup>th</sup>, 2006

### Executive Summary:

**1. STS SPIRIT OF BERMUDA is set to be christened and launched in Rockport, Maine, USA, on the afternoon high tide of Saturday, July 15<sup>th</sup>, and will arrive in Bermuda waters on August 10<sup>th</sup>, 2006.** We sincerely wish that every single sponsor, large and small, public and private, will join us for this historic milestone of the Bermuda people in the ceremonies and celebrations in both Rockport and on arrival in Bermuda.

**2. The Foundation has now raised \$4,000,000 to build SPIRIT to an operational standard.** We urgently require an additional \$1.2 million to complete funding of the building account.

We are close, but still short, and we earnestly appeal to the entire Bermuda community, local and offshore, individual, and business, public and private, to help us raise the balance of funds in order that we may complete SPIRIT and endowment financing and focus on our mission of providing world class, 21<sup>st</sup> century development of our young people. The positive contributions from this program will, in time, ripple through our entire community for the benefit of all.

The revised cost to complete SPIRIT reflects an increase of approximately twenty percent, most of which reflects added value. Increased costs reflect continual optimisation and integration of the educational, mechanical, and operational systems, additional allowances for rigging and electronics, additional quality control, overtime payments to meet the completion date, inflationary increases in material costs, and the cost of our crew pre-launch on-site.

**3. Youth Programmes are set to begin on Monday, August 14<sup>th</sup>, just four days after SPIRIT's arrival home.** The first extra-curricular 'Skinner' team will begin at 1000hrs on Monday, August 14<sup>th</sup>, out of SPIRIT's homeport of the Royal Naval Dockyard. Three more Parish-Area teams will follow in rapid succession during the summer vacation.

## Construction Report

Late January saw milestone technical meetings in New England with two major outputs:

1. After a 25 month construction period, SPIRIT OF BERMUDA is set to be launched on July 15<sup>th</sup>, 2006. We aim to make a memorable ceremony with a strong Bermudian flavor and we hope that many of you will be able to join us. For orientation on the area, please visit [www.camdenme.org](http://www.camdenme.org)



**Rockport Marine- January 25<sup>th</sup>, 2006**



**July 15<sup>th</sup>- Launch = T-130 days**

It is planned that SPIRIT will arrive in Bermuda waters sometime on Thursday, Aug 10<sup>th</sup>, and then proceed up to Hamilton midday on Friday, Aug 11<sup>th</sup>. On Monday, Aug. 14<sup>th</sup>, the first 'Skiller' team will depart for five days from her homeport of Royal Naval Dockyard.

2. The projected cost to complete SPIRIT is now \$5,200,000, reflecting an increase of approximately twenty percent, much of which reflects added value.

Whenever a capital decision has arisen on quality vs. price, our promised approach is to apply the process of "value engineering". This mandates QUALITY and long-term benefits in order to reduce maintenance and improve safety and programme effectiveness. The increased costs of \$900,000 reflect continual optimisation and integration of the educational, mechanical, and operational systems, additional allowances for rigging and electronics, additional quality control, overtime payments to meet the completion date, inflationary increases in material costs, and the cost of our crew pre launch, etc.

Cost increases in the first half of the project were limited to 10% of the original estimate thanks to the realisation of 26 spatial design changes from the actual size mock-up. We are now well into the practical integration stage of all systems. One of our professional crew is now on site. Not only will this assist in tightly facilitating the multiple systems integration, it also allows the full time professional crew to become familiar with the intricacies of the vessel (documented in manuals) and to monitor costs closely through the completion of the project. As Designate Captain Chris Blake, OBE, reminds us- "This is not a yacht; it is a small ship".

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## Programme Report

1. Public Middle School (MS) Learning Expedition- Year 3 (age 13/14) – Eleven 5 day expeditions aboard ship with three (3) core teachers are scheduled for the school year 2006/7. The Learning topic will be “Where are we on the planet?”- a hands-on live look at our geography/geology, oceanography, meteorology, history and culture.
2. ‘Skiller’ Team (Extra-curricular)- Eight Teams of 24 kids (> 14) will grow and develop with three volunteer Watch Leaders, in periodic voyages over four years, with opportunities to enhance their education by adopting a “major” in a technical area (Electronics/Engines/Culinary Arts/Mechanical), following National Training Board (NTB) pathways. In 2007, SPIRIT will participate in the ASTA Tallships Challenge along US east coast.

**Skiller- Initial 5 Day Voyage**  
**Dockyard Team Aug. 14-18**  
**East End Team Aug. 20-24**  
**Warwick Team Aug. 26-30**  
**Hamilton Girls Team Sept. 1-5**

## Fundraising and Financial Report

We have raised \$4,765,000 in total (an increase of \$700,000 since July 1, 2005) in cash, pledges and specific donations of materials and equipment. Bermuda companies, - Cable & Wireless (Bermuda) Ltd., Butterfield & Vallis Ltd. and Holmes, William & Purvey, each vested in key technical skills, lead the way. Bermudian donors now represent 78% of all sponsorship. Our goal is to raise the bulk of the outstanding \$1,200,000 by December 31<sup>st</sup>, 2006.

In order to meet regular monthly payments to the shipyard, we have arranged an Overdraft Facility with Capital-G Bank to supplement pledges released.

<b><u>Donation Type</u></b>	<b><u>Raised to Date</u></b>	<b><u>Total</u></b>	<b><u>Funding Needed</u></b>
Vessel Construction	\$4,000,000	\$5,200,000	<b>\$1,200,000</b>
Endowment	<u>\$ 386,000</u>	<u>\$1,000,000</u>	<b><u>\$ 614,000</u></b>
<b><u>TOTAL</u></b>	<b><u>\$4,386,000</u></b>	<b><u>\$6,200,000</u></b>	<b><u>\$1,814,000</u></b>

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## **Business Plan & Operations**

Our primary service is sustainable, world-class development and education of young Bermudians. This element produces sixty percent of our projected revenue. The remaining 40% of revenue will be generated through charter operations, merchandising activities and an annual giving program.

On the program side, we currently have \$110,000 committed towards the first year Middle School program and \$194,000 towards multiyear 'Skiller' Tuition bursaries (60 young people).

We have received a donation of office space at the new Victoria Place building, and Cellular One have agreed to provide a donation of ongoing voice and data services which will allow for real-time audio/visual communications with the vessel.



Charter and retail merchandising will trade under the SPIRIT OF BERMUDA brand led by Mr. Martin Hatfield and Capt. Mark Soares, respectively.

## **Chairman's Plea to Stakeholders of Bermuda**

How we prepare our youth and care for our seniors must be one of the long-term measures of success in a healthy community. This is not just a lofty thought. With a steadily aging population, and significant reduction in proportion of workers to retirees, this is a reality we must face. We must make the best of educating and re-connecting our youth throughout the island. Our programmes, based on world class advice, are not just "nice to have" activities but are vital in developing the "whole kid" in, and out of, school. These "must have" activities add richly to academic education and include - character development, building sense of teamwork and community, exposure to technical skills training, and excitement of classroom learning. It is a bonus is that our ocean going classroom was seeded by our maritime ancestors almost two hundred years ago.

We urge you to take action and help us complete the development of this large scale, world class youth project. These private/public programmes upon which we are embarking are unique in Bermuda's modern era. The positive contributions from these programmes will, in time, ripple through our entire community for the benefit of us all.

**Help us to put the youth of Bermuda on the best course**

Sincerely,

Alan Burland, Chairman

Nicholas Bayard Dill, Chairman Emeritus

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