



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND

ASSEMBLY
15th session
Agenda item 11

FUND/A.15/8
10 August 1992

Original: ENGLISH

LEASE OF IOPC FUND'S OFFICES

Note by the Director

Introduction

1 A ten year lease regarding the IOPC Fund's offices in the IMO headquarters building on Albert Embankment was agreed with IMO from 1 November 1982. This lease expires on 31 October 1992.

2 Under the lease, the IOPC Fund originally occupied eight office rooms plus one storage room with a total area of 1 791 square feet. In 1989 the storage room was extended by one bay, the total space occupied thereafter being 1 872 sq ft. After negotiations between the Director and the Secretary-General, on the basis of an option contained in the lease, the IOPC Fund's offices were extended on 1 October 1991 to cover a total area of 2 647 sq ft (document FUND/A.14/10). The IOPC Fund occupies at present eleven office rooms and one storage room.

3 Since the present lease expires on 31 October 1992, the Director submits the question of the extension of this lease beyond that date for consideration by the Assembly.

Previous Consideration of this Issue by the Assembly

4 At its 13th session, the Assembly discussed the question of the lease of the IOPC Fund's offices. The Assembly expressed the view that it was desirable that the IOPC Fund's offices should remain in the IMO building after 31 October 1992 and emphasised the necessity that any new lease contract with IMO should give an adequate guarantee that additional office space be made available to the IOPC Fund, if the need arose. The Assembly instructed the Director to examine the matter and discuss it with the Secretary-General and the United Kingdom Government, in order to find the best solution, and to report the results of his examination to the Assembly at its 14th session (document FUND/A.13/21, paragraph 18).

5 As instructed by the Assembly the Director continued his discussions with the Secretary-General. These negotiations resulted in July 1991 in an agreement in principle regarding the extension of the present lease. This agreement was confirmed by an exchange of letters in August 1991. The extended lease would run from 1 November 1992 for an agreed period. The details of the extended lease would have to be discussed further between the Secretary-General and the Director. The new lease would, according to this agreement, give the IOPC Fund the option to obtain two further offices adjacent to the rooms taken over by the Fund on 1 October 1991. Exercising this option would require six months notice by the IOPC Fund. The agreement between the Secretary-General and the Director would be subject to approval by the Assembly and by the United Kingdom Government (document FUND/A.14/10).

6 At its 14th session, in October 1991, the Assembly expressed its satisfaction that an agreement in principle had been reached between the Secretary-General of IMO and the Director on an extension of the lease after 31 October 1992. The Assembly instructed the Director to continue the discussions with the Secretary-General so that a formal agreement in respect of the extended lease could be signed well in advance of that date. In the view of the Assembly, the new lease should be for a period of ten years. The Assembly emphasised that the new lease should give the IOPC Fund the option to obtain at least two additional office rooms adjacent to the present offices, so as to give the Fund an adequate guarantee that sufficient additional space would be made available, should the need arise (document FUND/A.14/23, paragraph 13.3).

Formal Agreement with the Secretary-General

7 The documentation governing the IOPC Fund's occupation of its offices in the IMO building is in the form of an agreement and license to occupy, to which is attached a draft underlease. The reason for this legal construction is that at the time of signature of this documentation (26 September 1986) the terms of the final lease concerning IMO's occupation of the building had not yet been agreed between the United Kingdom Government and IMO, as the construction costs of the building had not been finally established, and IMO was therefore operating on a draft lease contract with an appropriate covering document. The United Kingdom Government requested that the corresponding documentation should be used as regards the relationship between IMO and the IOPC Fund.

8 The final lease has not yet been agreed between the United Kingdom Government and IMO. Until the final lease is agreed, it will not be possible to finalise the lease agreement between IMO and the IOPC Fund for the period from 1 November 1992. For this reason, it has been agreed between the Secretary-General and the Director to extend the present lease by an exchange of letters for a period of ten years from that date on the same terms and conditions as the present lease, subject to certain modifications set out in the exchange of letters. In the view of the Director, this is the simplest solution to a comparatively complicated legal situation. It is expected that the exchange of letters will take place during September 1992.

9 The United Kingdom Government has approved the extension of the lease of the IOPC Fund's offices and has also agreed to the technical solution set out above.

10 The exchange of letters between the Secretary-General and the Director will deal inter alia with the following points of special interest:

- (a) The extended lease will cover the space at present occupied by the IOPC Fund viz, eleven office rooms and one storage room (2 647 sq ft).
- (b) The IOPC Fund has the option to obtain two further office rooms adjacent to the rooms at present occupied by the IOPC Fund; exercising this option would require six months notice by the IOPC Fund.

- (c) The IOPC Fund will pay the same rent to IMO per square foot as IMO effectively pays to the United Kingdom Government, £8.23 per square foot (after an 80% refund by the United Kingdom Government), exclusive of rates and service charges.

11 The United Kingdom Government has been consulted on the main points of the extended lease. The contents of the letters to be exchanged between the Secretary-General and the Director will have to be approved by the United Kingdom Government.

12 With regard to the budgetary consequences of the extended lease, reference is made to document FUND/A.15/9 containing the draft budget for 1993, and in particular the comments on page 5 of the Annex to that document.

Action to be Taken by the Assembly

13 The Assembly is invited to:

- (a) take note of the information contained in this document;
 - (b) approve the agreement between the Secretary-General of IMO and the Director concerning the extension of the lease of the IOPC Fund's offices in the IMO building from 1 November 1992 to 31 October 2002; and
 - (c) give the Director such instructions as it deems appropriate concerning the negotiations with the Secretary-General regarding the details of the extended lease.
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