

<p>RESOLUTION No. AGN/55/RES/11</p> <p><u>SUBJECT</u></p> <p>Financing the building project in Lyons and the transfer of the Organization's Headquarters</p>	<p>TO BE CLASSIFIED AS FOLLOWS:</p> <p>1 copy in the CHRONOLOGICAL SERIES Year: 1986</p> <p>1 copy in the SUBJECT SERIES</p> <p>Heading: Basic texts and internal administration of the ICPO-Interpol</p> <p>Sub-heading: Financial matters and the Financial Regulations</p>
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TEXT OF RESOLUTION

BEARING IN MIND the provisions of Resolution No. AGN/54/RES/9 (Washington, 1985) entitled "Construction of the new Headquarters",

HAVING TAKEN NOTE OF, and having discussed in Committee, Reports Nos. 6 and 6 bis submitted by the General Secretariat and entitled "Recommendations of the Financial Advisers",

HAVING BEEN INFORMED of the progress made on the building project (inter alia the submission of the application for the building permit) and of the construction schedule (date of completion: December 1988),

AWARE that the information currently available indicates that the cost of implementing the project (estimated on the basis of an exchange rate of 1 Swiss franc = 3.9 French francs) will amount to:

- (1) Construction cost (July 1986 estimate, exclusive of tax but with a 4% per year provision to cover the probable increase in construction costs in the Headquarters country in 1987 and 1988), not including the cost of equipping the Headquarters building for which a special provision has been made in the Capital Investment Fund: SFr 25,230,000
- (2) Additional security measures (July 1986 estimate, exclusive of tax but with a 4% per year provision to cover the probable rise in costs resulting from inflation in the Headquarters country in 1987 and 1988): SFr 595,000
- (3) Cost of the New Building Mission (July 1986 estimate, exclusive of tax but with a 4% per year provision to cover the probable rise in costs resulting from inflation in the Headquarters country in 1987 and 1988): SFr 494,000
- (4) Transfer of General Secretariat staff moving to Lyons and redundancy payments (not including any attendant social measures) to staff members not prepared to move (June 1986 estimate, exclusive of tax and with no provision for either inflation or increases in scales or rates, used as a working hypothesis which will be refined a few months before the actual transfer takes place): SFr 3,462,000

- (5) Removal of Headquarters office furniture and equipment (early 1984 estimate, exclusive of tax, with no provision for inflation or changes in the type or volume of equipment - AMSS, computers, word-processing equipment, etc. - that may occur as a result of the reorganization of the General Secretariat which will have to be continued until the transfer):

SFr 544,000

Total SFr 30,325,000

NOTING that the total sum required to implement the project (estimated on the basis of an exchange rate of 1 Swiss franc = 3.9 French francs) can be broken down as follows:

- (1) The cost of the project as estimated above: SFr 30,325,000
- (2) A provision (2% of SFr 30,325,000) for unforeseen expenses and costs not included in the above estimate: SFr 606,000
- (3) A sum representing the estimate of the maximum amount of VAT which the Organization will have paid on completion of the project and which will not yet have been refunded by the French Government: SFr 1,295,000

Total SFr 32,226,000

NOTING, in addition that:

- (1) The sum allocated to the Capital Investment Fund for the construction of the new Headquarters Building amounted to SFr 15,602,000 on 1st January 1986,
- (2) Amounts spent during the 1986 budget year which were financed by the Capital Investment Fund and deducted from this sum, corresponded to expenditure included in the estimate of the cost of the project mentioned above,
- (3) Before it is used in the implementation of the project, this sum will have gathered interest estimated at SFr 400,000,
- (4) The Organization's fixed assets (current Headquarters in Saint Cloud - estimated value in June 1986: FFr 41,400,000) could be sold for approximately SFr 10,000,000,
- (5) Depending on the time and conditions of sale of the current Headquarters building, the Organization cannot be certain that the proceeds will actually be available during implementation of the construction and transfer project,

HAVING BEEN INFORMED that the findings of the study, undertaken on the basis of Resolution No. AGN/54/RES/9, on the possibility of financing the project by investing the sum set aside for the project and using the interest on the investments to repay a loan, were negative,

CONSIDERING, in light of the above information, that:

- (1) While the operation is being carried out the Organization will have to contract "rollover" bank loans whose level could reach a maximum of SFr 16,224,000 (SFr 1 = FFr 3.9), plus the interest on these loans,
- (2) This maximum level should be:
 - (a) lowered in the case of a favourable exchange rate or if the Organization were to receive donations or subsidies in connection with the operation,
 - (b) raised should exchange rate losses be registered within the context of the operation or should any increase in costs brought about by inflation in the Headquarters country in 1987 or 1988 exceed the relevant provisions in the estimates given in the present Resolution,
- (3) When the operation is completed and the Organization has received both the proceeds of the sale of the current Headquarters building and all VAT refunds, the balance of the "rollover" loans should be converted into a fixed-rate bank loan with a fixed repayment period,
- (4) On the basis of current forecasts, and leaving aside possible adjustments to the maximum level of the "rollover" loans, that balance will be approximately SFr 5,000,000,

The ICPO-Interpol General Assembly, meeting in Belgrade from 6th to 13th October 1986 at its 55th session:

AUTHORIZES the contraction, in accordance with the provisions of Article 22, paragraph 2, of the Financial Regulations, of "rollover" bank loans to a total of SFr 16,224,000 or the equivalent in another currency, plus the interest on these loans;

ALLOCATES the sums thus borrowed to the implementation of the project whose overall cost is given in the estimates contained in the present Resolution;

INSTRUCTS the Secretary General to lower the maximum level of these loans in accordance with the rules laid down in the present Resolution;

EMPOWERS the Executive Committee - and the President of the Organization if required as a matter of urgency between Executive Committee meetings - to raise the maximum level of these loans in accordance with the rules laid down in the present Resolution;

AUTHORIZES the Secretary General to use the Organization's available funds, temporarily, to finance the operation with due respect for the Financial Regulations and the rules of good management.

INVITES the Secretary General to submit to the General Assembly at its 56th session (1987) a report on the status of the project, with up-to-date relevant financial information.

