



**PHA FOUNDATION
MINISTRY OF HOUSING & WORKS**

No. PHA-F/11th -Board Meeting/2013/273
December 13, 2013

**SUBJECT: MINUTES OF 11TH MEETING OF THE BOARD OF DIRECTORS
(BOD) OF PHA FOUNDATION.**

I am directed to enclose copy of approved minutes of 11th meeting of the BoD of PHA Foundation which was held on December 05, 2013 at 0900 hours in the Committee Room of Ministry of Housing & Works please.

Encl: As above

Zaheer
13-12-13
**(Zaheer Hasan)
Director (Admin)/
Company Secretary**

Distribution:

1. Barrister Usman Ibrahim,
Minister of State for Housing &
Works/ Chairman, PHA
Foundation, Islamabad.
2. Mr. Omer Rasul,
Joint Secretary,
M/o Housing & Works,
Islamabad.
3. Mr. Ruhail Muhammad
Baloch,
FA (Works) / Joint Secretary,
Finance Division, Islamabad.
4. Mr. Sanaullah Aman,
Member Engineering,
CDA, Islamabad.
5. Mr. Malik Zafar Abbas,
Director General (FGEHF),
FGEHF, Islamabad.
6. Mr. Shah Din Sheikh,
Joint Engineering Advisor,
M/o Housing & Works,
Islamabad.
7. Mr. Atta-ul-Haq Akhtar,
Director General,
Pak PWD, Islamabad.
8. Mr. Aurangzeb Maral,
Deputy Secretary (Admin)
M/o Housing and Works,
Islamabad.

C.C.

1. All Directors, PHA Foundation.
2. PS to MD/ Chief Executive Officer, PHA Foundation, Islamabad.

MINUTES OF THE MEETING

SUBJECT: 11TH MEETING OF THE BOARD OF DIRECTORS (BOD) OF PHA FOUNDATION HELD ON DECEMBER 05, 2013.

11th meeting of the Board of Directors of PHA Foundation was held under the Chairmanship of Honorable Minister of State for Housing & Works/ Chairman, PHA Foundation on December 05, 2013 at 0900 hours in the Committee Room of Ministry of Housing & Works. List of participants is annexed.

The meeting started with recitation of the Holy Quran. The MD, PHA Foundation gave a detailed briefing to the members of the Board regarding decisions of the 9th Board meeting held on July 31, 2013 and 10th Board meeting held on November 04, 2013 and a quick recap on the implementation of the decisions of these meetings was shared with the members of the Board. Afterwards business as per following agenda items was conducted:

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AGENDA ITEM NO.1

CONFIRMATION OF MINUTES OF 9TH AND 10TH BoD MEETINGS

The Managing Director/ Chief Executive Officer, PHA Foundation briefed the Board and stated that minutes of 9th and 10th BoD meetings held on July 31, 2013 and November 04, 2013 respectively were circulated among the members. However, no objection has been raised/received; therefore, the Board may confirm the minutes of the 9th and 10th BoD meetings.

The members of the BoD are requested to confirm the minutes of the 9th and 10th meetings of the BoD already circulated.

DECISION:

The minutes were confirmed unanimously.

REPORT OF THE COMMITTEE CONSTITUTED IN RESPECT OF SEVEN (07) STALLED PROJECTS

In pursuance of the decision made in 10th BoD meeting a Committee of following members regarding 07 stalled projects of PHA Foundation was constituted on November 21, 2013:

- i. Mr. Hassan S. Haqqani, Managing Director, NCL (Convener)
- ii. Mr. Afzaal Ajiz, Deputy Secretary (HR), M/o Finance/ Deputy Financial Advisor (Works)
- iii. Ch. Muhammad Nawaz, Superintending Engineer, Pak PWD

2. The mandate of the Committee was to perform following tasks and submit report within 10 working days of the issuance of notification:-

- i. To verify the validity/ justification of formula of revised cost overrun estimates of Rs. 889.494 Million of 07 stalled projects.
- ii. To verify the work done viz-a-viz payments made and justification of payment of outstanding bills without obtaining policy decision from the BoD especially in the light of clear directions issued by Minister of State for Housing & Works/ Chairman PHAF on September 27, 2013, that no further action be taken in respect of seven stalled projects unless the matter is thoroughly thrashed-out in the BoD meeting.
- iii. Whether approval of BoD was obtained before making payments especially when minutes of BoD meeting dated July 31, 2013 were yet to be confirmed.
- iv. To verify justification of cost overrun of seven projects at Wafaqi Colony, Lahore (including UET Shops) as compared to cost overrun projects of G-10/ G-11, Islamabad.
- v. To vet the pending liabilities which are yet to be paid to contractors

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3. The Convener of the Committee briefed the Board of Directors and presented his recommendations as per the T.O.R's of the committee. After which a detailed discussion ensued among the Board members and following decisions were taken:

DECISION:

1. Director (Engineering), PHAF would break up the total estimated cost of the seven stalled projects i.e. Rs. 889.494 Million into cleared bills and pending dues (Project wise) and would then calculate the escalation (or De-escalation) on these amounts.

2. The MD, National Construction Limited Mr. Hassan Haqqani and the DG, Pak-PWD Mr. Ata will tally the figure of Rs. 889.494 Million of the seven stalled projects from the IPC and also the escalation or de-escalation as the case may be as calculated by the Engineering Wing and will verify the total as being correct or otherwise.

3. In future, no payments may be made to the contractors including the seven stalled projects without the approval of the Board of Directors of the PHA F.

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BRIEFING ON PHAF'S FINANCIAL POSITION AS ON 30.11.2013 OF
ALL ACCOUNTS (BANKS/BALANCE/ACCOUNTS OPENING DATES)

DECISION:

The Chairman pointed out several irregularities/illegalities in respect of payments to contractors of seven stalled projects and raised several other issues. A committee consisting of the Chairman of the Board, the Managing Director PHAF, Director Finance PHAF and Mr. Rohail Baloch, Financial Advisor (Works) was formed. The item therefore was deferred with the decision that the Director Finance PHA-F will give a detailed presentation to the worthy Chairman and members of the committee on Monday the 16th of December, 2013.

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BRIEFING ON ONGOING PROJECTS OF PHA FOUNDATION

1. 'B' TYPE APARTMENTS AT WAFaqI COLONY LAHORE

Construction Type/ Location	'B' Type Apartments (1365 Sft) at Wafaqi Colony, Lahore
No. Blocks/ Apartments	3/60
Design & Supervision Consultant	M/s Chishty Bros (Pvt.) Ltd
Contractor	M/s Mark Development (Pvt.) Ltd
Contract Cost	Rs. 251.440 Million
Date of Commencement	11-01-2011
Stipulated Date of Completion	11-01-2013
Revised Date of Completion	11-01-2014
Progress Achieved	63%

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2. 'D&E' TYPE APARTMENTS AT CGE LAHORE & 'E' TYPE APARTMENTS SHOPS

Construction Type/ Location	'D' & 'E' Type Apts at CGE Colony Lahore (plot no.279)	'E' Type Apts & Shops (plot no.279)
No. of Blocks/ Apartments & Shops	3/48	7 shops & 12 Apts
Design & Supervision Consultant	M/s Chishty Bros (Pvt.) Ltd	
Contractor	M/s IFCO (Pvt.) Ltd	
Contract Cost	163.751 Million	
Date of Commencement	24-10-2010	
Stipulated Date of Completion	23-10-2010	
Revised Date of Completion	For Apts: 23-04-2014 For Shops: 12 Months w.e.f. vacation of Stay Order	
Progress Achieved	58%	

DECISION:

Every effort should be made to get the projects completed on schedule.

BRIEF REGARDING PROJECT OF I-16/3, ISLAMABAD

1. PHA launched housing scheme for low paid Federal Government Employees, poor, shelter less and low income groups including overseas Pakistanis at Sector I-16/3, Islamabad.
2. Project was awarded to M/S SAMPAK in May 2010 for D & E type apartments with Ground+9 or Ground+3 configuration and finally project with (G+9) apartments was launched in July 2010 as per original agreement with M/S SAMAPAK (Design Consultant of the project). The Consultant was required to provide services for development of 'D' (900 Sft) and 'E' (700 Sft) type apartments but failed to evoke response from the public.
3. Hence, it was decided to revert from (G+9) to (G+3) configuration with two bed rooms (575 Sft) low cost housing units and amendment to the agreement was drawn with M/S SAMPAK accordingly. Good response was received from the allottees.
4. However, as per Board decision of the 28th Authority meeting it was again decided to go for two bed rooms (575 Sft) low cost housing with (G+9) configuration and accordingly amendment No. 2 to the agreement was drawn with M/s SAMPAK.
5. The consultant M/S SAMPAK prepared the design as per amendment No. 2 to the agreement and submitted the documents in 4 packages for tendering purpose and was paid 70% of the design fee. However, the layout plan was not approved from CDA (Local approving agency) and M/S SAMPAK was informed as there were few observations of CDA as per CDA by-laws which were not addressed by the Consultant. In order to meet the same a revised layout plan was submitted by the Consultant while amended design and tender documents as per revised layout were not submitted.
6. As per 4th meeting of the Board of Directors (BoD) PHA Foundation it was decided that project at I-16/3 shall be constructed with (G+3) configuration.
7. Several meetings were held with the Consultant SAMPAK regarding finalization of the design with (G+3) configuration as per 4th Board of Directors' meeting. The last meeting was held on 8th October, 2012 in SAMPAK head office Lahore under the chairmanship of MD PHA-F. Where in it was decided/agreed that M/S SAMPAK will prepare the design with agreed layout plan of 'E' type apartments with covered area of 700 Sft and will be placed before the Board in its next meeting for approval.
8. As the date was fixed with the Honorable Minister for presentation and the same was conveyed to MD, SAMPAK. On the contrary he refused to give any presentation on account of withheld payments of the other project whereas an amount of Rs.13, 373,192/- had already been paid to the Consultant SAMPAK for the design with (G+9) configuration for same project. This indifferent attitude on part of M/S SAMPAK put PHA Foundation in

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embarrassing situation before the Honorable Minister and the Secretary, which may be termed as misconduct & unsatisfactory performance by the Consultant as per clause 11(3) (professional liability of the Consultant) of PPRA rules.

9. Eventually NOTICE OF TERMINATION was sent to M/S SAMPAK under Article No. 7 of the consultancy services agreement dated 30-11-2012 on account of his misconduct.
10. M/S SAMPAK approached the honorable Islamabad High Court and obtained Stay Order against PHA-F (i.e. Status Quo shall be maintained in respect of the said project till next date of hearing) communicated vide their letter dated 03-12-2012. Last date of hearing was 06-06-2013 (next date of hearing is date by office).

PROPOSAL:

It is proposed that the scheme at Sector I-16/3 be launched as low cost apartments by PHA-F because land measuring 15.6 acres at Sector I-16/3 has already been allotted to PHA-F and payment amounting to Rs.150 Million against the total payment of 254.826 Million as cost of land has been paid to CDA.

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DECISION:

Letter be written to the Finance Ministry to hand over the Land to Apna Ghar Company Limited.

AGENDA ITEM NO.6(i)

BRIEF REGARDING KURRI ROAD PROJECT, ISLAMABAD
(LAND WING)

DECISION:

This item was deferred.

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AGENDA ITEM NO.6(ii)

BRIEF REGARDING KURRI ROAD PROJECT, ISLAMABAD
(ENGINEERING WING)

DECISION:

This item was also not discussed. However, it was decided that "The Engineer" Mr. Kakakhel will give a detailed briefing to the Chairman on Monday the 16th of November, 2013.

BRIEFING ON CANCELATION OF CONTRACT
(MR. ALI AKBAR SHAIKH) HIRED AS PROJECT DIRECTOR
FOR KURRI ROAD PROJECT

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BRIEF HISTORY:

Mr. Ali Akbar Shaikh, ex-DG, Pak PWD, was appointed as Project Director, Kurri Road Housing Project on 5th June, 2012 on contract basis for a period of one year on a lump sum pay of Rs.120,000/- per month as decided in the 3rd Board of Directors' Meeting.

2. In the 4th Board meeting, Mr. Shah Din Shaikh (Member Engineering) and Mr. Liaquat Munir Rao (Financial Advisor) raised some observations that the posts were not advertised and PPRA rules were not followed, as was agreed in earlier Board meeting .Consequently, his appointment was revoked on 20 July, 2012 in 4th BoD). Mr. Sheikh was paid One month salary in lieu of notice required for the purpose.

3. Mr. Ali Akbar Shaikh challenged the decision of the 4th BoD Meeting in Islamabad High Court (IHC) vide Writ Petition No.3029 dated 17-09-2012 and the Hon'ble Court passed a short order.

4. In compliance to the Interim Order of the Hon'ble Court, Mr. Ali Akbar Sheik's Contract Termination Order was withdrawn on 7th May 2013. It is pertinent to point out that Mr. Sheikh did not perform his duties in PHA-F.

6. It is important to highlight that Mr. Ali Akbar Sheikh withdrew his Original Writ Petition regarding the re-instatement of his services in PHA-F and filed another Writ Petition No. 4123/2013 for the release of salary because during the Interim Order (stay) the contract period of Mr. Ali Akbar Sheikh expired which shows the malafide intentions of the petitioner.

7. The matter of Second Writ Petition is pending adjudication before the Hon'ble High Court Islamabad. PHA-F has submitted its reply in the instant case.

DECISION:

It was decided in principle to make the payment of salary but the decision was deferred till the final judgment of the honorable high court.

REPORT ON PREMATURE TERMINATION OF CONTRACTUAL PERIOD OF
CH. MUHAMMAD ASHRAF, AD (HR)

Mr. Muhammad Ashraf was appointed as Private Secretary (BS-17) on contract for six months after superannuation on 18th March, 2011, on a consolidated pay of Rs. 35,000/- per month which expired on 17th September 2011.

2. Before expiry of contract, Mr. Muhammad Ashraf vide his application dated 9th September, 2013, requested the Hon'ble Minister of State for Housing and Works for grant of extension for another period of one year. The Hon'ble Minister was kind enough to issue orders that "**please resolve under rules/policy**". The officer's contract was terminated on 19th September, 2013 with 14 days' notice. The MOS/Chairman suspended the office order with the directions to put up within three days. In compliance, **The Report along with Rules/Policy** was sent to Federal Secretary for Housing & Works on October 1, 2013. The operative para of which is reproduced as under:

"The Establishment Division's letter No.20/10/2007-E-1 dated December 04, 2007 regulates the re-employment on contract beyond the age of superannuation. Wherein the re-employment on contract is restricted to few cases where the expertise of the civil servant is still required by the Government, and requires approval of the Prime Minister. As per policy instructions, all cases of re-employment are subject to the following conditions:

- v) **Non-availability of suitably qualified or experienced officers to replace the retiring officer;**
- vi) **The officer is highly competent person with distinction in his professional/field;**
- vii) **The re-employment does not cause a promotion blockage; and**
- viii) **Retention of the retiring officer, for a specific period, is in the public interest."**

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3. At the time of his re-employment on contract basis in PHA, there might have been a need to appoint the above referred official in order to run day to day business. However, this is pertinent to bring into your kind notice that this organization has now recruited a large number of officers/officials in the year 2012. To the extent that salary bill of this organization which used to be around 10 million per year has swollen 10 million per month. Mr. Ashraf is sole contract official now in this organization. He has also got his son Mr. Nouman Ashraf employed as steno typist in BPS-14. Thereafter, prime fascia there is no humanitarian ground left to burden PHA with his retention.

DECISION:

Contract of Mr. Ch. Muhammad Ashraf may be renewed for another period of six months with immediate effect.

BRIEF REGARDING MS-WING

The MS Wing was established on self-finance basis to generate its revenue through collection of maintenance charges from allottees and meet the maintenance and salary expenses from them.

2. Owing to the new creation and non-availability of funds with MS Wing, the Head of MS Wing requested for provision of initial 03 months' salaries for its 209 hired employees which amounted to Rs. 8,070,000/- which was duly approved by the then MD, PHAF with the condition to recover the amount by December, 2012. However, PHAF released only first installment amounting to Rs. 2,690,000/- so far

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ISSUES/ PROBLEMS:

The MS Wing has been established since May, 2012 and so far it has not been able to generate reasonable revenue instead the Wing is becoming a financial burden for PHAF because of following reasons:

- i. The Associations of allottees have got Stay Orders from the Court of law at 07 out of 09 completed PHAF project sites with a view that PHAF has very inconsistent policy/behavior and there is no clear policy regarding this particular matter which hampers the MS Wing to provide maintenance services at sites resultantly, collection of revenue suffers adversely.
- ii. The MS Wing has been callously mismanaged from the process of recruitment to the provision of services for which it was established. The decision to employ large number of Assistant Directors, Assistants, UDCs etc. is not only irrational but also financially not sustainable. The MS Wing can only survive with the provision of civic amenities by professionally trained team of technicians. Large number of Assistant Directors, Assistants, UDCs etc. are not required to say the least.
- iii. The MS Wing has not returned the first loan installment of Rs. 2,690,000/- so far which was taken on account of salaries of employees. It is pertinent to highlight that MS Wing is further requesting for more finances and loan just to pay the salaries without attending to the actual provision of services and collect revenues from the allottees.

2. The Board of Directors of PHA Foundation in its 11th BOD meeting held on November 5th, 2013 discussed in depth about the problems and issues pertaining to sustainability, viability and financial model of the MS Wing.

3. It was discussed that the whole concept behind the creation of the MS Wing in 2012 was that it should be a financially self-sustaining wing generating its own resources for the

services it would provide and would pay salaries and operational costs out of its self-generated revenue from the 9 completed projects of PHAF. However, the allottees of seven out of nine projects have got stay orders from the courts against collection of such charges by the MS wing.

4. The Board members were apprised that the MS Wing has been plagued by financial problems since its inception. It was given an initial loan of 2.6 million by the PHAF to cover its initial salary and operational costs. That loan was supposed to have been returned in three months. But the wing has been unable not only to return the loan but it has also failed to generate enough resources to cover even the salaries of its employees. Since the MS wing is unable to generate its own resources it has to rely on loans which is against the very spirit of its creation.

5. The resultant situation being that this wing after one year of its creation is now a complete failure and is unable to function and provide any of the basic services for which it was created and if it is given more loans it will only add to the liabilities of PHAF since MS wing is not in a position to generate sufficient funds to cover its costs.

DECISION:

In light of the discussion recorded above the Board unanimously decided as under:

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The financial model of MS Wing has totally failed as envisaged at the time of its approval in the second Board meeting held on 18th April, 2012 and the Wing has not been able to generate revenue essential for its sustainability as was envisaged at the time of its establishment. Giving more loans to MS Wing without any workable plan of recovery will only add to the liabilities of the PHAF resulting in further financial strain for the organization.

In the absence of any viable financial model and to avoid further financial losses the Board in exercise of the powers conferred by clause C of the Article 42 of the Articles of Association of the PHAF has decided to terminate the contracts of the employees of the MS Wing AB initio.

List of Participants

Barrister Usman Ibrahim, Minister of State for Housing & Works/ Chairman PHAF, Islamabad.	Chairman	Attended
The Secretary, M/o Housing & Works, Islamabad.	Deputy Chairman	Not Posted
Mr. Omer Rasul , Joint Secretary, M/o H&W & Acting MD, PHA Foundation.	Member	Attended
Mr. Sana Ullah Aman, Member Engineering, CDA, Islamabad	Member	Not Attended
Mr. Ruhail Muhammad Baloch, Financial Advisor (Works), M/o Housing & Works, Islamabad.	Member	Attended
Mr. Malik Zafar Abbas, Director General, FGEHF, Islamabad.	Member	Attended
Mr. Atta-ul-Haq Akhtar, Director General, Pak PWD, Islamabad	Member	Attended
Mr. Shah Din Shaikh, Joint Engineering Advisor, M/o Housing & Works, Islamabad	Member	Not Attended
Mr. Aurangzeb Maral, Deputy Secretary (Admin) M/o Housing & Works, Islamabad	Member	Attended
Company Secretary/ Director (Admin)		Attended
Director (Finance), PHAF		Attended
Director (Land & Estate), PHAF		Attended
Director (Engineering), PHAF		Attended

(End)