



(37)

**PHA FOUNDATION
MINISTRY OF HOUSING**

MINUTES OF THE MEETING

**SUBJECT: 4TH MEETING OF THE BOARD OF DIRECTORS (BOD) PHA
FOUNDATION HELD ON 17TH JULY, 2012**

A meeting of the BOD of PHA Foundation was held at 11:30 hours on 17th July, 2012 in the Ministry of Housing. The Minister for Housing / Chairman PHA Foundation chaired the meeting. List of participants is annexed. The Board deliberated upon different agenda items and made certain decisions as per agenda items appended below:-

AGENDA ITEM No-1

CONFIRMATION OF THE 3RD BOARD MEETING MINUTES

The Minutes of the 3rd BoD meeting were circulated among the members of the Board of Directors. So far none of the members have raised any objection, except appointment of Mr Ali Akbar Sheikh as Project Director Kurri, which was clarified vide PHA Foundation's letter No.PHA-F/3rd Board meeting/2012 dated: 02-07-2012 (Annex-I). Therefore, the Board may confirm the minutes of the 3rd BoD Meeting.

Decision

The Board discussed this item in detail Mr. Shah Din Sheikh, Joint Engineering Advisor, Ministry of Housing & Works pointed out that in the last meeting it was discussed that Posts of Project Director(Kurri Road Housing Scheme), Director (Engineering) & Director (Finance) will be advertised. Instead of advertising the post, appointments were made. The CEO informed the Board that on 5th June 2012, the Sr. JS / Acting Secretary (H&W) conveyed the orders of Chairman PHA Foundation Board that Mr. Ali Akbar Shaikh and Mr. Farooq Sherwani may be appointed as Project Director and Director (Engineering) respectively.

The Board directed that earlier decision regarding appointments of Mr. Ali Akbar Shaikh and Mr. Farooq Sherwani were made without advertisement may be revoked. The Board further directed that as soon as the construction work of housing units is started, Chief Executive Officer, PHA Foundation may submit a panel of suitable officers for appointment as Project Director, Kurri Road Housing Scheme.

Amir Muhammad

Amir Muhammad

**DEVELOPMENT OF HOUSING SCHEME
FOR F.G. OFFICERS AT KURRI ROAD ISLAMABAD
(AWARD OF CONTRACTS OF HOUSING UNITS)**

M/S Abdul Majeed (Annex-II) & Co and M/S Techno International (Annex-III) had approached PHA Foundation for award of Kurri Housing Contracts being the lowest bidders. Brief facts of the case are as under:-

The Prime Minister inaugurated the Kurri Housing scheme on 9th February 2012 and the work on the development of infrastructure is in progress since then.

2. The tenders for various categories of houses were invited on March 16, 2012. Following nine (09) pre-qualified contractors participated in the bidding process:-

1. M/S Habib Rafique (Pvt) Ltd
2. M/S Usmani Associates
3. M/S United Engineers
4. M/S Maaksons
5. M/S Ch. Abdul Latif & Sons
6. M/S NCL
7. M/S Mark Development
8. M/S Abdul Majeed & Co
9. M/S Techno International

3. Out of above nine (09) contractors, following (04) contractors quoted the lowest bids for various category houses as under:-

S. No.	Category	Nos. of houses	Covered Area (Sft)	Names of the lowest Bidders	Lowest Bid (Cost / Sft)
1	I	117	4272	M/S Abdul Majeed & Co	Rs. 1150/-
2	II	178	3431	M/S Techno International	Rs. 1300/-
3	III	146	1995	M/S N.L.C.	Rs. 1485/-
4	III	147	1995	M/S Abdul Majeed & Co	Rs. 1450/-

4. The bids were forwarded to the Project Consultants, M/S Progressive Consultants, for necessary scrutiny. The bids, as scrutinized by the Consultants, are reasonably competitive and within the overall Engineer's Cost estimates.

5. M/S Abdul Majeed & Co and M/S Techno International, meanwhile, had approached the Islamabad High Court vide W.P. No. 968-969 / 2012 and petitioned for

award of the works bided lowest by them and obtained the stay order which are as under:-

"In the meanwhile no work order shall be issued to any contractor till next date of hearing i.e. dated 12-04-2012"

6. The case is pending adjudication and the stay order still holds the ground.

Amzama

Amzama

7. The matter was placed before 3rd PHA Foundation Board in its meeting held on May 18, 2012. The Board decided to scrap the tenders and re-invite the open bids on the basis of two envelope system (technical and financial proposals), through wide publicity in leading newspapers. The bidders were informed accordingly. Decision of the Board is reproduced as below:-

"The Board decided that all the changes suggested in the 3rd party design vetting report of M/S Ess Ess Associates should be incorporated and adopted in the design of the Project. Furthermore, it was decided that in exercise of the powers set out in the advertisement dated 26th November, 2011 and Clause 17.04 of the instructions to tenderers, the bids of all the bidders for the building contracts for the Kurri Road housing scheme should be rejected and call deposits be returned to the bidders. Re-tendering process should be initiated on priority basis by adopting the two-envelope process as envisaged by the PPRA Rules-2004. The re-tendering should be given wide publicity so as to ensure maximum possible participation and strict competition, and the existing bidders should be requested to participate in the re-bidding process. Legal and technical advice should be obtained at every stage of the re-tendering process".

8. M/S Abdul Majeed & Co is the lowest bidder in two packages, has responded that the action of scraping of the tenders by PHA is mal-fide and amounts to contempt of the court. Further, they have contended that the whole process is aimed at eliminating and depriving them from award of the projects bided lowest by them in a fair and transparent tendering process. They have also stated that they will challenge the scraping of tenders in the Court of Law (Annex- IV & V) in case the decision is not reconsidered.

9. The representatives of M/S Abdul Majeed & Co and M/S Techno International have also met CEO PHA Foundation and submitted written assurance that they will perform to the satisfaction of PHA Foundation and also willing to withdraw their cases from the Court in case of award of contracts.

10. In view of the position explained above, the matter is placed before the Board for re-consideration of the earlier decision on the following grounds:-

Grounds:-

- Due to uncertainty and likely delay in execution of the project as a result of on going litigation, the process of booking for the remaining plots has been slowed down and the allottees have started approaching for withdrawal from the scheme. This trend is feared to continue incase the construction of houses is not undertaken early.
- The completion period of the Scheme is fixed for 24 months and the total payment has been evenly distributed in eight (08) installments. The 2nd installment is due on 25th July 2012. Thereafter, it is expedient that the construction of housing units must starts as soon as possible to avoid default on the delivery schedule committed to the allottees.

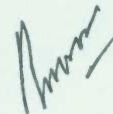
- The exercise of scrapping of the already concluded tendering process and re-invitation of fresh bids, will not only delay the project but the cost of the project may also escalate thereby inviting audit objections. More importantly, the Scheme which was started enthusiastically may be delayed and scare the allottees and ultimately put the scheme in jeopardy.
- Therefore, in the best interest of the Scheme, which is first of its kind, and also in the interest of government employees who have reposed their confidence in the said Scheme and invested their hard earned money for having the house of their own, the matter is placed before the Board that earlier decision regarding scrapping of tenders be re-considered and approval be accorded for award of various packages of housing units to the lowest bidders with the following conditions:-

Conditions:-

- i. M/S Abdul Majeed & Co & M/S Techno International (Pvt) Ltd will withdraw the case from the Court unconditionally.
- ii. They will give acceptable undertaking for timely and satisfactory completion of the project.
- iii. They will submit Performance Security Bond issued by "AA" rating Insurance Company.
- iv. Other PHA Projects awarded to them shall be dealt with separately and any decision regarding cost & time overrun will be binding on them.

Decision

After detail discussion on the grounds and conditions given in the working paper, it was decided that lowest bids may be accepted for each category of houses so, that the project can be started without further loss of time. The Board also directed that best possible guarantees regarding performance bond, mobilization advance and timely completion of the project may be obtained from all the contractors in consultation with legal advisors.



**DECISION ON REPORT OF THE COMMITTEE
ON COST & TIME OVERRUN
ON 07 (SEVEN) ONGOING PHA PROJECTS.**

During the course of 1st Presentation to the Honourable Minister for Housing on June 28, 2012 it was desired to place the matter in next meeting of PHA Foundation Board.

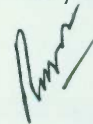
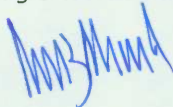
Brief facts of the case are submitted as under:-

- a. This matter was first time placed before 28th PHA Board meeting held on October 21, 2011 for approval of excess quantities and amount. The Board constituted "Technical Committee" headed by Mr. Ali Akbar Sheikh Ex- Pak PWD.
- b. The above Committee presented its report in 29th PHA Board meeting held on January 3, 2012. The Board showed deep concern about cost & time overrun on seven ongoing PHA projects and decided for formal investigation and probing into the matter to find out reasons for the abnormal cost overrun and fix the responsibility. Mr. Sikandar Hayat Mekan was appointed as Inquiry Officer associated by Mr. Ali Akbar Sheikh.
- c. Mr. Sikandar Hayat Mekan submitted its report in 1st Board meeting of PHA Foundation held on March 8, 2012. The board constituted a "Technical Committee" headed by Mr. Abdul Jabbar Malano, Director (Engineering) PHA Foundation.

2. Mr. Abdul Jabbar Malano, along with other members of the Committee, presented its report in 3rd PHA Board of Director Meeting held on May 18, 2012. The report was discussed in details and Board decided that:-

"The Chair expressed dissatisfaction on the inquiry Report submitted by the Inquiry Committee headed by Mr. Abdul Jabbar Malano, Director Engineering. The Chair pointed out that the report has not been concluded. The Committee was directed to re-visit the report and give comprehensive and conclusive recommendations in terms of what went wrong and where it went wrong and who were the responsible for the same. The Committee was directed to submit its report latest by 24th May, 2012. The Board also directed that if necessary FIR be lodged against the Officers / Officials responsible for missing record."

3. The Committee members accordingly re-visited their report and agreed with consensus that no material change is required in the original report of the Committee. However in order to attend the queries and questions raised in the Board Meeting, further elaboration of earlier conclusions where necessary, has been made in order to make the conclusions more specific. The supplementary report with necessary elaboration was submitted to Secretary M/O Housing & Works on 24th May 2012 for kind perusal and further action. Secretary Ministry of Housing & Works directed Senior Joint Secretary on the report that:-



"Pl. proceed as per rules / law against those who are found responsible for the violations / lapses".

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4. The Officers involved in the inquiry sought an interim stay order from Islamabad High Court with direction that:-

"Respondents were restrained from any action against the Petitioners and the Final Inquiry Report as on 26th April 2012 will not be altered".

5. The summary of the seven projects is as under:-

Table No-1

S. No.	Name of Project	Contractors	Consultants
1	"C" type apartments in G-11/3	M/S Abdul Majeed & Co	M/S SAMPACK
2	"E" type apartments in G-11/3	M/S Abdul Majeed & Co	M/S SAMPACK
3	Infrastructure works in G-11/3	M/S Abdul Majeed & Co	M/S SAMPACK
4	Shops near UET Lahore	M/S Toor Trading Company	M/S SAMPACK
5	"D" type apartments in Wafaqi Colony Lahore	M/S Iftikhar & Co	M/S Chishti Bros
6	"E" type apartments in Wafaqi Colony Lahore	M/S Iftikhar & Co	M/S Chishti Bros
7	"D" type apartments in G-10/2	M/S Techno International	M/S ACE (Pvt) Ltd

Table No-2

(Rupees in million)

Name of Project	Engineer's Estimate	Bid Cost	Revised Completion Cost	Payment made so far	Amount required for completion	Anticipated Revenue	Increase in %age
"C" G-11/3	353.11	387.52	532.52	524.02	8.50	116.00	37
"E" G-11/3	490.91	548.03	774.93	684.35	90.58		42
Infra G-11/3	178.87	184.99	239.73	134.54	105.19		30
Shops UET Lahore	9.95	10.40	13.50	8.32	5.18	2.30	30
"D" at Wafaqi Colony Lahore	92.48	99.83	132.93	109.82	23.12	12.00	33
"E" Wafaqi Colony Lahore	76.13	83.72	109.51	87.38	22.13		31
"D" type G-10/2	482.98	635.50	883.30	639.07	244.23	76.00	39
TOTAL	1684.43	1949.99	2686.41	2187.48	498.93	206.30	38

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Table No-3
(Rupees in million)

S. No.	Name of Project	Progress	Nos. of Units	Excess Cost	Anticipated Revenue	Completion time
1	"C" type apartments in G-11/3	97%	208	144.993	116.00	3 months
2	"E" type apartments in G-11/3	90%	400	226.900		4 months
3	Infrastructure works in G-11/3	85%	608	54.736		5 months
4	Shops near UET Lahore	80%	11	3.100	2.30	6 months
5	"D" type apartments in Wafaqi Colony Lahore	95%	92	33.098	12.00	3 months
6	"E" type apartments in Wafaqi Colony Lahore	95%	88	25.786		3 months
7	"D" type apartments in G-10/2	90%	368	247.800	76.00	4 months

6. The reasons for in cost overrun were as under:-
- Change of isolated column footing (assumed) into raft / strip combined as per actual bearing capacity.
 - Adoption of revised seismic zoning code in structural design.
 - Estimation at tendering stage without structural design on actual bearing capacity and topography.
 - Additional works e.g. raising and extending RCC wall, water reservoir and tube wells (G-11/3 apartments).
 - Incorrect quantification of BOQ items in the absence of proper design and drawing.
 - Reclaiming of nullah as Land was insufficient at G-11/3 to accommodate 12 blocks. This involved huge protection works and heavy foundation.
7. The following proposals are being submitted for considerations of Board:-
- i. To regularize the amount paid and payable against work done for issuance of Variation Orders.
 - ii. To rationalize further payment to contractors.
 - iii. To pass on the impact of cost over run to the allottees.
 - iv. To proceed as per findings of the Inquiry against the Consultants (M/S Sampak, M/S Chishti Bros & M/S ACE).
 - v. To proceed against the concerned PHA Foundation officials as per findings of the Inquiry and directions of Board.
 - vi. To approve the completion time of all the projects maximum up to 6 months from the date of fulfillment of required codal formalities.

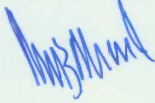
Decision

After detailed discussions the Board directed that matter be referred to Federal Investigation Agency (FIA) for further investigation and taking action as per law against those found responsible. The Board further directed that specific term of references (TORs) may be developed




*in the light of earlier inquiries to facilitate the FIA in the early finalization
of the investigation.*

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DECISION ON I-16/3 LOW COST HOUSING PROJECT

During the course of first presentation to the Honorable Minister for Housing it was desired that the project be reviewed from (G+9) to (G+3) keeping in view the current market situation and cost estimates.

Brief facts of the case are submitted as under:-

- PHA has launched housing scheme for low paid Federal Government Employees, poor, shelter less and low income groups including overseas Pakistanis at I-16/3, Islamabad.
- Initially project with (G+9) apartment configuration was launched in July 2010, but failed to evoke response from public against 1960 No's apartment.
- Hence it was decided to revert back from (G+9) to (G+3). Two bed low cost housing with (G+3) apartment's configuration was launched in February 2011. In response 522 No of applications were received against 1360 No's apartment.
- As per Board decision of the 28th Board Meeting held on 21st October, 2011 it was again decided to go for (G+9).

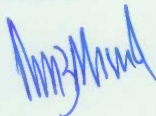
The project was redesigned as two bed low cost housing with (G+9) apartments configuration and is all set to be launched. However, reviewing the past experience and considering the following factors (G+9) apartment configuration does not seem feasible.

- Extra cost due to Heavy Engineering design for high rise structure.
- Extra cost due to introductions of lifts, which are not required for (G+3) configuration.
- Extra cost due to the requirement of stand by generator for lifts.
- It is to be noted that high rise construction can be successful in those sectors of Islamabad, which fall on Northern side of GT Road. Areas like G-10 and H-11 to H-13 are seller's area, where marketing of (G+9) configuration or more is easy.
- Whereas areas like I-15 to I-17 are typically buyers area and at this point of time it is difficult to attract the buyers, unless the price is kept to minimum.
- However, when these areas are populated, then in the on-coming schemes, high-rise buildings can be successful.

In light of above situation, matter is placed before the Board whether the project may be launched with (G+3) or (G+9).

Decision

The Board discussed this project at length regarding G+3 and G+9. Keeping in view the very poor response of the people for G+9, it was decided that project at I-16/3 shall be constructed at ground +3. It was also directed that best marketing strategy may be adopted so, that all the flats are booked.



**INCREASE IN THE ALLOWANCES
OF FEDERAL GOVERNMENT EMPLOYEES.**

The Federal Government in the budget 2012-13 has increased the following two allowances for the Federal Government Employees:-

- (i) adhoc relief allowance 2012 @ 20% of the basic pay, and
(ii) conveyance allowance of BPS-1-19 employees as under:-

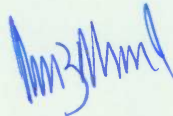
BPS	EXISTING	REVISED
1-10	Rs.1150/-p.m.	Rs.1500/-p.m.
11-15	Rs.1700/-p.m.	Rs.2000/-p.m.
16-19	Rs.2480/-p.m.	Rs.5000/-p.m.

Decision

The Board considered this item and directed that total financial implications of this proposal may be worked out and placed before the next board meeting for consideration.

Additional Decisions:

- i) *The Board observed that Engineering, Law and Marketing Wings of the PHA Foundation are very weak. The Board directed the management that efforts shall be made to strengthen these wings to the optimal level.*
- ii) *The Board directed for a bar chart along with time span of all the on going projects and submission of monthly progress reports of all the projects.*
- iii) *The Board directed that statements of accounts, number of Banks, accounts maintained therein and financial status of PHA Foundation may be submitted in the next Board meeting.*
- iv) *The Board directed that a proper web site for the PHA Foundation may be developed and floated for the information of all concerned.*




List of Participants

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Sardar Talib Hassan Nakai, Federal Minister for Housing / Chairman PHA Foundation Islamabad.	Chairman	Attended
Mr. Kamran Lashari Secretary, M/o Housing & Works, Islamabad.	Deputy Chairman	Attended
R.B. Phulpoto Chief Executive PHA Foundation	Member	Attended
Syed Ibrar Hussain Shah Member Engineering, CDA, Islamabad	Member	Absent
Sardar Azmat Shafi, Joint Secretary, M/o Housing & Works, Islamabad	Member	Attended
. Mr. Liaquat Munir Rao, FA (Works) / Joint Secretary, Finance Division, R-Block, Room No. 137, Pak Sectt., Islamabad	Member	Absent
Mr. Talat Rasheed R. Miyan, Director General (FGEHF), FGEHF, 10 Mauve Area, G- 10/4, Islamabad	Member.	Attended
Mr. Shah Din Shaikh, Joint Engineering Advisor, M/o Housing & Works, Islamabad	Member	Attended
Mr. Gulab Zamir, Director General, PAK PWD, Islamabad	Member	Attended
Deputy Managing Director		Attended
Company Secretary		Attended
Director (Land)		Attended
Director (Engineering)		Attended
Director (Finance)		Attended

Amir

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