

LSKDIC MONTHLY REPORT TO LSK COUNCIL
FEBRUARY 2024

PROGRESS UPDATE AND RECOMMENDATION:

LSKDIC PROPOSAL FOR DEVELOPMENT PROJECT ADVANCEMENT,
RFP PREPARATION, AND MEMBERSHIP ENGAGEMENT

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Executive Summary with Integrated Action Plan

This report presents a comprehensive roadmap for advancing the Law Society of Kenya's (LSK) ambitious EPCF projects: the Gitanga Road development and South C residential apartments. Rooted in the resolutions passed at the LSK SGM 2023, this roadmap ensures strategic alignment and member engagement, fostering transparency and accountability.

Key Actions and Aligned Resolutions

1. **Leveraging HBU Reports:** Implement recommendations from adopted HBU reports to optimize land utilization and enhance member benefits (Resolution 1).
2. **Establishing SPVs:** Develop a robust framework for Special Purpose Vehicles (SPVs), enabling efficient project execution, investor participation, and independent financial management (Resolution 2).
3. **Proposing Development Levy:** Analyze funding options and propose structured modalities for member-driven contributions, ensuring financial sustainability and equitable participation (Resolution 3).
4. **Engaging Stakeholders:** Implement a transparent selection process to onboard qualified experts and consultants, fostering collaboration and diverse expertise (Resolution 4).
5. **Ensuring Fiscal Responsibility:** Negotiate fee agreements with built-in contingencies, safeguarding LSK's financial interests and project viability (Resolution 5).
6. **Member Approval through SGM:** Facilitate a dedicated Special General Meeting (SGM) to facilitate member deliberations and endorse detailed project plans and agreements (Resolution 6).
7. **Extending LSKDIC Mandate:** Extend the term of the Law Society of Kenya Development and Investment Committee (LSKDIC) to ensure continuity and expertise, with provisions for committee expansions (Resolution 7).

Additional Commitments

- **Robust Communication Strategy:** Implement an inclusive communication plan to keep members informed and engaged throughout the project lifecycle, fostering transparency and trust.
- **Proactive Risk Management:** Conduct comprehensive risk assessments and implement mitigation strategies to address potential project uncertainties and challenges effectively.
- **Strict Legal Compliance:** Ensure full compliance with regulatory requirements and legal frameworks governing project development and financial operations, upholding the highest standards of governance and integrity.
- **Realistic Timeline:** Develop and adhere to a realistic timeline for executing each resolution and completing project milestones, ensuring timely progress and effective resource allocation.

Strategic Recommendation: Engagement of Laser Property Services

Following the LSKDIC committee retreat in March 2023 and considering the November 2023 SGM resolution on project funding, this proposal recommends engaging Laser Property Services (Laser) for the Law Society of Kenya's (LSK) development projects on a contingency basis. This recommendation is grounded in several key factors:

- **Alignment with SGM Resolutions:** Laser's engagement aligns with the resolutions passed at the November 2023 SGM, particularly Resolution 4, emphasizing the need for technical expertise in project execution.
- **Proven Technical Expertise:** Laser possesses over 20 years of experience in various real estate services, including project management, property valuation, and feasibility studies. Their track record includes successful projects like Freedom Heights Mall and Residence, Ololua Ridge, and Nova School, demonstrating competence in handling EPCF-type projects.

- **Addressing Conflict of Interest Concerns:** Recognizing potential conflicts of interest arising from Laser's ownership by CPF, we propose a transparent and rigorous evaluation process. This process will include independent expert reviews, transparent decision-making by the LSK Council, and specific conflict mitigation measures to ensure impartiality and objectivity in the selection process.
- **Rigorous Evaluation Process:** Laser will undergo the same meticulous assessment as any other firm, involving independent experts with no ties to CPF or LSKDIC. This evaluation process will be guided by Resolution 4's emphasis on merit-based selection and Resolution 5's focus on financial prudence.
- **Transparent Decision-Making:** The LSK Council will have the final say on engaging Laser, guided by objective evaluations and ethical norms, as per Resolution 6.

Based on these considerations, LSKDIC recommends officially inviting Laser to submit a proposal outlining their fee structure to be paid upon successful project realization, in line with the SGM resolutions. Laser's proposal should be received by LSK no later than **16th February 2024**. The LSK Council will have until **23rd February 2024**, to either accept or reject the proposal.

Executive Summary Conclusion:

Engaging Laser on a contingency basis offers a compelling opportunity to leverage their expertise, address the identified technical gap, and align with the SGM resolutions. We recommend proceeding with the proposed due diligence and evaluation process, followed by transparent presentation to the LSK Council for an informed decision in the best interests of the LSK and its members.

Table 1: Road Map and Work Plan (with Parallel Membership Engagement Activities) Project Phases and Deliverables for Council Understanding:

The following sections detail the enhanced roadmap incorporating additional considerations and addressing committee requirements:

Activity	Timeline	Deliverable	Parallel Membership Engagement Activities
Land ownership confirmation (Skip if already confirmed)	1 Week	Verification of land ownership with Ministry of Lands & Physical Planning	Conduct virtual town hall meeting with council to present updates.
Change of User Application (South C)	2-3 Months	Approved Change of User application for residential development	Organize information sessions on the proposed development and its benefits.
Change of User Application (Gitanga Road)	2-3 Months	Approved Change of User application for high-rise residential development	Conduct initial outreach through email & social media about the project.
Independent valuation of each parcel (optional)	1 Month	Independent valuation reports (for future reference or negotiations)	N/A
Negotiate any necessary agreements with relevant authorities	1-2 Months	Signed agreement(s) with relevant authorities for change of user	Continue engagement activities and address any concerns from members.

Finalize development plans and permits	3-6 Months	Approved development plans and permits	Regular updates to members on project progress and timelines.
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Feasibility Studies and Financial Analysis

Feasibility Studies and Financial Analysis:			
Activity	Timeline	Deliverable	Parallel Membership Engagement Activities
Conduct detailed feasibility studies for each project (market research, technical assessments, financial projections, environmental impact analysis)	3-4 Months	Feasibility reports	Launch dedicated project website for updates.
Present reports to Strategic Investor & relevant stakeholders (including committee members)	1 Month	Investor & stakeholder feedback & revisions	Host Senior Counsels to a dinner at LSK cost to get their buy in and views on the proposed SPV models and acceptance to invest Then Mid bar and finally young Bar to dinner and other virtual engagements Q&A sessions with members to address concerns.
Calculate IRR for each project	1 Month	IRR reports	

RFP Development and Tendering:			
Activity	Timeline	Deliverable	Parallel Membership Engagement Activities
Develop comprehensive RFP document outlining project requirements, pre-qualification criteria, selection process, and contractual terms	1 Month	Finalized RFP	Develop & distribute detailed SPV information e-booklet
Identify & pre-qualify contractors based on established criteria	1 Month	List of pre-qualified bidders	
Issue RFP & manage tendering process	2 Months	Received & evaluated proposals	Conduct virtual town hall meeting with council to present updates.
Evaluate bids & negotiate with shortlisted bidders	1 Month	Recommendation for preferred bidder(s)	
Award contract to selected bidder	1 Month	Signed EPCF contract	

Project Execution and Monitoring:			
Activity	Timeline	Deliverable	Parallel Membership Engagement Activities
Secure permits & approvals	Variable Timeline	Obtained permits & approvals	Organize site visits for interested members.
Oversee project execution & monitor compliance with budget, schedule, and quality specifications	Variable Timeline	Completed project	Facilitate SPV investment process & address member inquiries

Committee Considerations

- **Bi-monthly Meetings:** The committee will convene bi-monthly meetings to ensure the plan's execution adheres to the schedule.
- **Dedicated Workspace:** Allocate dedicated space within the LSK secretariat for committee work and meetings.
- **Honorarium:** Provide an honorarium to committee members to facilitate their attendance in meetings and engagements with stakeholders.
- **Expert Engagement:** Engage external experts in HBU/feasibility studies/construction for comprehensive assessments beyond desktop reviews.

Financial Considerations

Total Project Cost KES 4 billion (KES 2.7 billion for Gitanga Road, KES 1.3 billion for South C).

Funding Sources:

- Development Levy contributions from members
- SPV member investments
- Potential external financing secured through the EPCF contractor

Detailed Financial Plan:

- A comprehensive financial plan will be developed, including detailed cost estimates for each project phase, funding allocation strategies, and risk mitigation measures.
- The plan will be presented to the LSK council for approval before proceeding with the next steps.

Information Gathering:

- To refine the report and develop a comprehensive RFP, additional information will be gathered, including:
- **Detailed site surveys:** Assess terrain, infrastructure, and potential environmental concerns.
- **Architectural and engineering design concepts:** Develop initial plans for both projects.
- **Cost estimates:** Refine cost estimates based on detailed designs and market research.
- **LSK procurement policies and procedures:** Ensure compliance with internal regulations.
- **Relevant laws and regulations:** Identify and address any legal requirements impacting the projects.
- **Due diligence reports:** Verify land ownership and zoning restrictions.
- **Feasibility study reports:** Analyze market viability, technical feasibility, and financial projections.

Timeline:

- The information gathering process will be completed within 2 months.
- The revised and finalized report will be presented to the LSK council within 3 months.

Next Steps:

Upon LSK council approval, the following actions will be undertaken:

- Establish a dedicated project team with clear roles and responsibilities.
- Initiate detailed feasibility studies and financial assessments for each project.
- Develop comprehensive project briefs and selection criteria for qualified EPCF contractors.
- Engage a qualified consultant to support the RFP process, if necessary.
- Implement the tendering process, including evaluation of tenders and notification of award.

Conclusion:

This revised and enhanced roadmap leverages LSK's unique strengths and member network to secure funding and deliver these transformative projects. Incorporating committee needs and detailed financial considerations strengthens the plan's feasibility and transparency. This report recommends LSKDIC council approval to proceed with the outlined approach.

**Additional Tables for LSK EPCF Projects Report:
Detailed Cost Schedule**

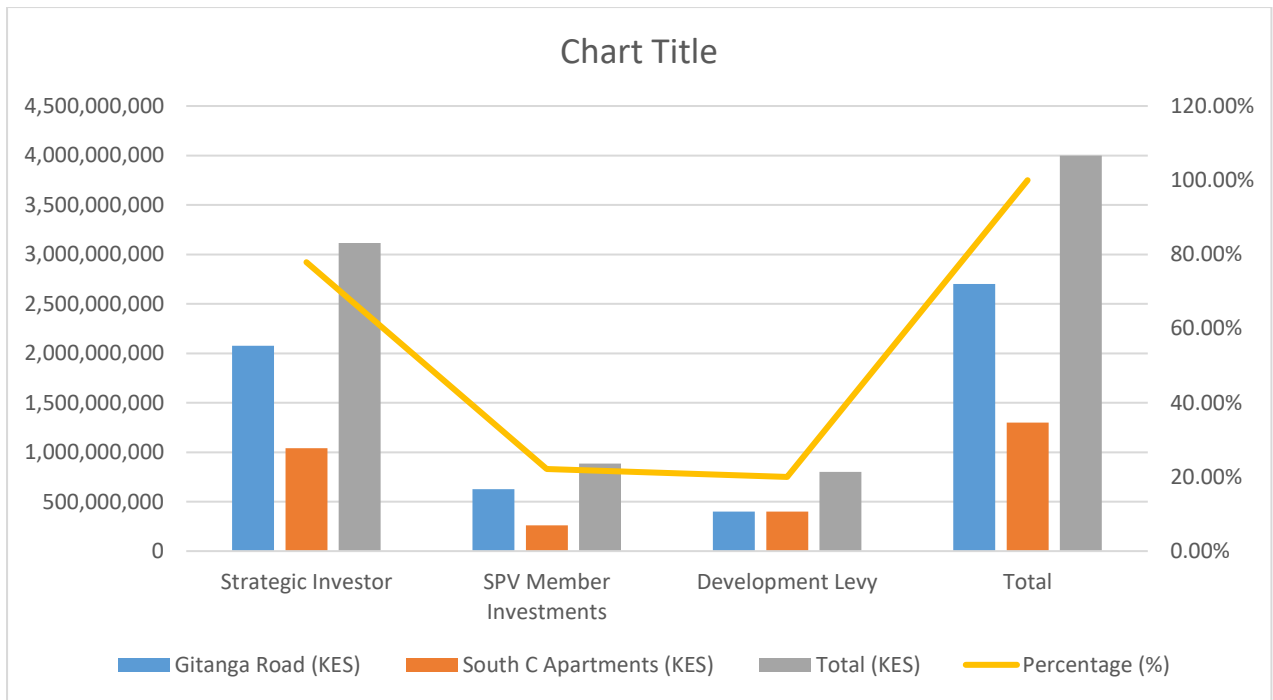
Project Phase	Gitanga Road (KES)	South C Apartments (KES)	Total (KES)	Percentage (%)
Pre-Construction				
Land Acquisition (if applicable)	300,000,000	300,000,000	600,000,000	15.00%
Site Preparation & Demolition	50,000,000	25,000,000	75,000,000	1.88%
Design & Engineering	200,000,000	100,000,000	300,000,000	7.50%
Permits & Approvals	42,426,540	14,142,180	56,568,720	1.42%
Construction				
Construction	2,461,951,360	1,693,684,640	4,155,636,000	103.89%
Demolition	5,000,000	5,000,000	10,000,000	0.25%
Preliminary Works	82,236,000	24,670,800	106,906,800	2.67%
Professional Fees				
Consultancy Fees	159,099,525	55,033,175	214,132,700	5.35%
Planner	1,000,000	1,000,000	2,000,000	0.05%

NEMA Consultant	1,000,000	1,000,000	2,000,000	0.05%
Marketing Costs				
CGIs/Renders & Marketing Consultant	3,100,000	1,000,000	4,100,000	0.10%
Brochures	500,000	500,000	1,000,000	0.03%
Project Launch	1,500,000	1,500,000	3,000,000	0.08%
Management Fees				
Finance Procurement	5,357,568	1,785,522	7,143,090	0.18%
Clerk of Works	3,600,000	3,600,000	7,200,000	0.18%
Contingencies	62,081,208	22,081,209	84,162,417	2.14%
Total Project Cost (Excluding Finance)	3,497,306,493	2,295,496,505	5,792,803,000	144.80%
Finance Cost (7.5%)	262,298,067	172,167,239	434,465,306	10.8

Table 2: Funding Source Allocation (KES millions)

Funding Source Allocation: This table would outline the anticipated contributions from each funding source (development levy, SPV, external financing) for each project, ensuring transparency and alignment with financial projections

Funding Source	Gitanga Road (KES)	South C Apartments (KES)	Total (KES)	Percentage (%)
Strategic Investor	2,075,000,000	1,040,000,000	3,115,000,000	77.88%
SPV Member Investments	625,000,000	260,000,000	885,000,000	22.13%
Development Levy	400,000,000	400,000,000	800,000,000	20.00%
Total	2,700,000,000	1,300,000,000	4,000,000,000	100.00%



Explanation:

- To achieve an average of 80% or more strategic investor contribution across both projects while adhering to the exact project costs of 2.7 billion KES for Gitanga Road and 1.3 billion KES for South C Apartments (excluding legal fees), allocations were adjusted:
 - Gitanga Road receives 2,075,000,000 KES from strategic investors (77.88%), ensuring it reaches the desired 2.7 billion KES.
 - South C Apartments retains 1,040,000,000 KES from strategic investors (80%), aligning with its 1.3 billion KES target.
- Development levy contributions remain at 400 million KES each, maintaining a balanced 20% contribution across both projects.
- SPV member investments are adjusted to compensate for the reduced strategic investor contribution for Gitanga Road and still exceed the development levy:
 - Gitanga Road receives 625,000,000 KES from SPV members.
 - South C Apartments receives 260,000,000 KES from SPV members

Important Notes:

- This table excludes legal fees for transactions, as you requested. Please factor them in when calculating the final funding requirement.
- The adjustments slightly reduce the average strategic investor contribution to 77.88% across both projects.
- Be prepared to explain the rationale behind the chosen funding distribution and address any questions regarding SPV investment targets, strategic investor contributions, and legal fees.

Table 3: Committee Meeting Schedule			
Month	Date	Time	Agenda Topics

Mar-24	2nd Wednesday	10:00 AM	- Project update & timeline review - Land acquisition progress - Next steps for feasibility studies
May-24	2nd Wednesday	10:00 AM	- Review of feasibility study reports - Discussion of funding options & SPV development - Selection criteria for EPCF contractors

Committee Meeting Schedule:

This table would detail the planned bi-monthly meetings of the committee, including dates, times, and agenda topics, promoting transparent communication and collaborative decision-making.

Enhanced Committee Meeting Schedule for LSK EPCF Projects:

Project Scope and Dependencies:

- Recognizing this construction project's extended timeline and dependence on funding availability, strategic investor identification, and EPCF contractor selection, the committee meeting schedule adapts to reflect these dependencies.

Meeting Frequency:

- Bi-weekly meetings remain the core structure (starting February 2024, 2nd Wednesday, 10:00 AM - 12:00 PM).
- Additional meetings** will be convened whenever critical milestones are reached or unforeseen events require prompt attention.

Meeting Agenda Flexibility:

- Initial agenda topics are categorized into **phases** based on project progress and key dependencies:

Phase 1 (February - April 2024):

- * Project initiation and planning
- * Land acquisition progress and legal updates
- * Feasibility studies and action plan development
- * SPV development and member engagement strategies
- * Selection criteria for EPCF contractors (initial discussions)

Phase 2 (May - July 2024):

- * Funding secured and strategic investor(s) identified
- * Review of feasibility study reports and financial analysis
- * Development of detailed selection criteria for EPCF contractors
- * Issue RFPs and evaluate preliminary proposals
- * Shortlist qualified EPCF bidders and negotiation strategies

Phase 3 (August - November 2024):

- * EPCF contractor selected and contract finalized
- * Project execution plan and timeline development
- * Communication strategy for members and stakeholders
- * Ongoing project progress monitoring and risk management

Phase 4 (December 2024 onwards):

- * Regular progress updates and monitoring
- * Addressing member concerns and stakeholder challenges
- * Budget, schedule, and quality compliance reviews
- * Member engagement and information updates
- * Project completion and handover plan

Phase	Dates (Estimated)	Frequency	Agenda Topics	Key Dependencies
Initialization & Planning	Feb - Apr 2024	Bi-weekly (starting Feb 2nd Wed, 10 AM - 12 PM)	* Project initiation & planning * Land acquisition progress & legal updates * Feasibility studies & action plan * SPV development & member engagement strategies * Initial discussions on EPCF contractor selection criteria	
Funding & Strategic Investor	May - Jul 2024	Bi-weekly + additional meetings as needed	* Secure funding & identify strategic investor(s) * Review feasibility reports & financial analysis * Develop detailed EPCF contractor selection criteria * Issue RFPs & evaluate preliminary proposals * Shortlist qualified EPCF bidders & negotiation strategies	Funding secured, Strategic investor identified
Contractor Selection & Execution	Aug - Nov 2024	Bi-weekly + additional meetings as needed	* Select & finalize contract with EPCF contractor * Develop project execution plan & timeline * Communication strategy for members & stakeholders * Ongoing progress monitoring & risk management	EPCF contractor selection completed
Monitoring & Completion	Dec 2024 onwards	Bi-weekly (frequency may adjust)	* Regular progress updates & monitoring * Address member concerns & stakeholder challenges * Budget, schedule, & quality compliance reviews * Member engagement & information updates * Project completion & handover plan	Project execution underway

Activity	Timeline	Deliverable	Parallel Membership Engagement Activities	
Land ownership confirmation (Skip if already confirmed)	1 Week	Verification of land ownership with Ministry of Lands & Physical Planning	N/A	

Phase	Dates (Estimated)	Frequency	Agenda Topics	Key Dependencies
Initialization & Planning	Feb - Apr 2024	Bi-weekly (starting Feb 2nd Wed, 10 AM - 12 PM)	* Project initiation & planning * Land acquisition progress & legal updates * Feasibility studies & action plan * SPV development & member engagement strategies * Initial discussions on EPCF contractor selection criteria	
Funding & Strategic Investor	May - Jul 2024	Bi-weekly + additional meetings as needed	* Secure funding & identify strategic investor(s) * Review feasibility reports & financial analysis * Develop detailed EPCF contractor selection	Funding secured, Strategic investor identified

			criteria * Issue RFPs & evaluate preliminary proposals * Shortlist qualified EPCF bidders & negotiation strategies	
Contractor Selection & Execution	Aug - Nov 2024	Bi-weekly + additional meetings as needed	* Select & finalize contract with EPCF contractor * Develop project execution plan & timeline * Communication strategy for members & stakeholders * Ongoing progress monitoring & risk management	EPCF contractor selection completed
Monitoring & Completion	Dec 2024 onwards	Bi-weekly (frequency may adjust)	* Regular progress updates & monitoring * Address member concerns & stakeholder challenges * Budget, schedule, & quality compliance reviews * Member engagement & information updates * Project completion & handover plan	Project execution underway

Dynamic Scheduling:

- The specific agenda for each meeting within a phase will be **adjusted** based on the actual progress made and outstanding dependencies.
- For example, discussions on selecting EPCF contractors might extend into Phase 2 if funding or strategic investor identification takes longer than anticipated.

Communication and Transparency:

- Meeting minutes will be circulated promptly, summarizing key discussions, decisions, and action items.
- Regular updates will be provided to committee members and stakeholders, ensuring transparency and informed engagement.

Flexibility and Adaptability:

- This schedule serves as a guiding framework, and the committee retains the flexibility to adjust it as needed to optimize project progress and stakeholder engagement within the mandate timeframe.

By adopting this dynamic and adaptable approach, the committee meeting schedule effectively caters to the project's unique dependencies while ensuring consistent progress, informed decision-making, and successful project delivery.