



**Kenya Airports Authority**

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**REF: KAA/374440**

**19<sup>th</sup> February 2015**

**Ms. Lucy Mbugua**  
**P/No. 374440**  
**NAIROBI**

Dear Lucy,

**RE: LEAVE**

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**BACKGROUND**

The Ministry of Transport and Infrastructure wrote to you on the 19<sup>th</sup> December 2014 on the matter of "Concession Agreement for Development and Management of Duty Free Master License at JKIA". In the letter the Ministry sought the following:

- 1) Demanded an immediate formal explanation as to how KAA entered into an agreement that is prejudicial to its interests
- 2) Demanded that the Agreement be immediately cancelled and reviewed to ensure that the agreement is in line with the tender documents and Government policy guidelines and regulations
- 3) Required this matter to be brought to the attention of the Board of Directors at the earliest opportunity to enable it investigate the matter and revert with recommendations on actions that should be taken.

Following the Board Resolution during the 213<sup>th</sup> meeting on Wednesday 18<sup>th</sup> February 2015 held at the KAA HQ, you have been instructed to apply for **Thirty (30) days** leave with effect from 19<sup>th</sup> February, 2015. Your application should be received by close of business 20<sup>th</sup> February, 2015.

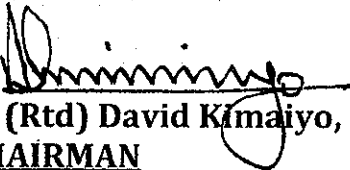
The Board has resolved to carry out independent investigations on among others

- a. Contract relating to the exclusivity clauses in the Concession Agreement for the Development and Management of Duty Free Master License at JKIA between KAA and Dufry International AG.
- b. A Ministerial demand vide their letter MOT&I/AT/028/238 dated 19<sup>th</sup> December 2014 that an immediate formal explanation as to how KAA entered into an agreement that is prejudicial to its interests. The letter further explicitly demanded that the matter be brought to the attention of the Board of Directors to enable its investigation.
- c. Concerns raised by AfDB on the Funding of the Greenfield Project concerning the management's lack of cooperation. The issue of VAT exclusion in the construction contract has huge financial implications in the financing of the project.

Please be advised the Board reserves the **Right** to seek your written explanations to the issues raised and any other revelations that will be determined by the aforesaid investigations.

Please handover the office to Mr. Yatich Kangugo with a detailed Handing Over Report/Notes duly signed between yourselves and copied to the undersigned.

Yours faithfully,

  
**IG (Rtd) David Kimaiyo, MGH, CBS**  
**CHAIRMAN**

CC: Eng. M.S.M. Kamau, CBS  
Cabinet Secretary  
Ministry of Transport & Infrastructure  
Transcom House  
**NAIROBI**