

LAUNCH STEERING GROUP: SOUTH AFRICAN CHAPTER OF THE TURNAROUND MANAGEMENT ASSOCIATION

Minutes of the **Work Group** meeting held on 17 May 2004 at 17:00
18th Floor, 1 Merchant Place, RMB, Sandton

Work Group Members

David Burdette	(DB)	University of Pretoria
Stephan Claassen	(SC)	FNB Corporate
Patrick Daly	(PD)	Daly & Associates
Neil Davies	(ND)	Brait
Inus du Preez	(IdP)	FNB Corporate
Johan Evans	(JE)	Deloittes
Christo Faul	(CF)	Standard Bank
Rowan Gordon	(RG)	CMS
Ricardo Graham	(RG)	Maximus Business Turnaround
Anna Isaacs	(AI)	Nedcor
Mervyn King	(MK)	Brait
Martin Leigh	(ML)	Rand Merchant Bank
Trevor Murgatroyd	(TM)	Absa
Themba September	(TS)	Corporate Renewal Partners
Robin Taggart	(RT)	Nedcor
Jan van der Walt	(JvdW)	Corporate Renewal Partners
Paul Winer	(PW)	Werksmans

The minutes follow the numbering of the agenda.

<p>1. WELCOME AND APOLOGIES</p> <p>1.1 Opening by Chairman-Designate</p> <p>The Chairman designate welcomed everyone to the meeting and thanked Rand Merchant Bank for providing the venue.</p> <p>1.2 Apologies</p> <p>The apologies have been noted on the agenda.</p> <p>1.3 Alternates</p> <p>Alternative representatives attended the meeting as indicated on the agenda.</p>	<p>ACTION</p>
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1.4 Introduction of Work Group Members present

The various Work Group Member introduced themselves to the meeting.

1.5 Group Photo

A photo will be taken at a later stage.

2. CONFIRMATION

2.1 Confirmation of Chairman

Stephan Claassen from FNB nominated Themba September (the Chairman-Designate) as Chairman of the Work Group. It was seconded by Jan van der Walt and unanimously accepted by the meeting.

2.2 – 2.4 Confirmation of Work Group, Advisory Group and Informed Group Members

The meeting perused the list of members for the various groups.

- It was recommended that representatives of the following parties be added to the list of Work Group members.
 - SARS, Inus du Preez
 - JSE,
 - DTI, David Burdette
 - Nedlac, and Themba September
 - Department of Justice Inus du Preez
- The members of the Work Group were requested to communicate with the Chairman or Jan van der Walt regarding any additional members that should be approached to join the respective groups.
- The pack of information distributed at the meeting has also been circulated to the members of the various groups, and will be circulated further to the extent that they have not received same.

IdP

DB
TS
IdP

3. WORK GROUP

The meeting discussed the following topics at length:

- The reasons for establishing a Chapter of the TMA in South Africa;
- The purpose of such a Chapter;

- The status of such a body *vis-a-vis* the “Panel” of Business Administrators / Turnaround Managers to be established by the Department of Justice, potentially under the supervision of the Master’s office;
- The benefits and reasons for membership of the TMA;
- The reasons for selecting the TMA as an international body to be affiliated to, as apposed to bodies such as SBT;
- The perception that the TMA is an “American” organization, and its relevance to South Africa;

It was agreed that Ricardo Graham will present to the next meeting information on alternative bodies to which a turnaround management organization can be affiliated to.

RG

At the same time the Work Group will endeavor to establish a video link-up with the Chicago head-office of the TMA, from where the Director of International Relations of the TMA (Steven Weiss from Canada) can address the meeting. This should include information on the TMA’s success outside of the USA.

MV-L

The most important decision to be taken at the next meeting of the Work Group is whether a Turnaround Management Organization should be formed for South Africa, and to which international body it should be affiliated to. Thereafter the various sub-committees can commence with their work.

3.1 Work Group Charter

The meeting perused section 1 of the handout pack regarding the various aspects of the proposed Work Group Charter. With reference to the said section 1 and the numbering contained therein, the following was agreed:

- Ad Para 1.1 to 1.4 (Objectives, Scope, Membership, Duration)

The meeting agreed that these issues need to be considered by the Work Group for inclusion in the Work Group Charter. More detailed work will be done on this once the various sub-committees commence their work.

- Ad Para 1.5 (Sub-committees)

a. Legal

The Legal Subcommittee will be all those members indicated under “Legal” on the Work Group member’s list, namely:

David Burdette
Patrick Daly
Inus du Preez
Anna Isaacs
Mervin King
Paul Winer

- The group needs to elect its own Chairman and convene a meeting to start with its work of drafting the Memorandum and Articles of Association, as well as to communicate to the TMA regarding the issue of conflict with local legislation etc.
- It was agreed that the subcommittee will not commence with their work until the next meeting on Monday 24 May 2004, where the decisions regarding TMA affiliation will be taken.

b. Membership

The Membership Committee will consist of

Patrick Daly
Jan van der Walt
Paul Winer

PD
JvdW
PW

- In addition to the items listed on section 1 of the handout pack regarding membership, this sub-committee also needs to address the issue of benefits of membership of the TMA for practitioners in the industry.
- This committee will have to look closely at the proposed Business Rescue Bill, the requirements for Business Administrators in terms of the said Bill, and the link between these requirements and TMA membership.
- One of the considerations to be decided upon by the Work Group should be a recommendation to the Chief State Law Advisors that TMA membership become a requirement for appointment as a Business Administrator in terms of the new bill, and furthermore whether the TMA could also serve as the "Panel" from where Business Administrators is appointed. Thus far the latter has not been the intention. The purpose of the local Chapter of the TMA was rather to establish a body that can lift the level of professionalism and service in the industry, as well

as be a voice for practitioners and other people involved in the industry. It will also focus on development, training etc., instead of being a regulatory body.

- The above will be discussed in more detail at the next meeting. The general opinion at the meeting was that a start should be made with an initiative of this nature, and further recognition including statutory recognition can be added in the future should it be required and/or be achievable.

c. Communication and Public relations

- Jan van der Walt and Michael Vacy-Lyle will handle communications with the TMA Head Office in Chicago. JvdW
MV-L
- John Evans will prepare a short article for inclusion in the Finance Week / Financial Mail for the first week in June 2004 regarding different initiatives on business rescue in South Africa. JE
- No formal communication will take place with the press at this stage. Any such communication will take place through the Chairman. TS
- Communication with other interested parties such as Government will be handled by the Chairman, who will request other members of the Work Group to assist him on an ad hoc basis depending on the audience. TS
ALL
- The current inclusion of TMA-SA matters in the CRP website will remain as is for the moment. Gratitude was expressed to CRP for maintaining this website in the interim. JvdW

3.2 Work Group meeting schedule

It was agreed that the meetings will take place every Monday afternoon from 16:00-19:00 at the same venue at Rand Merchant Bank, Sandton.

- The desired end date for the formation of a local chapter of the TMA should be 4-6 weeks, i.e. the end of June 2004.

<p>3.3 Funding the Work Group</p> <ul style="list-style-type: none"> At the moment there are no expenses to be paid, except the costs of forming a Section 21 Company. This issue will be addressed at a later stage. The venue and other logistics are provided by FirstRand Bank on a <i>pro bono</i> basis. Once more progress has been made in the formation of a local chapter, a formal budget will be prepared and funding will be raised. 	
<p>4. OBTAINING POLITICAL BUY-IN</p> <p>This issue was discussed above and the necessary representatives will be invited.</p>	
<p>5. WHAT THE TMA REQUIRES FOR CHAPTER FORMATION</p> <p>Refer to section 2 of the handout pack.</p> <ul style="list-style-type: none"> <u>Ad Para 2.1</u> (Basic Information Required) <p>It was agreed that Robin Taggart will liaise with Dennis Dykes (Economist from Nedbank) to provide the information as required under this section.</p> <ul style="list-style-type: none"> Jan van der Walt will provide the information regarding the number of large firms involved in the Turnaround industry. 	<p>RT</p> <p>JvdW</p>
<p>6. – 9. MEMORANDUM AND ARTICLES, PRESS RELEASE, ADMINISTRATION, SPONSORSHIP</p> <p>It was decided that these matters will stand over until the next meeting on Monday 24 May 2004.</p>	
<p>10. NEXT MEETING</p> <p>The meeting will take place at 16:00 on Monday 24 May 2004 at FNB, Johannesburg. The agenda for this meeting will be the same as the previous meeting.</p> <p>At that meeting a video link-up with the TMA head office in Chicago will be established for members of the Work Group to raise questions and get feedback from the Director of International Relations of the TMA regarding the issues that was discussed at the meeting.</p>	<p>MV-L</p> <p>JvdW</p>

FNB will in the meantime arrange the necessary logistics for the meetings, including sending out the minutes. Once a TMA Chapter has been formed, a more permanent secretariat should be established. Communication with Work-, Advisory- and Informed Group members will take place through Jan van der Walt.

11. **ADJOURNMENT**

The meeting adjourned at 19:00 and the Chairman thanked everyone for their contribution.