

Transcript - Fun Valley Discussion at NEC Meeting - 11 Dec '15

Jordaan: We're going to page six, page seven. Then the next is the update, Technical Center Incorporating ... Is this now a presentation or a matter arising?

5 **Mumble:** Chair, it's a- sorry, Chair, it's one of those items that we...

Jordaan: Oh, it's a matter arising?

Mumble: Matter arising, a recurring matter arising. We give the NEC an update on progress with respect to the National Technical Center where we are today.

Jordaan: Okay, go ahead.

10 **Mumble:** Chair- we- oh, sorry, this is Congress, I'm sorry. Why is this thing not loading?

Jordaan: We have it in our pack.

Mumble: Yeah, it's... Sorry, Chair, I must go. I thought that I could load, but this thing is clicking and it's not loading for some reason. Chair, if the members can just follow in the meeting pack itself. As members are fully aware, the purchase of the Technical Center was
15 funded by the 2010 FIFA World Cup Legacy Trust, and we were finally able to receive the title deed and the transfer of the property was then completed into the name of the association on the 4th of November, 2015.

Mumble: We immediately dispatched security to the Center to go and secure the place, and we have also assumed full control of the management of the Center from that date, but
20 effectively from the beginning of November, we have been present there, overseeing the place and then on the second page of that presentation, after the cover page on the overview, the purchase price of the land was 67.5 million rand.

Mumble: We are now in the process of installing or doing the initial work for the installation of two Kikuyu grass pitches that will be funded from the remaining funds that were granted to
25 us by the Legacy Trust. So 7 million rand of that will be for the two pitches, 2 million rand for security upgrades. Chair, we have to build a very, very long wall. It's a 35 hectare site that we have to enclose.

Mumble: Only 40% of the site now currently is enclosed, and so before or at the same time that we are going to clear the ground for the Kikuyu pitches, which will happen probably by
30 the end of January or the first week of February, we'll begin clearing for the two grass pitches there. And then for office block upgrades, we are awaiting some renderings from the architect that we've commissioned to give us the overall concept plan to see whether we upgrade the existing office block or the existing infrastructure there, or whether we should go and do some greenfields building for administration of the Center itself.

35 **Mumble:** That, the architects are going to do a geotechnical investigation, or assessment. They have been there, and they are going to do another round of it this coming week. But there's 3 million rand also in that remaining funds for the upgrade of the offices there.

Mumble: And then for furniture replacement for those NEC members who've been to Fun Valley have noticed that we've begun to put in proper beds so that our teams can use the place.

There are some other things that we still need to do to make the place a little better, habitable for our national teams, but we have now also secured the linen for the new beds that we've added to the Center. And then there's a contingency- there's a number of different things that we need to upgrade, which we'll use the remaining 2 1/4 million rand left over from the grant of the Legacy Trust.

Mumble: In addition to that, Chair, on the next page, you will notice that FIFA has approved in October our first GOAL project, and they've already sent us a technical advisor, or at least their technical advisor that does the artificial pitches, but we will then also, from most likely according to the schedule that FIFA has shared with us, in the beginning of February, the artificial turf construction will begin, or layout will begin as well. So hopefully by the end of April, we should see two full football pitches there, and one is an artificial turf side-by-side with a natural turf. In one side of the Center, and then on another side of the Center, we will have the second grass pitch will also be completed, I think, somewhere around the middle of March.

Mumble: So that by the end of April, we will have three fields already done at the technical Center. Now that's phase one of the upgrade of the Center. What we've received from the architect is a long-term project for us to enclose the one artificial turf and one natural turf with a 6,000-seater, or 6,000 seats and another 3,000 seats. So we'll have two mini-stadiums as part of the facility as well.

Mumble: We are hoping, we have submitted a second application to FIFA already for another 600,000 US dollars so that we can construct the second artificial turf. Now, should that be approved, then FIFA will obviously use what they have already spec'd out now in November for us to do the second artificial turf, not too far away from the first one.

Mumble: And hopefully the GOAL Bureau will approve that in March of next year. Should they approve it, I think by the end of June, the second artificial turf would have been installed. So the plan here is that at least four fields, regular size 11-a-side fields, 105 by 68 meters, will be completed by the end of June of next year.

Mumble: We have also set up-- we've used an existing account that was not used – it's a dormant account – it's already been in the Association, just to ring fence, all of the funds that are now coming in from the business of the Center, which is called Fun Valley, and just for the sake of the name, the NEC must still decide whether we are going to attach a special name to the Center. But for now, we are asking everyone to please refer to it as the National Technical Center, incorporating Fun Valley, Fun Valley being the leisure business that is currently in operation on the property itself. And the hope is that for the immediate future, that the Center itself would be self-funding. The business itself is quite a lucrative business, Chair.

Mumble: There is quite a bit of patronage taking place on the site. The community around there and other communities also from as far as Mpumalanga and elsewhere have been using the site for many years to come and do their camping and picnicking, and it's just a very popular leisure place for numbers of people coming from other Provinces as well.

Jordaan: We have five more minutes.

Mumble: Okay. And Chair, the rest of the report is quite a lengthy report, so I'm not going to be able to finish it in five minutes other than to say we have, and members are free to call us and ask questions about this. We have taken effective control of the site. We are making improvements now. There are a number of equipment-- numbers of equipment that we are now
5 finding out is just either not in working order. We are beginning to upgrade that. We are improving the accommodation on site. We are improving the security-- the safety and security system on site.

Mumble: And the immediate task for us is to put the safety-- the security wall around the property. At least the money is there. The only problem is at this time of the year, it's very
10 difficult to find a contractor. Contractors, as you know, shut down in December. So it's not possible for us to, I think, to do that in December. But we have engaged some service providers for that.

Mumble: On the legal side is, part of it is in the legal report, and as I said, we will concentrate now on making sure that we use the Center, get our national teams so that our money that we
15 have budgeted for spending on our national teams camping, that we could circulate back into the association. As we speak, Gronie, I stand to correction here, but in the first three weeks of the-- of our ownership of the Center, we have, the first four weeks, sorry, we have had a turnover of more than a million Rand already.

Mumble: I think there's, as we speak, there's 1.2 million. Yeah, 1.2, almost 1.3 million already
20 in the account of the National Technical Center, which we hope we will use to then fund some of the very basic upgrades that we need to make our teams there be able to use it, and also to provide better accommodation for those who need to use it in terms of the last NEC decision-- decision of the last NEC meeting.

Mumble: But there's a lot to talk about, Chair. As you will see in the presentation, there's quite
25 a bit of work that's being done in terms of the takeover of the technical Center. Thank you.

Jordaan: Okay, thank you very much. You have all the details. It's not the first time that we are going through the technical Center. It's now a reality, it is there, and I think you can suggest a name for the Center. I think if you look at the other names, in France, we have Clairefontaine. In England, you have St. George. Now, and even in other places, you have a name rather than
30 calling it the Ria Ledwaba Center. We like to mention everything after a name of a person. Look at a name that captures the essence of the vision, the hopes and dream of that, whether it's a Zulu word, whether it's Mayibuye or whatever, to capture the essence, where you turn the dreams of young people into a reality.

Jordaan: That's where we carve the future stars for Bafana, development, academy, and so on.
35 Fina, you have a word ... And Xhosa.

Fina: Not yet, President, but I would love a word that will capture from the football background. We have so many political words.

Jordaan: It should be football, but then there's no such word in Xhosa. We must go to KZN then. They play football. But any case, let us think about it. It's about football, it's about the
40 vision, it's about giving the youth the opportunity, about creating stars, and all of those things.

Jordaan: So you will send the-- the CEO says, we must, we must go to Robert Marawa.

Mumble: I'm suggesting that we have a very interactive competition, either amongst NEC members, because ultimately, I think the NEC must give it that name. Otherwise, we can involve the general public and make them feel an affinity with the Center by them perhaps
5 proposing a name that... [crosstalk]

Jordaan: Must-- they must write a motivation. So the NEC member who wins, whose name is taken, must get a free month. They can use the 30 days as and when required for the whole family.

Mumble: Yes.

10 **Jordaan:** Agreed. Yeah, there's a prize. Agreed. Oh, you want to go and stay there for a month?

Khoza: No, Mr. President, I know we're gonna go past this matter. I just want to understand from the CEO on this purchase of-- price of the land and business. With business, what were you buying? Because I see there are legal issues. I don't know whether arising from the purchase agreement or suspensive condition or perhaps, you know, pure criminality. What is
15 it? Because, you know, I'm worried about, you know, the escalation of legal cost.

Khoza: It might be a well-drawn out matter, you know, we don't know, spending 30 million rands on this metal. Can you maybe just advise us, you know, on this business that we're buying? We're buying.

Mumble: Where is the legal stuff?

20 **Jordaan:** Are you talking about the legal risk at the bottom?

Khoza: Yeah, because I'm just looking at the first bullet point, purchase of price of land and business, 67.5 million. And if you look at legal matters, there are issues about, you know, intellectual property, other property, stuff taken out from the property. There should have been list of items, you know, which was forming part of the purchase agreement.

25 **Jordaan:** Okay.

Khoza: I want to understand whether it was a...

Mumble: Yes, Chair, we, as I said, we received the title deed-- or the property was officially transferred into our name and we took ownership of it on the 4th of November. But because we needed him to still share his expertise in terms of the agreement that we-- The sale
30 agreement, all of the trade secrets, the property itself, the consumables on the property and all other equipment that was there, we needed to confirm and verify whether those things are still there on site and whether the inventory list that we took in January when we first agreed on the deal is still on site. During the period between the 4th and the 11th, he was still on the premises, Chair, and providing us with the services.

35 **Mumble:** But his demands for a management fee was a bit too steep for us. At first, a few months ago, he gave us a proposal that he would charge us 100,000 rand a month to assist us and he would stay around and teach us the ropes. And then, what is the percentage of the profit

that he wanted, Gronie? The percentage of the profit that he wanted in addition to the three percent of the profits?

Hluyo: [inaudible]

5 **Mumble:** Okay, it's 100,000 rand per month plus 10% of the profits. And then we deemed that it was just a bit too much because what he reported to us-- we wanted to know what was the intake-- or his revenue for November and December of 2014 and January of 2014 for that quarter, and he indicated to us that it was 4 million rand, that the turnover was 4 million rand. And 10% of 4 million rand would have been 400,000 rand plus another 100,000 rand for three months so we would have had to pay him somewhere around 700,000 rand for the three months
10 that he was going there to assist us and we just thought it was unreasonable.

Mumble: But when we went to him again at the point of the transfer, we said to him, okay, fine, let us now discuss the management fee and let us try and come to an agreement. He told us then that, no, that proposal is off the table I now want a-- what was that percentage? Wafeekah, can we have one meeting, please? What was the percentage that he ultimately then
15 requested?

Hluyo: [inaudible]

Mumble: Sorry?

Hluyo: [inaudible]

Khosa: Sorry, Mr. President. Is Gromie on the mic, on the speaker, because he's talking but I
20 don't know whether it's recorded when he's talking.

Hluyo: Okay. Initially, he wanted 10% of the profits plus 100,000 guaranteed every month and after negotiation, he said he would settle for 3% of the profits plus 100,000.

Jordaan: Can I just find out where-- what is the relationship now between us and Cohen? Is it such that these issues that he left can be resolved or did you entrench your positions now, the
25 two parties?

Hluyo: Yeah, the two parties entrenched their positions. He is not moving from his position and we said we are also not moving.

Jordaan: All right, I think then we should have a meeting with him. The CEO must set up a meeting. Let's meet him and resolve these things. You must set up that meeting on an urgent
30 basis and not drag it. Dr. Khosa is quite correct. We don't want to go and pay huge legal costs if you can settle the matter and close it and move on. So let us meet him and settle the matter. The Vice President, Norman Arendse, and then...

Nhlapo: President, thanks very much. I think the meeting is important. But I think we must also be proactive in terms of ensuring that we mitigate against the risks; that we should then
35 consider whether we should in the meantime start recruiting somebody with business acumen or alternatively, we have Southern Sun, can we opt that Southern Sun can then assist in dealing with running the business? Because I foresee that the more we drag these things, people are going to give us excuses and I'm worried. And every time we take time, we knew that at a

particular time we're going to be running that Fun Valley. And we have not done anything. Now we're complaining about Cohen, whatever.

Nhlapo: And we knew, and that's why I'm saying, President, let's facilitate that meeting quickly, but at the same time, we must engage both possibilities. We have got our partner, whether it's Southern Sun, we can still use them. Or alternatively, somebody with serious business acumen.

Jordaan: Alright. Norman Arendse.

Arendse: Thank you, President. If I wasn't present then I would withdraw my questions. Was a proper presentation made to us about the Technical Center and Fun Valley? And is it a legacy World Cup project or is it a SAFA project? These legal matters that appear in the presentation here, were they foreseen? It seems to me they must have been. Cohen seems to have been there always. The staff that were engaged there, even under Cohen, appeared to be so-called illegal immigrants and that kind of thing. From the CEO's presentation, there appeared to be many, many loose ends which should concern us gravely.

Arendse: What Vice President Nhlapo is saying, appears from his audit and risk report, was this whole project properly audited? Was the risk assessed? And now we're talking about huge amounts of money that we're requesting from FIFA. I'm also worried that, and I speak totally under correction, that we seem to be seconding staff from SAFA House to do certain things at the Center, at Fun Valley. We are already hugely constrained with our staff at SAFA. So I have a lot of questions, Mr. President, which I think all of us should be...

Jordaan: Ria Ledwaba.

[long pause]

Jordaan: Mic is off now.

Ledwaba: And ask him what revenue he made in certain months. I would have expected that to have been done in a due diligence that have been done before, you know. When you meet with someone, when you buy a business, you have to do due diligence where you are shown the figure, you are not told. You have the figures that tells you this business has been making so much money from that time and it will be shown in his financial statements, in his audited financial. So you don't see that, but you hear us still asking him that question and we depend on him for the answers.

Ledwaba: And I think it's a great concern for me. The other one, President, is the issue of purchasing. I see a lot of millions of rands that are used for purchasing. One example is Ruben Reddy Architects has been appointed. Can we be given an assurance that there was proper procedures for that particular person to be appointed architect? Was there tender where people would tender to participate in that? Those millions of rands that I see there, do we have proper procedures where we invite or we have a database of service providers? I've seen in the minutes, President, it was one of your concerns that we're sitting here, we don't even have an idea who our service providers are. So in normal business, you will have a database, you will invite service provider to come and register to provide a service.

Ledwaba: So that when services are provided, those providers that are on your database will be able to provide those services. So I'm not sure whether the Center, it's a decision that is made based on what to appoint people, are they proper procedures to be made? Because those are the questions that we were asked in one of the meetings where we attended with Parliament, where they're saying, do you have procedures where you put things, how do you appoint this particular service provider to do service for us? And I don't see any, I don't know whether the amount of the architect is included in the contingency amount because there is no amount there. So I don't know whether there's an amount that we are going to pay him and on what basis was he appointed, was there proper procedures?

Jordaan: I hear you. You know, that's why I said to the CEO, just summarize this thing. Let me start in the beginning. Where did this thing start? It started here. All of you were invited to go inspect the place. All the NEC members, there are those who didn't go. But the majority of those who went there said yes.

Jordaan: You're all here. So this thing was triggered by the NEC members themselves. The second thing that happened, we said, Ernst & Young, investigate all of the financial issues around it and the CEO must then give you the reports on all of those things because by the time it goes to the Legacy Trust, those presentations were made and I think this man was here, Vincent Tseka, must then actually bring the presentations which were made to the Legacy Trust.

Jordaan: One of the issues that were raised in the Legacy Trust is to say that the Legacy Trust money is being given for competitions. So you use 10 million or 5 million for competition and by the end, you're going to finish all the money and have nothing to show. And it was FIFA who said, Markus Kattner who said, would like to see a property investment as a legacy for SAFA.

Jordaan: And that's why we said, look, this thing has been raised by FIFA and they said, they will come in and support the project if you want this academy and then we said, all right, let us go and see the place. Now, I don't know how many here went to see and how many didn't but I know one time when we were living at Katherine Street, in that morning, we all agreed, seven o'clock in the morning, we're going there. Not all went but those who went and agreed, go to the Legacy Trust and make this case.

Jordaan: So that is the origin of this thing. That's where it started. The second thing, let me just tell you about my own experience with this man because from the Legacy Trust point of view, I had to make sure that we know what the price is. This man originally wanted 60 million. Then when we said yes, he went to 70 million. So I'm not surprised that he's shifting the goalposts here.

Jordaan: That's why I say to him, when I see this report, there's clear risk here for us. They are saying to you, his original thing was very nice, he's going to stay there and that the transition won't be smooth and all of those things. But clearly, the unfortunate thing, it's November and it's peak season, and that thing, as you can see from the financials, produce money during this period of December, and that's why he's shifting the goalposts again.

Jordaan: You're not going to see this revenue of over a million in a few weeks during the year, but clearly he wants to cash in. So we need to meet him, to sit down with him and resolve these matters. Otherwise, I know we are going to end up with legal battles if we leave him. I want the CEO to answer all the other questions. He's made a note of the specific question because I don't have the detail of the questions that you asked. Maybe he can help-- who are there and how did they go there and all of those things. I cannot help you.

Jordaan: CEO, you can help us.

Arendse: Just ask a question related to an earlier question. When you buy a house, then one of the first things, especially a sort of second-hand house where someone else has been occupying the house, the first thing you discuss is the issue of occupation. Now, we are told now that we took transfer of the property now in November. What is the deed of sale? What does that say about occupation? Did we get occupation of the property or was it an agreement that Cohen would continue to occupy the property with the people that he employs? And also the business; I mean, when we took occupation, what happened to the business? Was the business kept by him or-- perhaps we should look at that deed of sale, President.

Jordaan: That's why I say, we are going to go on and on and on about these things. There's the contract. Wafeekah, give Advocate Arendse a copy of the contract, the purchase, but Dennis must give us a full explanation of all the issues that have been raised. Yes?

Khoza: Can I make a proposal, Mr. President? We've got a Congress tomorrow. You know, coming to meeting on a Friday and inviting the owners of football, we must appear fresh tomorrow. This matter has got too many things that we need to deal with and that had been raised. I propose that, you know, Mr. CEO must respond and prepare a presentation to respond to the questions raised. Without undermining the Executive, maybe immediately, sooner, the Emergency Committee can be called to deal with these issues, you know, especially the risk factor that has been identified, and all other issues that we think might cause us problems, you know, as a association. We [inaudible] with there, whilst we are busy also negotiating on the outside to resolve this matter because if we start, you know, discussing now there's a lot of issues that are arising as we get answers... [crosstalk]

Jordaan: And the issues that are being raised are operational issues-- all operational issues, and that's why I said that I don't know whether we should deal with all of these operational questions. But we should provide full information because we're going to go into who owns the fridges there, the stoves; all of those operational detail. We then-- that's why I say, let's have a meeting with him; the issues that have been raised, let's settle it and let's move on on this matter. But, Dennis, let him just...

Arendse: Dr. Khoza's suggestion that we, with due respect to the importance of the issue, I don't think it's all operational matters. There are clearly matters of policy here that impact on our business as an NEC. But I think we do have a very important meeting tomorrow. Can I propose, because this is also the first time, as the Chairperson of the Legal and Constitutional Committee that I hear of some of these issues? I think in the way we operate, our protocol is these issues must go to a committee. We interrogate the issues, ask the kind of questions that arose today, discuss it and come back with a report, and I think, I would agree, let those

meetings go ahead but let the report be made to the Legal and Constitutional Committee so that we can come back together with the CEO, who serves ex-officio on that committee and report to the NEC on these issues that were raised today, and hopefully by then some of it would have been resolved.

- 5 **Jordaan:** Now I must tell you I'm surprised. This contract negotiations stretch over how many months, and I'm surprised that they never gave you a copy of the contract.

Arendse: It's never arisen in our meeting. I don't know because maybe the CEO intended to because he wasn't at the last meeting. I believe that him and the COO met you at another meeting so he couldn't make it. So, I don't know if he intended to but it certainly was never on
10 our agenda.

Jordaan: No, I think ... No ... I take the point. Let us leave this matter. We must have an urgent meeting with-- what is this man-- Cohen. Give him a copy of the contract. I already asked Wafeekah to give a copy of the contract so that we can deal with the issues around the legal matters. Agreed? Yes. Okay. CEO, next item? Anything else, CEO?

15 ** END OF RECORDING **