

MINUTES OF THE 78TH MEETING OF LALITH ATHULATHMUDALI MAHAPOLA
HIGHER EDUCATION SCHOLARSHIP TRUST FUND

DATE & TIME: 23RD JUNE 2020 AT 8.45 A.M.

VENUE: MINISTRY OF HIGHER EDUCATION, TECHNOLOGY
AND INNOVATION, COLOMBO 7

PRESENT:

1. HON. BANDULA GUNAWARDENA MINISTER OF HIGHER EDUCATION, TECHNOLOGY AND INNOVATIONS	FOUNDER TRUSTEE
2. MR. D.M.A.R.B. DISSANAYAKE, SECRETARY, MINISTRY OF HIGHER EDUCATION, TECHNOLOGY AND INNOVATIONS	EX OFFICIO TRUSTEE
3. MRS. BHADRANI JAYAWARDENA, SECRETARY, MINISTRY OF INTERNAL TRADE, FOOD SECURITY AND CONSUMER AFFAIRS	EX.OFFICIO TRUSTEE
4. MR. H.M. CHITHRANANDA, SECRETARY, MINISTRY OF EDUCATION	EX OFFICIO TRUSTEE
5. MR. S.V.D. KESARRALAL GUNASEKARA 6. MR. A. GULAM RASHEED	APPOINTED TRUSTEE APPOINTED TRUSTEE

ABSENT

HIS LORDSHIP THE CHIEF JUSTICE HON. J. JAYASURIYA P.C.	EX.OFFICIO TRUSTEE
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BY INVITATION

- (i) Mr. M.P. Bandara, Director MTF
- (ii) Ms. R. Arulanandan, representing S S P Corporate Services (Private) Limited, Secretaries

PROCEEDINGS

In the absence of Hon. J. Jayasuriya, P.C., Chief Justice, Hon. Bandula Gunawardena, Minister of Higher Education, Technology and Innovations was appointed as Chairman pro tem to preside over the meeting.

Mr. D.M.R.B. Dissanyake, Secretary, Ministry of Higher Education, Technology and Innovations introduced Mrs. Bhadrani Jayawardena, the new Secretary, Ministry of Internal Trade, Food Security and Consumer Affairs to the Members.

1. CONFIRMATION OF THE MINUTES OF THE 77TH MEETING HELD ON 2ND MARCH 2020

The Minutes of the 77th Meeting of the Lalith Athulathmudali Mahapola Higher Education Trust Fund held on 2nd March 2020 which had been circulated were approved by the Board subject to the following amendment:

Minute No.10 – Board Paper No.8

Preparation of Financial Statements for the year ended 31st December 2019 and submitted for Audit Purposes

Mr. D.M.R.B. Dissanyake, Secretary, Ministry of Higher Education, Technology and Innovations pointed out that the final paragraph of the above minute be amended to read as follows:

“The Board having noted the contents approved the Financial Statements of the Lalith Athulathmudali Mahapola Higher Education Scholarship Trust Fund for the year ended 31st December 2019, subject to the observation of the Auditor General.”

Thereafter Hon. Bandula Gunawardena, Minister of Higher Education, Technology and Innovations, Chairman pro tem. signed the minutes as a correct record of the proceedings.

2. MATTERS ARISING FROM THE MINUTES

2.1 Increase the share of profit from Development Lotteries Board (DLB)

Hon. Bandula Gunawardena, Minister of Higher Education, Technology and Innovations, Chairman pro tem. inquired about the current situation at the Development Lotteries Board.

Mr. Parakrama Bandara, Director informed that sales at the Development Lotteries Board is currently approximately 25% to 30%. It was also reported that the Development Lotteries Board had reported a loss of Rs.900 Mn for the month of March 2020 and a Net Profit of approximately 12% to 15% only.

2.2 Land to set-up Mahapola Head Office

Hon. Bandula Gunawardena, Minister of Higher Education, Technology and Innovations, Chairman pro tem. tabled copy of the English and Sinhala version of the advertisement prepared by Mr. Harith Gunawardena who was recommended by the Hon. Minister at the previous meeting.

The members of the Board having reviewed the English and the Sinhala advertisements noted that the Sinhala advertisement required a few changes.

The Board having noted the contents of the above advertisement decided to publish same as a half a page advertisement in the English and Sinhala newspapers with contact details.

2.3 Amendment of Scholarship Payment Guidelines to accommodate the request for removal of 80% Rule on attendance for Mahapola Scholarship Payments

Mr. Parakrama Bandara, Director confirmed that approval of MTF has been sent.

2.4 Restructuring Process of Nat Wealth Corporation Ltd and Nat Wealth Securities Ltd.

Mr. Parakrama Bandara informed the Board that the Company would require at least Rs.1 Bn to re-start this Company.

The Hon. Minister of Higher Education, Technology and Innovations, Mr. Bandula Gunawardena stated that it may not be feasible to hold on to this Company.

Accordingly it was decided to meet with the Board of Directors of this Company and suggest to effect a sale of these shares. Mr. D.M.A.R.B. Dissanayake, Secretary, Minister of Higher Education, Technology and Innovations requested Mr. Parakrama Bandara to forward a brief summary on the above for the information of the Board prior to taking a decision on same.

2.5 Opening of Bank Accounts for the Scholarship Recipients at Bank of Ceylon and arrange Rs.5,000/- credit limit for one month (1-30 days)

Mr. Parakrama Bandara, Director informed the Board that although the above proposal was in principle approved by the Board at the last meeting it will be implemented later.

2.6 Ex- Mahapola Recipients' Association

Mr. Parakrama Bandara, Director informed the Board that data in respect of the above is currently being collected from a hard copy and is being put into a soft copy form. He informed the Board that he intends to finalize the list by July 2020.

Mr. D.M.A.R.B. Dissanayake, Secretary, Ministry of Higher Education, Technology and Innovations suggested to have a tentative time table in place. He also suggested to have a website indicating success stories of Mahapola recipients. Mr. D.M.A.R.B. Dissanayake also recommended to plan the launching of the Association in

September and look at carrying out everything in this connection free of charge. He also suggested forming a Sub Committee for this purpose. The Hon. Minister of Higher Education and the Secretary also recommended to get active Mahapola recipients involved in this project. It was suggested to get people like Mr. Wegampitiya, who may be a Mahapola recipient involved in this and get their ideas as well when launching the Association.

3. BOARD PAPER NO.1

ARBITRATION BETWEEN OCEANIC GAMES (PVT) LTD Vs MAHAPOLA TRUST FUND

Mr. M.P. Bandara tabled Board Paper No.1 in connection with the above.

The Board was informed that Mahapola Higher Education Scholarship Trust Fund had a Lottery Agreement with Oceanic Games (Pvt) Ltd for operating an online lottery for Mahapola and commenced the Lottery operations in 2013 continuing the operations up to 2015 and

paid the agreement revenue up to April 2015 (Rs.225 Mn). The Board was informed that due to internal problems of the Company, lottery operations were not done on agreed terms and conditions. Therefore MTF terminated the lottery agreement and sent the notices of default payments

The steps taken by MTF in this connection are as follows:

- Status of the Default revenue payments as per the Lottery Agreement as at 30th September 2016 tabled.
- The steps taken by MTF on the termination of the Lottery Agreement tabled

The Board having noted the recommendation of Mr. V.K. Choksy P.C. (Legal Consultant) approved of the following in respect of the Arbitration proceedings.

1. Appointment of Mr. Neville Abeyratna P.C. as an Arbitrator for MTF for the Arbitration between MTF Vs Oceanic Games (Pvt) Ltd.
2. Termination of the appointment of Mr Upul Jayasooriya, P.C. as Arbitrator of MTF on the above Arbitration proceedings.
3. Mr. V.K. Choksy, P.C. and his Junior be appointed as proxy for the above Arbitration proceedings.

4. BOARD PAPER NO.2

PRESENT SITUATION OF THE RESTRUCTURING PROCESS OF NWSL

Mr. M.P. Bandara, Director tabled Board Paper No.2 in connection with the above.

Mr. M.P. Bandara, Director informed the Board that the restructuring plan of NWSL has been submitted to the Cabinet by the Hon. Minister on 26th February 2020 and the Cabinet observation has been received on 26th March 2020. The Board was informed that due to

COVID-19, the restructuring process got delayed and the Cabinet decision is also pending for final approval.

The Board was informed that the CBSL has issued a directive to suspend the Trading activities of NWSL with effect from 1st June 2020 for 6 months stating to expedite the restructuring and submit for final approval on or before 30th November 2020.

A copy of the directive of the Monetary Board of the CBSL and the letter addressed to the Governor CBSL by the Hon. Minister in this regard was submitted for the information of the Board.

Board has further discussed this matter and M.P. Bandara Director, MTF informed that to continue the operations of these companies (NWCL/NWSL). MTF would be infused additional capital of Rs.1 bn or more even the contribution make continues of the Bond Trading. More fund requests to participate for the Bond Auction at the CBSL, M.P. Bandara further explained that various litigations also against these two companies. then Hon. Minister also of the view that the best option is to sell the shares of NWSL to prospective investor and NWCL liquidate the companies without any further burden to Mahapola Trust Fund.

Finally, the Board decided to sell the shares of NWSL to prospective investor and liquidated the NWCL and Hon. Minister Dr. Bandula Gunawardena will be submitted a press cabinet memo with the observations of the Secretary to the President in this regard, which were noted by the Cabinet observation received on 26th March 2020.

5. BOARD PAPER NO. 3

STATUS REPORT OF THE MAHAPOLA SCHOLARSHIP MONTHLY PAYMENTS AND FORECAST

Mr M.P. Bandara, Director, tabled Board Paper No.3 in connection with the above.

The Board was informed that the Monthly Scholarship payments have been settled up to March 2020. Due to Covid 19 situation the Treasury contribution of Rs.189 Mn has not been received in respect of the last two months (i.e. April and May). Mr. M.P. Bandara, Director informed the Board that the Chairman UGC has in writing (copy tabled) requested Mahapola to advance the amount of Rs.189 Mn, so that when the Treasury releases the funds that arrangements will be made to refund the money due to Mahapola.

The Board was informed that most of the Universities have requested the Scholarship installments for April/May 2020 and those payments are prepared and kept ready for payment. Once UGC releases the Funds (Rs.109.3 Mn) MTF will make arrangements to credit the Students' Bank Accounts without delay.

Mr. M.P. Bandara, Director tabled the Financial Position and Estimated Income and Expenditure reports for the information of the Board.

The Board having noted the contents of the Board Paper ratified the release of advance by the MTF main fund for the payment of Scholarship Installments for the months of

February/March totaling Rs.189.14 Mn as per the request made by the Chairman UGC on the delays of the Treasury Contribution of the Monthly Scholarship Payments for February and March 2020.

6. BOARD PAPER NO.4

STRATEGIC PLAN FOR THE IMPLEMENTATION OF THE CABINET DECISION TAKEN TO INCREASE THE MTF MAIN FUND UP TO RS. 20 BN BY 2025

Mr. M.P. Bandara, Director, MTF tabled Board Paper No.4 in connection with the above.

Mr. Bandara informed the Board that as per the Cabinet decision, the implementation plan with the target time schedule has been prepared by him.

The Hon Minister requested Mr. M.P. Bandara, Director to make a presentation at the next Board Meeting for consideration by the Board.

7. BOARD PAPER NO.5

JOINT CABINET MEMORANDUM FOR THE AMENDMENT OF DLB ACT NO.20 OF 1997

Mr M.P. Bandara, Director, MTF tabled Board Paper No.5 in connection with the above.

Mr. M.P. Bandara, Director informed the Board that according to the discussion, MTF had with the President's Fund and the officers of the Ministry of Higher Education, the DLB Act is to be amended in order to implement the Cabinet Decision on increase of Mahapola installments and Main Fund. The Board was informed that according to the above Cabinet Memorandum DLB's share of profit release to MTF is to be increased up to 60% (now sharing 50% as per the initial capital contribution). Therefore, to accommodate the above amendment the draft bill is prepared by the Director MTF.

A copy of the Draft Bill with amendments was tabled for the information of the Board.

The Board having noted the contents decided to discuss the Draft Bill with amendments with Finance Ministry prior to the Board approving same.

8. BOARD PAPER NO.6

EXTENSION OF THE SERVICE PERIOD OF THE CONTRACT EMPLOYEES OF MTF

Mr. M.P. Bandara, Director tabled Board Paper No.6 in connection with the above.

Mr. M.P. Bandara, Director informed the Board that the MTF cadre was approved by the National Salaries and Carder Commission and the same was submitted for the approval of the Department of Management Services (DMS) of the General Treasury through the Ministry of Higher Education Technology and Innovations.

The Board was informed that due to COVID-19, some clarification was required by the Ministry and therefore there was a delay in receiving approval from DMS.

The Board having noted the contents of the Board Paper granted approval to extend the service period of the following employees who are on temporary/contract basis for a further period of 6 months upto the level cadre approval has been received from the DMS and new recruitment is completed.

<u>Name</u>	<u>Cadre position</u>	<u>Date Service expired</u>
K.L. Kusumawathi	Book Keeper (Investment & Accounts)	2020.06.30
Y.N.R. Rathnayake	KKS	2020.04.29
P.P.G.T.N. Rajapaksha	Driver	2020.04.06

9. BOARD PAPER NO.7

APPROVAL FOR THE SETTLEMENT OF THE LEGAL FEES FOR THE LEGAL CONSULTANT OF MTF

Mr. M.P. Bandara, Director, MTF tabled Board Paper No.7 in connection with the above.

The Board was informed that as approved by the Board Mr. V.K. Choksy, P.C. was appointed as Mahapola Trust Fund, Legal Consultant and all the legal matters (cases) both MTF and NWSL were handed over to Mr. V.K. Choksy P.C.

The Board having noted the contents of the Board Paper approved the settlement of Rs.652,166/- to Mr. V.K. Choksy, P.C., Legal Consultant of MTF in respect of the Cases specified in the Board Paper for MTF and NWSL.

10. OTHER BUSINESS

PROPOSED SETTLEMENT OF THE REPO OUTSTANDING FROM NWSL TO VIRTUAL TRADING LANKA LTD.

Mr. M.P. Bandara, Director, MTF tabled Supplementary Board Paper No.1 in connection with the above.

Mr. M.P. Bandara informed the Board that a three member committee was appointed in order to negotiate a settlement of the above outstanding at NWSL. Subsequently MTF Legal Consultant Mr. V.K. Choksy P.C. had discussed with the Hon. Minister about this matter and proposed to hand the negotiation with the party himself for final settlement on behalf of NWSL. The Secretary, Ministry of Higher Education, Technology and Innovations informed the Director MTF on the new negotiation arrangement and facilitated the same.

Accordingly, Mr. V.K. Choksy, P.C. has negotiated with the party, the total claim of the Virtual Trading Lanka (Pvt) Ltd was Rs.298 Mn, after several counter offers, it was agreed

to reduce to 1/3 (Rs.98 Mn) from the total claim (Rs.298 Mn) and submitted, the final agreed proposed settlement by the party (Vertual) as Rs.200 Mn. The proposed settlement to be as follows:

Rs.100 Mn as an initial payment and the balance Rs.100~~0~~ Mn in 10 monthly equal installments.

The Board was also informed that this matter was taken up at the NWSL Board, which was held on 19th June 2020 and the Board appointed a three member committee for further negotiations with the party to agree on the final settlement which will be taken up at the Court on 30th June 2020 (next date of the case). A copy of the summary report submitted by Mr. V.K. Choksy P.C. on the negotiation done so far with the final agreed settlement by Vertual Trading Ltd was tabled for the information of the Board.

Hon. Bandula Gunawardena, Minister of Higher Education, Technology and Innovations suggested to get an appointment with the Hon. Chief Justice as the Chairman of MTF Board and discuss this matter for the final opinion.

CONFIRMED TRUE RECORD

CHAIRMAN

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