

**MINUTES OF THE 85TH MEETING OF THE MAHAPOLA HIGHER EDUCATION
SCHOLARSHIP TRUST FUND**

DATE & TIME:

8TH FEBRUARY 2021 AT 7.20 A.M.

VENUE:

**MINISTRY OF TRADE, NO.22, VAUXHALL STREET,
COLOMBO 2.**

PRESENT:

1. HON. DR BANDULA GUNAWARDENA MINISTER OF TRADE	FOUNDER TRUSTEE
2. PROF. KAPILA PERERA	EX OFFICIO TRUSTEE
3. MR. S.V.D. KESARRALAL GUNASEKARA	APPOINTED TRUSTEE
4. DR. RAVINDRANATH LIYANAGE	APPOINTED TRUSTEE

EXCUSED

1. HIS LORDSHIP THE CHIEF JUSTICE HON. J. JAYASURIYA P.C.	EX. OFFICIO TRUSTEE
2. MRS. BHADRANI JAYAWARDHANA, SECRETARY, MINISTRY OF TRADE	EX OFFICIO TRUSTEE

BY INVITATION

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

PRELIMINARY

The Board decided to consider the Hon. Chief Justice as excused having noted the contents of his letter dated 20th June 2019.

In the absence of Hon. J. Jayasuriya, P.C., Chief Justice, Hon. Dr Bandula Gunawardena, Minister of Trade was appointed as Chairman pro tem to preside over the meeting.

PROCEEDINGS

1. CONFIRMATION OF THE MINUTES OF THE 84TH MEETING HELD ON 13TH DECEMBER 2020

The Minutes of the 84th Meeting of the Mahapola Higher Education Trust Fund held on 13th December 2020 which had been circulated were approved by the Board. Proposed by Dr. Ravindranath Liyanage and seconded by Mr. S.V.D. Kesarralal Gunasekara, Hon. Bandula Gunawardena, Minister of Trade and Chairman pro tem. signed the minutes as a correct record of the proceedings.

2. MATTERS ARISING FROM THE MINUTES

There were no matters arising from the minutes of the previous meeting.

3. BOARD PAPER NO.1 COPE EXAMINATION ON THE SPECIAL AUDIT REPORT ON FUND INVESTMENT OF MTF IN SLIIT/NWSL/NWCL

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

Mr. M.P. Bandara informed the Board that, the COPE Examination was held on 8th January 2021 regarding the Special Audit Report issued by the Auditor General in 2018, on the Mahapola funds invested in SLIIT/NWSL/NWCL.

The Board was informed that the COPE had highlighted to pay attention to the following areas:

- (I) Submission of the Annual Report of MTF for 2012 to 2017
- (II) Liquidation of NWSL and NWCL the two subsidiaries of MTF
- (III) Delays in the filling of cadre vacancies, especially MTF Accountant and Internal Auditor positions have been vacant for a long period.
- (IV) MTF Act amendment delayed by 1 ½ years.
- (V) SLIIT Asset transfer agreement and Land Lease Agreement – The Chairman COPE requested the Secretary, COPE to inform the Secretary, to the President to release a copy of the Report of the Presidential Inquiry Commission which was held in October/December 2019 and the same to be tabled at the Parliament.
- (VI) Re-establishment of the Governing Body of SLIIT with the representation of MTF members in the Board of SLIIT.

Mr. M.P.-Bandara, Director tabled a copy of the COPE direction and the reply to the COPE direction for the information of the Board.

4.

BOARD PAPER NO.2

PRESENT PROGRESS AND THE STATUS OF THE LIQUIDATION PROCESS OF NWCL/NWSL

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

Mr. Bandara informed the Board that, as approved by the Board, the Liquidation Committee is working on the Liquidation Procedure and the following steps have been taken by the Liquidation Committee up to 31st January 2021.

- (1) Termination of Employees - An application was submitted to the Commissioner of Labour for the termination of services of employees of NWCL/NWSL and the final order is expected to be received on 15th February 2021. The Board of Directors of NWCL/NWSL decided to pay the compensation and terminate the employees since the Companies have a cash balance of Rs.39.1 Mn for the payment of compensation and other liabilities.
- (2) Income Tax/VAT payable - The Board of Directors of NWSL and has had a discussion with the Department of Inland Revenue and the Former Commissioner General, who has informed that that there may be a possibility of waiving the penalty up to 5% and a two-year period to pay the due tax. It was reported that all the tax files which were in the Court of Appeal and the Tax Appeal Commission have been brought to the Department of Inland Revenue for settlement interviews. Due to the Covid-19 pandemic situation the settlement process has got delayed (the total tax liability would be Rs.750 Mn with a 50% penalty).
- (3) Repo Outstanding - It was reported that there are two Repo out standings to be settled. Trillion Securities (Pvt) Ltd judgement was delivered in 2018 and the total liability as per the judgement was Rs.126 Mn. However, the party agreed to get Rs.95 Mn and settle the Case, which has been approved by the Liquidation Committee.

The other Repo outstanding case is still in the Magistrate Court, Colombo Fort and the Commercial High Court. The Liquidation Committee has recommended an amicable settlement by obtaining a legal opinion from the President's Counsel.

Mr. M.P. Bandara, Director informed the Board that the Hon. Dr Bandula Gunawardena, has proposed to get an opinion from Mr. Ali Sabry, P.C., Minister of Justice and the Liquidation Committee member, Mr. Sujeewa Rajapaksa (Chairman of the People's Bank) proposed to get an opinion from Mr. Kuera de Zoysa P.C. in order to discuss the final settlement.

(4) The balance funds available in both companies are as follows:

NWCL	Cash at Bank as at 31.12.2020	Rs. 39.1 Mn
NWSL	Cash at Bank as Bank FD	Rs. 1,191.6 Mn
	Total Cash and Bank FD	Rs. 1,230.7 Mn

The Board of Directors of NWSL/NWCL decided to keep the above cash in the following form of investments until the liabilities are due for settlement.

NWSL Funds – Period	Investment	Int/Rate	Bank
Rs. 500 Mn – 12 Months	Bank FD	5.45%	BOC
Rs. 300 Mn - 06 Months	Bank FD	4.50%	BOC
Rs. 100 Mn - 03 Months	Bank FD	4.00%	BOC
Rs. 291.6 Mn – 01 Month	Repo	4.00%	BOC
Rs.1191.6 Mn			

NWCL – Cash in Bank FD	Rs.30.0 Mn
Balance Cash in hand	Rs. 9.0 Mn
	Rs.39.0 Mn

A copy of the Statement of Fund position of NWSL as at 31st December 2020 was tabled for the information of the Board.

(5) CID investigations are in progress and the Cases filed by NWSL are also in CID and MC Fort.

- (i) CID investigations are now in progress and the forensic audit will be finalized by KPMG and the draft report will be submitted on the 1st week of March 2021. The audit was delayed due to Covid-19 situation.
- (ii) Cases filed against Chief Dealer (Hafees Camble) for Rs.19 Mn fraud case conducted by CID.
- (iii) Cases valuing Rs.16 Mn filed by the CID in the MC Colombo Fort.

5. BOARD PAPER NO.3

CURRENT PROGRESS OF THE PROPOSED NEW PROJECTS APPROVED BY THE BOARD OF TRUSTEES OF MTF

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

Current progress of the new projects:

(1) Universal University Village project at Millawa Estate, Padukka – 153 Acres and 52 Acres

- (i) A meeting was held at the UDA with the Secretary, Ministry of Trade, DG, UDA and Project Consultant, Prof. Gamini Senanayake on 1st December 2020. A letter requesting the allocation of land and valuation had been sent on 9th December 2020 and several reminders have been sent with regard to the allocation of land, which is yet to be finalized by the UDA.
- (ii) TOR has been prepared and submitted for the approval of the Board of Trustees for the recruitment of the Project Consultant.

The Hon. Minister informed the Board that since the Millawa land has now been allocated for the Prisons, arrangements have been made to request for 300 Acres of land from Yahalakelle.

(2) Bio System Technology (Floriculture) project – Abewala

- (i) Visited the land on 13th December 2020, Hon. Minister and all members of the Board of Trustees.
- (ii) The land is vested with the Ministry of Youth Affairs and Sports. The Commissioner General of Land has agreed to allocate 12 Acres for the project. The Ministry of Youth Affairs and Sports has not yet given their consent to release the land.
- (iii) The Hon. Namal Rajapaksha, Minister of Youth Affairs and Sports has agreed to initiate the Project as a joint venture with the Ministry of Youth Affairs and Sports and the Hon. Minister Dr. Bandula Gunawardena has agreed to same.
- (iv) The Investment Committee has suggested to submit Comprehensive Project Proposals with the Financial Budget (with MTF commitment) in respect of each Project and carryout a Feasibility Study to see whether the Projects are viable for implementation.

The Board was informed that as these projects need to be initiated fast, it is recommended to get the service of a reputed Project Advising Firm, PIM, NDB or DFCC who may undertake the job.

- (v) The Board was informed that the Hon. Minister has proposed to have a meeting with Hon. Namal Rajapaksha and MPs of the Nuwara Eliya district with the Secretaries of the Ministries to make them aware of the Project.

(3) Project proposal for new Warehousing Complex at Mihintale

- (i) A meeting was held with the Hon. Minister of Land, Chief Incumbent of Mihintale Temple and other officials on 2nd January 2021.
- (ii) Cabinet approval has been granted to allocate 200 Acres land to Mahapola Trust Fund for the Project.
- (iii) Project proposal is being prepared a draft will be submitted.

The Hon. Minister explaining to the Board stated that the plan is to get the farmers to bring their produce in a Lorry or a Batta vehicle to the Complex and sell their produce and the farmers will be required to pay a parking fee to Mahapola Trust Fund.

The Board having noted the contents approved the above New Project proposals initiated by Mahapola Trust Fund and approved the appointment of a Consulting Firm for the preparation of Project proposals.

6. BOARD PAPER NO.4

APPROVAL FOR THE JOINT VENTURE PROJECT FOR ENGLISH EDUCATION WITH INTERNATIONAL INSTITUTE OF MYSTICAL ROSE (IIMR)

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

Mr. Bandara informed the Board that, as proposed by the Hon. Minister under Section 6.1 of the Mahapola Act No.66 of 1981 Educational Institutes, Technical Colleges and the development of infrastructure facilities of education could be undertaken by the Board of Trustees as per the powers vested by the Act. Accordingly, the Board of Trustees shall be authorized to enter into an agreement with third parties for furtherance of Education and improvement of the facilities of Education.

Accordingly, the International Institute of Mystical Rose has consented to join with Mahapola Trust Fund to enhance the English Education in the country. They have already set up an Institute for English Education and the Certificate and Diploma Courses are being conducted and the Courses are accredited by British School of London (an internationally recognized body).

The Board was informed that according to the proposal submitted by IIMR, MTF is not required to invest any funds for the Joint Venture Project but the Mahapola name is given to IIMR for promoting the business only. As per the conditions of the basic proposal IIMR to pay 20% of the income (tuition fees) to Mahapola on the students' intake who join for virtual classes.

Mr. M.P. Bandara, Director informed the Board that the Investment Committee of MTF having noted the draft proposal and MOU of IIMR have requested for a Due Diligence Report on IIMR in order to submit the final comments and observations for the proposed Joint Venture with IIMR.

The representatives of the International Institute of Mystical Rose (IIMR) were invited to the meeting.

A Project proposal and a draft MOU submitted by the International Institute of Mystical Rose (IIMR) was tabled for the information of the Board.

The representative of IIMR made a presentation which covered the following:

- About International Institute of Mystical Rose
 - Why we need this Project?
 - Who are we?
 - Who are the parties involved?
 - The programme path
 - What do we offer?
 - Course details
- Mahapola Higher Education Scholarship Trust Fund
 - Needs Assessment
- Key Parties Involved
 - Role of International Institute of Mystical Rose
 - Role of Mahapola Higher Education Scholarship Trust Fund
 - Role of Government or Private Bank in Sri Lanka.
- Program Description
 - Enrolment
 - Payment
 - Participation
 - Completion
- How the project will be implemented?
 - Virtual platform
 - How to get technical assistance
- Project Cash Flow
- Methods and Measurement

Having noted the presentation by the representatives of IIMR, Dr. Ravi Liyanage made the following observations:

- MTF cannot guarantee the bank loan and he doubts that the banks will provide a loan
- The course fee of Rs. 112,000/- or approximately Rs. 2,500/- per class is too high for a rural student, as they may not be able to afford it.
- Since there are so many Universities offering Diplomas, what is important is what you give the student and not the Diploma.
- So far, how many students had graduated from this programme
- How Mahapola is being used is very important.

The representatives informed the Board that about 100 students had graduated in this programme last year.

Hon. Dr. Bandula Gunawardena thanked the representatives of IIMR for their presentation.

Prof. Kapila Perera, Secretary, Ministry of Education stated that it will be important to have some specifications in place since there may be some concerns as to how this party was selected.

Dr. Ravi Liyanage stated that there are many courses on the internet today which could be followed free of charge and therefore justifying such a Course recommended by IIMR is difficult. He pointed out that how Mahapola students are to be invited, to what extent is the Mahapola logo going to be used needs to be considered.

Prof. Kapila Perera, Secretary Ministry of Education stated that the Board will go through the details and facilitate this program in the best way possible.

Dr Ravi Liyanage, Appointed Trustee stated that MTF will prepare a TOR and get IIMR also to quote and thereafter take a decision in this connection.

7. **BOARD PAPER NO.5**

RECRUITMENT OF PROJECT CONSULTANT AND PROJECT FINANCE OFFICER FOR THE NEW PROJECT OFFICE OF MAHAPOLA TRUST FUND

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

The Board decided to defer the above Board Paper.

8. BOARD PAPER NO.6
NEW SCHOLARSHIP AWARDS FOR THE A/Y 2019/2020 STUDENTS INTAKE OF THE
UNIVERSITY ADMISSIONS

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

Dr. Ravi Liyanage, Appointed Trustee requested Mr. M.P. Bandara, Director to re-submit the Paper with the Forecasted Cash Flow, in order to see the amount that will remain in the Fund.

9. BOARD PAPER NO.7
APPOINTMENT OF DIRECTOR GENERAL OF MAHAPOLA TRUST FUND

Board Paper No.7 from Mr. Kesarralal Gunasekara, Trustee was tabled in connection with the above.

Mr. M.P. Bandara, Director excused himself from the meeting.

Dr. Ravi Liyanage, appointed Trustee informed the Board that Senior Prof. Sampath Amaratunge, Chairman, University Grants Commission has informed that they cannot continue and that they need Mr. M.P. Bandara back since he was their Accountant.

The Board noted that Mr. M.P. Bandara was employed to Mahapola from the UGC on secondment.

Mr. M.P. Bandara joined the meeting.

Dr. Ravi Liyanage, informed that the position of Director for Mahapola had to be advertised and requested that an advertisement be prepared and sent to him to be published on "Top Jobs" and requested that the advertisement be placed in the newspapers as well.

10. BOARD PAPER NO.8
APPROVAL FOR EXTENSION OF THE MAHAPOLA SCHOLARSHIP PAYMENTS FOR BHIKSU
UNIVERSITY OF SRI LANKA

Mr. M.P. Bandara, Director tabled Board Paper No.8 in connection with the above

The Board having noted the contents of the Board Paper approved the recommendation to increase the no of scholarship installments up to 40, for students who are following the 4-year special degree course at the Bhiksu University of Sri Lanka, Anuradhapura with effect from A/Y 2019/20.

11. **BOARD PAPER NO.9**

RENEWAL OF THE CUSTODIAN AGREEMENT ENTERED WITH BOC ON CUSTODIAN OF THE INVESTMENT INSTRUMENTS FOR 2 YEAR PERIOD

Mr. M.P. Bandara, Director tabled Board Paper No.9 in connection with the above

The Board having noted the contents of the Board Paper approved the recommendation

- (i) To extend the Custodian Agreement for a further period of two (2) months with effect from 30th January 2021 to 31st March 2021 on the same terms and conditions as per the Custodian Agreement entered with Bank of Ceylon, Investment Banking Division on 29th January 2019.
- (ii) That the New Custodian Agreement entered with the Bank of Ceylon Investment Banking Division as per the Draft Agreement submitted and Authorized two Trustees to sign the New Custodian Agreement on behalf of the Board of Trustees of MTF.

12. **BOARD PAPER NO.10**

APPROVAL FOR RECEIVING DONATION FROM LANKA SATHOSA ON THE SELLING OF FACE MASKS

Mr. M.P. Bandara, Director tabled Board Paper No.10 in connection with the above

The Board was informed that as requested by Hon. Minister Dr. Bandula Gunawardena, Minister of Trade, Ex-officio Member of Mahapola Trust Fund, Lak Sathosa agreed to donate Rs.1/- from the sale of every Face Mask by all Lak Sathosa outlets island wide.

The Board noted that Lak Sathosa has identified this donation to MTF as a CSR allocation of Lak Sathosa Limited.

The Board was informed that Lak Sathosa Limited has been informed to remit the above donation directly to the MTF Bank Account at BOC, Corporate Branch A/C No.1791.

The Board resolved

"That Mahapola Trust Fund be authorized to enter in to a Memorandum of Understanding with Lak Sathosa Limited to receive the donation of Rs.1/- per Face Mask sold by Lak Sathosa outlets island wide and hereby authorize two Trustees to sign the Memorandum of Understanding on behalf of the Board of Trustees".

13. **BOARD PAPER NO.11**

APPROVAL TO UNDERTAKE THE MANAGEMENT OF "PRANYA BANDU" SCHOLARSHIP FUND ESTABLISHED BY HON. DR. BANDULA GUNAWARDENA

Mr. M.P. Bandara, Director tabled Board Paper No.11 in connection with the above

Mr. Bandara informed the Board that, Hon. Minister Dr. Bandula Gunawardena has decided to establish a separate Scholarship Fund for Advanced Level Students who are studying in the Technology stream. The initial contribution of Rs.10 Mn will be donated by the Hon. Minister and the inauguration is to be held on 16th March 2021 at the BMICH.

The Board was informed that the Hon. Minister has sought the consent of the Mahapola Higher Education Scholarship Trust Fund, to manage this Fund. The selection and awarding of Scholarships will be done by the governing body of the New Scholarship Fund. MTF will only facilitate to award the Scholarship and Monthly Payments for the students.

A copy of the Trust Deed of the New Scholarship Fund was tabled for the information of the Board.

The Board having noted the contents of the Board Paper in principle approved the management of the "Pranya Bandu" Scholarship Fund subject to a Memorandum of Understanding (MOU) being signed with the Mahapola Higher Education Scholarship Trust Fund. The Board noted that the MOU should clearly indicate the involvement of the Mahapola Trust Fund.

14. **BOARD PAPER NO.12**

APPROVAL FOR FILLING OF CADRE VACANCIES OF MTF AND RECTIFICATION OF THE CASUAL AND TEMPORARY APPOINTMENTS

Mr. M.P. Bandara, Director tabled Board Paper No.12 in connection with the above

The Board was informed that the MTF Organizational Structure and the SOR have been prepared and approved by the Board of Trustees and National Salaries and Cadre Commission has approved the SOR and the MTF cadre positions.

The Board having noted the contents of the Board Paper approved to advertise and fill the following vacancies on permanent basis, having used the due recruitment procedure as per the approved SOR.

- (1) Assistant Director Finance/Accountant – 01 Post
- (2) Internal Auditor – 01 Post
- (3) Driver – 01 Post
- (4) KKS – 01 Post

15. OTHER BUSINESS

15.1 Performance of the Investment Activities of the MTF Main Fund for the period ended 31.12.2020

Mr. M.P. Bandara, Director tabled a Supplementary Board Paper No.01 in connection with the above.

Accordingly, the Board noted that, the performance of investment activities of the main Fund of MTF for the period ended 31st December 2020 achieved a 14% growth when compared with the year 2019.

The Board was informed of this record achievement in spite of the COVID-19 pandemic situation in 2020.

The Board requested that Forecasted Cash Flow Statement for a period of two years should be prepared and submitted to the Investment Committee.

15.2 Approval for Transport Allowance for the staff of MTF during COVID-19 pandemic situation

Mr. M.P. Bandara, Director tabled a Supplementary Board Paper No.02 in connection with the above.

The Board having noted the contents of the Board Paper and the request of the staff, approved a transport allowance to staff, on the following basis, with effect from March 2021, due to COVID-19 and since the staff cannot use public transport.

1. Administration Officers – Maximum monthly limit Rs. 4,000/-
2. Management Assistants Grade I and III - Maximum monthly limit Rs. 3,500/-
3. Book Keepers – Maximum monthly limit Rs. 3,000/-
4. Other Staff – Maximum monthly limit Rs. 2,000/-

The Board was informed that the additional cost that could be incurred for the above transport allowance is Rs. 40,000/- per month.

15.3 Approval for the Internet Payment Gateway Facility for MTF through Bank of Ceylon

Mr. M.P. Bandara, Director tabled a Supplementary Board Paper No.03 in connection with the above.

The Board having noted the contents of the Board Paper

Resolved

"That the Board approves the implementation of the IPG through Bank of Ceylon and authorizes the entering into a legal agreement for obtaining the IPG facility and approves the payment of a monthly rental of Rs. 3,000/- with commission 3.5% on each transaction"

Further resolved

"That the Board hereby authorizes any two Trustees to sign the legal agreement in respect of the above on behalf of the Board of Trustees"

15.4 Directors' fee due to Dr. R. Liyanage

Dr. Ravi Liyanage, Appointed Trustee informed the Board that the Directors' Fee due to him be transferred back to the Mahapola Higher Education Trust Fund as an income, which was noted by the Board.

There being no other business to be taken up the meeting concluded.

CONFIRMED TRUE RECORD

CHAIRMAN

A:/Min-85th