

MINUTES OF THE 64TH MEETING OF MAHAPOLA HIGHER EDUCATION
SCHOLARSHIP TRUST FUND

DATE & TIME: 15TH JUNE 2017 AT 4.00 P.M.

VENUE: CHAMBERS OF THE CHIEF JUSTICE'S OFFICE,
SUPREME COURT, COMPLEX, COLOMBO 12.

PRESENT:

1. HIS LORDSHIP THE CHIEF JUSTICE MR. W.P.G. DEP P.C.	EX.OFFICIO TRUSTEE
2. HON. MR. MALIK SAMARAWICKREMA, M.P. MINISTER OF DEVELOPMENT STRATEGIES & INTERNATIONAL TRADE	FOUNDER TRUSTEE
3. MRS. C. WIJAYAWARDHANA SECRETARY, MINISTRY OF DEVELOPMENT STRATEGIES & INTERNATIONAL TRADE	EX.OFFICIO TRUSTEE
4. MR.D.C.DISSANAYAKE SECRETARY, MINISTRY OF UNIVERSITY HIGHER EDUCATION & HIGHWAYS	EX.OFFICIO TRUSTEE
5. DR. WICKREMA WEERASOORIA, ATTORNEY-AT-LAW	APPOINTED TRUSTEE
6. MR.ANILRAJAKARUNA,ATTORNEY-AT-LAW	APPOINTED TRUSTEE
<u>EXCUSED</u>	

MR. S. S. HETTIARACHCHI
SECRETARY, MINISTRY OF EDUCATION

BY INVITATION

MR. D.A.W. WANIGASOORIYA
ADDL. SECRETARY/CHIEF ACCOUNTANT, PRESIDENTIAL
SECRETARIAT – OBSERVER

IN ATTENDANCE BY INVITATION :

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

1. PRELIMINARY

Dr. Wickrema Weerasooria welcomed the new Chairman His Lordship the Chief Justice W.P.G. Dep P.C., and wished to place on record the Company's appreciation of the former Chairman His Lordship Mr. K. Sripavan for his valuable contribution during his tenure on Board.

2. CONFIRMATION OF THE MINUTES OF THE 63RD MEETING HELD ON 22ND DECEMBER 2016

The Minutes of the 63rd Meeting of the Mahapola Higher Education Trust Fund held on 22nd December 2016 which had been circulated were approved subject to the following amendments:

Minute No.9 - Other Business
Enquiry on Poverty Alleviation Programme

Dr. Wickrema Weerasooria pointed out that the second paragraph of the above minute which is reproduced below should be deleted in its entirety.

"The Hon Chief Justice requested Mrs. C. Wijayawardhana to check whether organizing Fairs are within objectives of the Mahapola Act."

Thereafter proposed by Hon. Mr. Malik Samarawickrema, Minister of Development Strategies & International Trade and seconded by Mrs. C. Wijayawardhana, Secretary Ministry of Development Strategies and International Trade the Chairman signed the minutes as a correct record of the proceedings.

3. MATTERS ARISING FROM THE MINUTES

3.1 Termination of Mahapola Lottery with Oceanic Games and the Litigation that Ensued

Dr. Wickrema Weerasooria informed the Board that the Mahapola Lottery with Oceanic Games has been terminated.

The Board was informed that there is a pending Case with Oceanic Games and the Company is trying to speak to the plaintiff and get the Case withdrawn.

3.2 Enquiry on Poverty Alleviation Programme

The Board decided not to proceed with the above matter.

3.3 Appointment of Mr. Parakrama Bandara as Director MTF (Hon. Minister has approved in principle and requested that this matter be considered in detail by the Management Committee chaired by the Ministry Secretary)

Dr. Wickrema Weerasooria informed the Board that the Ministry of Higher Education has approved and the University Grants Commission has released Mr. Parakrama Bandara to be appointed to the Board of MTF.

Dr. Wickrema Weerasooria recommended that Mr. Parakrama Bandara be appointed as a Director at a salary of Rs.150,000/- per month plus Fuel Allowances subject to government regulations, with effect from 1st July 2017.

Mrs. Chandrani Wijayawardhana, Secretary, Ministry of Development Strategies & International Trade at this stage stated that the terms of his appointment should be recommended by the Management Committee and thereafter approved by the Board, which was noted by the Board.

4. BOARD PAPER NO.1
EMERGENCY SITUATION REGARDING PAYMENT TO MAHAPOLA SCHOLARSHIPS
OWING TO FINANCIAL PROBLEMS AT THE DEVELOPMENT LOTTERY BOARD

The Board noted the contents of Board Paper No.1 from Dr. Wickrema Weerasooria, Trustee, MTF on the above subject.

Dr. Wickrema Weerasooria informed that a serious situation has arisen because the Development Lottery has informed Mahapola Trust Fund (MTF) that they are unable to make their Annual payments for 2017 to the President's Fund and to Mahapola for the following 2 main reasons:

- (a) There was a crisis at the Development Lottery Board (DLB) on a pricing issue and there was a strike by the Dealers and the sale of lottery tickets was suspended for about 2 months.
- (b) The Inland Revenue claimed Rs.4.4 billion from the DLB for taxes unpaid during the previous regime prior to January 2015.

The above two factors have prevented contributions in 2017 from the DLB to the President's Fund and Mahapola.

The Board was informed that earlier the Company had got an average for each year of approximately Rs.700 Mn to Rs.800 Mn. In 2018 no such problems will be encountered and this emergency situation is only for 2017.

Dr. Wickrema Weerasooria informed that as Trustee and Director of the Company he had alerted Mr. Parakrama Bandara, Acting Director MTF who has tabled a Cash Forecast for 2017 for the information of the Board.

The Board having noted the recommendation of the Acting Director and Dr Wickrema Weerasooria granted covering approval to obtain a facility from the Bank of Ceylon against the fixed deposits or to sell the Treasury Bonds at a discounted price to cover the shortfall.

5. **BOARD PAPER NO. 02**

SIGNING OF FUND MANAGEMENT AGREEMENT BETWEEN MAHAPOLA TRUST FUND (MTF) AND NATWEALTH CORPORATION LTD (NWC) FOR THE PERIOD JUNE 2017 TO 31ST DECEMBER 2017 AND CONNECTED MATTERS

Fund Management Agreement

Mr. Sunil Peiris, Chairman, National Wealth Corporation and Mr. Gihan Jayatilleke, CEO National Wealth Corporation were invited to the meeting.

The Board noted the contents of Board Paper No.2 from Dr. Wickrema Weerasooria, Trustee, MTF on the above subject.

The Board noted that Natwealth Corporation Limited (NWC) is a fully owned subsidiary of Mahapola Trust Fund (MTF)

From its establishment in November 2003 an agreement has been signed every year between MTF and NWC for fund management.

The Board was informed that the initial Agreement provided for 75% investment in Government Securities and balance 25% in Corporate Debt Instruments.

It was pointed out that currently debentures issued by listed companies guarantee higher yields and are more profitable than Government Securities.

The Board having noted the recommendation of Dr. Wickrema Weerasooria.

Resolved:

"That the Board authorizes the signing of an Agreement with National Wealth Corporation to continue the agreement for fund management from 1st July 2017 to 31st December 2017 and that the investment ratio be and is hereby changed to 60% in Government Securities and 40% in Debt Instruments".

Further Resolved:

"That the two Appointed Trustees; Dr Wickrema Weerasooria and Mr. Anil Rajakaruna be and are hereby authorized to sign the Agreement with Natwealth Corporation Limited and Mrs Chandanie Wijayawardhana, Ex officio Trustee and Mr. Parakrama Bandara, Acting Director, MTF be and are hereby authorized to witness the Agreement"

Resignation/Appointment of Directors to NWC and NWS

The Board was informed that four members of the earlier Board of National Wealth Corporation and Natwealth Securities Limited resigned in November 2016.

Hon, Minister Mr. Malik Samarawickrema nominated the following three members as the new directors and they were appointed in February/March 2017.

- | | | | |
|-------|---------------------|---|--------------------------------|
| (i) | Mr. Sunil Peiris | - | Financial and Accounts Expert |
| (ii) | Mr. Sujendra Mathew | - | Financial and Corporate Expert |
| (iii) | Dr. H. Samaraweera | - | Medical Doctor |

NWC and NWS Shifting of Premises

The Board was informed that NWC and NWS have decided to shift to new premises at Vajira Road, Colombo 5.

The Board was informed that the main reason to shift is to reduce operating costs such as office rent.

Hon Minister Mr. Malik Samarawickrema, enquired about the Company's plan for the year 2017. The Hon. Minister requested Mr. Sunil Peiris to circulate the plan among the Directors for their comments.

Dr. Wickrema Weerasooria at this stage commended the work done by Mr. Sunil Peiris at NWC and NWS.

Mr. Sunil Peiris, Chairman, National Wealth Corporation and Mr. Gihan Jayatilleke, CEO National Wealth Corporation excused themselves from the meeting.

6. BOARD PAPER NO.3
REFURBISHMENT OF NEW MAHAPOLA OFFICE PREMISES AT J R JAYEWARDENA CENTRE, COLOMBO

Dr. Wickrema Weerasooria, Trustee tabled Board Paper No.3 in connection with the above.

The Board was informed that with the prior approval of the Board the main office of MTF which was situated at No.27, Vauxhall Street, Colombo 2 will be shifted to the J R Jayewardena Centre at Dharmapala Mawatha, Colombo 7 with effect from 1st July 2017. The Board decided to have a soft opening.

The Board noted that as per the recommendation of the Management Committee it was decided to call tenders for the refurbishment of the premises occupied by MTF.

A Ministry Tender Board to be known as the Procurement Committee of MTF was established and tenders/quotations were called. From over three quotations received the Procurement Committee after careful consideration and evaluation awarded the tender for refurbishment of the new office to Three Lanka Interiors, the lowest quotation obtained for a sum of Rs.9,893,425/- + VAT.

The Board having noted that the Contract Agreement with Three Lanka Interiors was examined by Dr. Wickrema Weerasooria, Trustee and Lawyers approved same and accordingly.

It was resolved:

"That the Board authorizes any two (02) Directors of the Company to sign the Contract Agreement with Three Lanka Interiors for the refurbishment of the new office premises at J.R. Jayewardena Centre, Dharmapala Mawatha, Colombo 07".

7. BOARD PAPER NO.4
MAHAPOLA SCHOLARSHIPS AWARD FOR THE ACADEMIC YEAR 2015/2016

Dr. Wickrema Weerasooria, Trustee tabled Board Paper No.4 in connection with the above.

The Board noted that the University Grants Commission(UGC) had done the selection of the scholarships recipients from the University Admissions for 2015/2016. Accordingly 13,247 students in four subject streams out of total of 26,541 students admitted to the Universities in 2016 had been selected the details of which are given below:

Subject Stream	Students Selected		Total
	Merit	Ordinary	
Bio Science	326	1,342	1,673
Physical Science	280	1,325	1,605
Commerce	282	3,098	3,380
Arts	416	5,067	5,483
Technology	97	1,009	1,166
	1,401	11,846	13,247
	=====	=====	=====
		(Please check figures)	

The parental income of the students selected is below Rs.300,000/- (which is the current eligible income level).

Mr. P. Bandara, Acting Director informed the Board that the MTF requires Rs.1.4 Bn per year for the Mahapola Scholarships.

The Board having noted the above approved the award of 13,247 scholarships for the Academic Year 2015/2016.

8. BOARD PAPER NO.5
INVESTMENTS OF MTF IN FIXED DEPOSITS AND RGP'S AND GOVERNMENT BONDS

Dr. Wickrema Weerasooria, Trustee tabled Board Paper No.5 in connection with the above.

The Board noted that additional funds of MTF had been invested in 01 month and 03 months FDs and Repo's at the highest rates offered by People's Bank, National Savings Bank and Bank of Ceylon.

9. MAHAPOLA LOTTO – CASE NO.HC/CIVIL/443/2016/MR

10. OTHER BUSINESS

Procurement of Motor Vehicle on Operating Lease basis for the use of Mahapola Trust Fund (MTF)

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

The Board noted that at the 62nd Meeting of the Board of Trustees it was decided to purchase a new motor vehicle on outright purchase for the use of MTF.

Due to the present financial situation of MTF, the Management Committee decided to defer the above decision and procure the motor vehicle on lease basis, following NBC/1/2016 (i) guideline issued by the Ministry of Finance.

The Board noted that according to the NBC/1/2016 (i) guidelines the monthly lease rental for the category III (Director or Officer of equivalent capacity) will be Rs.135,000/-

The Board having noted the above approved the procurement of a motor vehicle on operating lease basis for MTF following NBC/1/2016 (i) guidelines issued, by the Ministry of Finance.

CONFIRMED TRUE RECORD

CHAIRMAN