

[REPUBLIC ACT NO. 4690, June 18, 1966]

**AN ACT CREATING THE BICOL DEVELOPMENT COMPANY,
DEFINING ITS POWERS, FUNCTIONS AND DUTIES,
APPROPRIATING FUNDS THEREFOR, AND FOR OTHER
PURPOSES.**

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

CHAPTER I

CREATION AND ORGANIZATION OF CORPORATION

SECTION 1. *Declaration of Policy.*—It is hereby declared to be the policy of Congress to promote the balanced and accelerated growth of the Bicol Region within the context national plans and policies for social and economic development through the leadership, guidance, and support of the government. To achieve this end, it is recognized that a government corporation should be created to implement the approved plans and programs of the National Economic Council and/or to draw the necessary plans for the development of the Region, provide leadership therefor, and coordinate and integrate the diverse efforts of various public and private enterprises engaged in the development of the Region, and whenever necessary, to undertake the activities essential to said development.

SEC. 2. *Bicol Development Company created.*—For the purpose of carrying out and effecting the declared policy provided for in Section One hereof, there is hereby created a body corporate to be known as the Bicol Development Company, hereinafter referred to as the Company, which shall be organized within ninety days after the approval of this Act. The Company shall exercise the powers expressly granted under this Act and perform such functions as are necessary for carrying out its objectives and purposes. This Act may be cited as the "Bicol Development Company Act."

SEC. 3. *Incorporation.*—The Company shall be deemed organized upon the first meeting of the Board of Directors and the directors who attended the first meeting shall be deemed the incorporators.

SEC. 4. *Principal Office; Subsidiary Corporation.*—The principal office of the Company shall be in the City of Legaspi but subsidiary corporations organized in accordance with this Act in the six provinces of the region shall have their principal offices in the capitals of the provinces concerned. Branches and agencies may be established in such other places as may be necessary for the proper conduct of their business.

CHAPTER II

PURPOSES AND OBJECTIVES

SEC. 5. *Purposes and Objectives.*—The Company shall have the following purposes and objectives:

- a. To implement the approved plans and programs of the National Economic Council for the agro-industrial development of the Region:
- b. To formulate the necessary plans and programs for the Region within the context of national policies should the National Economic Council fail to do so within months after the organization of the Company. Such plans and Programs shall be submitted to the National Economic Council which shall act on them within sixty days from date of receipt thereof. If the National Economic Council shall fail to act on said plans and programs within the period herein prescribed, the Company may proceed to implement the same.
- c. To provide the machinery for extending the necessary planning, management and technical assistance to prospective and existing investors in the area.
- d. To make recommendations to the proper agencies on the peso or dollar financing, technical support, physical assistance, and, generally, the level of priority to be accorded industrial, commercial and agricultural projects soliciting or requiring direct help from or through the government or any of its instrumentalities.
- e. To approve all development plans, programs, or projects by any local government agencies, public corporations, and private enterpriser where such plans, programs, or projects are related to the development of the region as envisioned in this Act. The Company shall determine whether such plans, programs, or projects need to be approved by the Company under these provisions. The decision of the Company in this regard shall be final.
- f. To engage in industry, agriculture, commerce or other enterprises within the region which may be necessary or directly contributory to the socio-economic development of the region and, for this purpose, whether by itself or in cooperation with private persons or entities, to organize, finance, invest in, and operate subsidiary corporations: *Provided*, That foreign equity capital shall not exceed forty *per centum* of the total paid-in capital at any time: *And provided, further*, That the Company shall engage only, unless public interest requires otherwise, those activities which are in the nature of new ventures or are clearly beyond the scope, capacity, or interest of private enterprises due to considerations of geography, technical or capital requirements, or rate of returns on investment, and risk.
- g. To act as a holding Company, supervise and coordinate the activities of the subsidiary corporations organized under this Act.
- h. To make a report annually to the President, the National Economic Council and the Congress of the progress of its activities including those done in collaboration with the various government and private entities engaged in the implementation of socio-economic plans and projects in the region. The report shall include, among other comparison of the development targets as set for the year ending and the extent to which actual accomplishments measure up to such targets, and the administrative and legislative recommendations.

The exercise of authority by this Company to carry the aims and objectives of this Act shall not be limited by any existing provision of law to the contrary. Whenever the Company decides to exercise any authority necessary for the development of

the region presently vested in another governmental body or agency, the exercise of such authority by the Company shall be deemed exclusive.

CHAPTER III

CORPORATE POWERS

SEC. 6. *Powers, Functions, Eminent Domain, etc.*—Without in anyway limiting the powers of the Company, in order to accomplish the purposes of this Act, the Company shall have, among others, the following powers and functions:

- a. To exercise the right of eminent domain in the name of the Republic of the Philippines whenever necessary to accomplish the purposes of this Act. The title to the real estate acquired by condemnation proceedings, shall be in the name of the Republic of the Philippines, but said real estate shall be entrusted to the Company as the agent of the Republic of the Philippines.
- b. To review the budgets, approve management contracts and determine the general policies of the subsidiary corporations organized under this Act, while the optional policies are left to the boards of directors of corporations.
- c. To issue bonds and to borrow funds from any local or foreign financial institution to finance its projects.
- d. To hold, own or acquire agricultural and forest or pasture lands in excess of the area permitted to private corporations, associations and persons by the Constitution and Laws of the Philippines.
- e. To succeed on its corporate name; to adopt, alter, and use a corporate seal which shall be judicially noticed; to sue and be sued in its corporate name; to adopt, amend, and repeal its by-laws; to enter into contracts of any kind and description to enable it to discharge its functions under this Act; to acquire, lease, or hold such personal and real property as it deems necessary or convenient in the transaction of its business and may lease, mortgage, sell, alienate, or otherwise dispose of such personal and real property held; and to make such regulations as are necessary to execute the powers and functions vested in it by this Act.
- f. To do all other things and to transact all such business as are directly or indirectly necessary, incidental or conducive to the attainment of the purposes of the Company; and
- g. Generally, to exercise all the powers of a corporation under the Corporation Law insofar as they are not inconsistent with the provisions of this Act.

CHAPTER IV

ORGANIZATION AND FINANCING

SEC. 7. *Capitalization.*—The Company shall have an authorized capital of Three hundred million pesos divided into three million shares at One hundred pesos par value which shall be fully subscribed by the Republic of the Philippines and shall be paid out as follows:

- a. The sum of Thirty million pesos, which is hereby appropriated out of any fund in the National Treasury not otherwise appropriated and from proceeds of bond issues or loans and from other sources of funds of the National Government which shall be released immediately upon the approval of this Act.

- b. The sum of Thirty million pesos for each fiscal year thereafter for a period of nine years, from the same sources mentioned in paragraph (a) hereof, which is hereby appropriated for such subsequent years beginning with the fiscal year nineteen hundred sixty-eight.

SEC. 8. *Operating Expenses.*—For the operating expenses of the Company for the fiscal year nineteen hundred sixty-seven, the sum of Five hundred thousand pesos is hereby appropriated out of any fund in the National Treasury not otherwise appropriated. For the succeeding fiscal years, the Board of Directors may appropriate out of the paid-in capital of the Company a sum not exceeding r million pesos each fiscal year for operating expenses standing annual appropriation is hereby made out of a fund in the National Treasury not otherwise appropriated of such sums as may be necessary to reimburse the Company of the total amount actually expended out of the said One million pesos for overhead expenses at the end of each fiscal year, which reimbursement shall accrue to the paid-in capital of the Company. The unexpended balance of the appropriation for overhead expenses at the fiscal year shall automatically revert to the said paid-in capital.

SEC. 9. *Procedure to Issue Bonds and Incur Indebtedness.*—Whenever the Board of Directors may deem it necessary for the Company to incur an indebtedness or to issue bonds to carry out the provisions of this Act, it shall by resolution so declare and state the purpose for which the proposed debt is to be incurred. In order that such resolution may be valid, it shall be passed by the affirmative vote of at least four members of the board and approved by the President of the Philippines upon the recommendation of the Secretary of Finance, after consultations with the National Economic Council and the Monetary Board of the Central Bank.

SEC. 10. *Bond Limits.*—The bonds issued under this provision shall in no case exceed the amount of fifty million pesos: *Provided*, That no single issue shall exceed ten million pesos and that no further issue shall be made if eighty *per centum* of the immediately preceding issue is not yet sold.

The bonds shall be issued in such amounts as will be needed at any one time, taking into account the which said bonds may be absorbed by the buying public and the fund requirements of projects ready for execution and considering further a proper balance between productive and nun-productive projects so that inflation shall be held to the minimum.

SEC. 11. *Form, Rates of Interests, etc. of Bonds.*—The Secretary of Finance, in consultation with the Monetary Board shall prescribe the form, the rates of interest, the denominations, maturities, negotiability, convertibility, call and redemption of features, and all other terms and conditions of issuance, placement, sale, servicing, redemption and payment of all bonds issued by virtue of this Act.

The Bonds issued by virtue of this Act may be made payable both as to principal and interest in Philippine Currency or any readily convertible foreign currency. Said bonds shall be receivable as security in any transaction with the Government in which such security is required.

SEC. 12. *Exemption from Tax.*—The Company shall be exempt from all taxes incidental to its operations: *Provided*, That its subsidiary corporations shall be subject to all said taxes five years after their establishment under a graduated scale