

[REPUBLIC ACT NO. 4850, July 18, 1966]

**AN ACT CREATING THE LAGUNA LAKE DEVELOPMENT
AUTHORITY PRESCRIBING ITS POWERS, FUNCTIONS AND
DUTIES, PROVIDING FUNDS THEREFOR, AND FOR OTHER
PURPOSES.**

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

CHAPTER I

DECLARATION OF POLICY AND CREATION OF AUTHORITY

SECTION 1. *Declaration of policy.*—It is the policy of this Authority to lead, promote, and accelerate the development and balanced growth of the Laguna Lake area and the surrounding provinces, cities and towns hereinafter referred to as the region, within the context of the national plans and policies for social and economic development.

SEC. 2. *Laguna Lake Development Authority created.*—For the purpose of carrying out and effecting the declared policy, as provided for in Section one hereof, there is hereby created a body corporate to be known as the Laguna Lake Development Authority, hereinafter referred to as the Authority, which shall be organized within one hundred twenty (120) days after the approval of this Act. The Authority shall execute the powers and functions herein vested and conferred upon it in such a manner as will, in its judgment, aid to the fullest possible extent in carrying out the aims and purposes set forth below. This Act may be known as the Laguna Lake Development Authority Act of 1966.

SEC. 3. *Location of principal office.*—The Authority shall maintain its principal office at a convenient place within the region, but it may have branch offices in such other places as are necessary for the proper conduct of its business.

CHAPTER II

SEC. 4. *Purposes.*—The Authority shall have the following purpose:

- a. To make a comprehensive survey of the physical and natural resources and potentialities of the region, more particularly the development of the Laguna Lake resources including its social conditions, hydrological studies, power potentials, development of scenic and tourist spots, conservation of water resources and such other regional problems, and on the basis thereof, to draft a comprehensive and detailed plan designed to promote the region's rapid social and economic development and to implement such plan or plans;

- b. To provide the machinery for extending the necessary planning, management and technical assistance to prospective and existing investors in the region;
- c. To make recommendation to the proper agencies on the peso or dollar financing, technical support, physical assistance and, generally, the level of priority to be accorded agricultural, industrial and commercial projects, soliciting or requiring direct help from or through the government or any of its instrumentalities;
- d. To pass over all plans, programs, project developments proposed by local governmental agencies within the region, public corporations, and private enterprises where such plans, programs, and/or project developments are related to the development of the region as envisioned in this Act. The Authority shall determine whether such plans, programs, and/or project developments need to be approved by the Authority under this provision and the decision of the Authority shall be final;
- e. To engage in agriculture, industry, commerce, or other activities 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, invent in, and operate subsidiary corporations: *Provided*, That the Authority shall engage only, unless public interest requires otherwise, in those activities as are in the nature of new ventures or are clearly beyond the scope, capacity, or interest of private enterprises due to consideration of geography, technical or capital requirements, return on investment, and risk;
- f. To plan, program and/or undertake the readjustment, relocation, or resettlement of population within the region as may be deemed necessary, and beneficial by the Authority;
- g. To make an annual report to the stockholders regarding the operation of the Authority more particularly a statements of its financial conditions, activities undertaken, progress of projects and programs and plans of actions for the incoming years: *Provided, however*, That a majority of the stockholders may require the Authority to submit report or reports other than the annual report herein required, which report must be submitted within a period of thirty (30) days from notice thereof;
- h. To lend or facilitate the extension of financial assistance and/or act as surety or guarantor to worthwhile agricultural, industrial and commercial enterprises;
- i. To reclaim or undertake reclamation projects and/ or acquire such body of lands from the lake as may be necessary to accomplish the aims and purpose of the Authority.

CHAPTER III

CORPORATE POWERS

SEC. 5. *The Powers of the Authority.*—The Authority shall have the following powers and function:

- a. To succeed on its corporate name;
- b. To sue and be sued in such corporate name;
- c. To adopt, alter and use a corporate name;
- d. To adopt, amend, and repeal its by-laws;
- e. To enter into contracts of any kind and description, To enable it to carry out its purposes and functions under this Act;

- f. To acquire, but, purchase, hold or lease, such personal and real Property as its deems necessary or convenient in the transaction of its business and/or in relation with the carrying out of its purposes under this Act; and to lease, mortgage, sell, alienate, or otherwise encumber or dispose any such personal and real property held by it;
- g. To exercise the right of eminent domain whenever the Authority deems it necessary for the attainment of the objectives of the Authority under this Act;
- h. To borrow funds from any local or foreign financial institution independent of the bonds it may issue or may continue to issue, to carry out the purposes of this Authority under this Act;
- i. To purchase, hold, alienate, mortgage, pledge or otherwise dispose of the shares of the capital stock of, or any bond, securities, or other evidence of indebtedness created by any other corporation, co-partnership, or government agencies or instrumentalities; and while the owner of said stock, to exercise all the rights of ownership, including the right to vote thereon;
- j. For carrying on its business, or for the purpose of attaining or furthering any of its objectives, to perform any and all acts which a corporation, co-partnership, or natural person is authorized to perform under the laws now existing or which may be enacted hereafter.

CHAPTER IV

SEC. 6. *Capitalization and Financing.*—The Authority shall have an authorized capital of one hundred million pesos (P100,000,000.00) of which the amount of twenty million pesos (P20,000,000.00) shall be subscribed by the stockholders of the subscribed capital, the amount of five million pesos (P 5,000,000.00) shall be fully paid up.

The authorized capital stock of one hundred million pesos (P100,000,000.00), shall be divided into one (1) million shares of stock with a par value of one hundred pesos (P100.00) per share.

The shares of stock of the Authority shall be divided into:

1. 700,000 common shares (voting)
2. 300,000 preferred shares (non-voting)

Of the subscribed common shares of 200,000, at least 60% shall be subscribed by the provinces of Laguna and Rizal equally, of which subscription, 25% shall be fully paid. The remaining common shares shall be open for subscription to cities, municipalities, provinces and private investors.

The preferred shares of stock of 300,000 shall be available for subscription to cities, municipalities, provinces, government corporations and to private investors: *Provided, however,* That private investors who will subscribe to the common shares shall subscribe and/or purchase one (1) preferred share for every common share held by them.

SEC. 7. *Powers of Municipal Corporations to Subscribe.*—For purposes of attaining the purposes of this Authority, municipalities, cities and provinces are hereby authorized to subscribe, own, buy or hold shares of stock of this Authority.

SEC. 8. *Operating expenses.*—For the operating expenses of the Authority, the sum

of five hundred thousand pesos (P500,000.00) is hereby authorized to be appropriated annually for two (2) years from the general fund of the National Government not otherwise appropriated.

Thereafter the Board of Directors may appropriate out of the funds of the Authority such sums as may be needed or necessary for its operating expenses.

SEC. 9. *Power to issue bonds.*—Whenever the Board of Directors may deem it necessary for the Authority 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. The resolution shall be confirmed by the affirmative vote of the stockholders representing a majority of the subscribed capital stock outstanding and entitled to vote.

SEC. 10. *Bond limit.*—The bonds shall be issued in such amounts as will be needed at any one time, taking into account the rate at which said bonds may be absorbed by the buying public and the fund requirements of projects ready for execution, and considering further a proper balanced productive and non-productive projects so that inflation shall be held to the minimum.

SEC. 11. *Form, rates of interest, etc. of bonds.*—The Board of Directors, shall prescribe the form, the rates of interest, the denominations, maturities, negotiability, convertibility, call and redemption features, and all other terms and conditions of issuance, placement, sale, servicing, redemption, and payment of all bonds issued by the Authority under 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 Authority shall be exempt from all taxes, licenses, fees, and duties, incidental to its operations. This exemption shall extend to its subsidiary corporations: *Provided*, That its subsidiary corporations shall be subject to all said taxes, licenses, fees, and duties five (5) years after their establishment under a graduated scale as follows: twenty (20) *per centum* of all said taxes during the sixth year, forty (40) *per centum* of all said taxes during the seventh year, sixty (60) *per centum* of all said taxes during the eighth year, eighty (80) *per centum* of all said taxes during the ninth year, and one hundred (100) *per centum* of all sold taxes during the tenth year, after said establishment. Such exemption shall include any tax or fee imposed by the government on the sale, purchase or transfer of foreign exchange. All notes, bonds, debentures and other obligation issued by the Authority shall be exempt from all taxes both as to principal and interest, except inheritance and gift taxes.

SEC. 13. *Sinking Fund.*—A sinking fund shall be established in such manner that the total annual contribution thereto accrued at such rate of interest as may be determined by the Boards of Directors as confirmed by the stock-holders representing a majority of the subscribed capital stock outstanding and entitled to vote, shall be sufficient to redeem at maturity the bonds issued under this Act.

Such fund shall be under the custody of the treasurer of the Authority who shall