

[REPUBLIC ACT NO. 4132, June 20, 1964]

**AN ACT CREATING THE NORTHERN SAMAR DEVELOPMENT
AUTHORITY, PRESCRIBING ITS POWERS, FUNCTIONS AND
DUTIES, AUTHORIZING THE APPROPRIATION OF FUNDS
THEREFOR, AND FOR OTHER PURPOSES.**

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

**CHAPTER I
POLICY AND CREATION**

SECTION 1. *Declaration of policy* .—It is hereby declared to be the policy of Congress to foster the accelerated and balanced growth of Northern Samar, hereinafter referred to as the Region, within the context of 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 for the purpose of drawing up the necessary plans for regional development; providing leadership in the setting up of pioneering or ground-breaking industrial and agricultural enterprises; coordinating or integrating the diverse efforts of the various public and private entities directly engaged in implementing plans and projects affecting power, manufacturing, mining, fishing, transportation and communication, conservation, resettlement, education, extension work, health and other activities leading to the rapid socio-economic growth of the Region; and extending or facilitating the extension of financial, management and technical support to worthwhile industrial and commercial ventures within the Region.

SEC. 2. *Northern Samar Development Authority Created*.—There is hereby created a body corporate to be known as Northern Samar Development Authority, hereinafter referred to as the Authority, which shall be organized within sixty 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 cited as the Northern Samar Development Authority Act of 1964.

SEC. 3. *Incorporation*.—The members of the Board of Directors first appointed shall be deemed the incorporators and the incorporation shall be held to have been effected from the date of the first meeting of such Board.

SEC. 4. *Location of principal office*.—The Authority shall maintain its principal office at Bobon, Samar, but it may have branch offices in such other places as are necessary for the proper conduct of its business. After the selection of the location of its principal office, or in the event it later makes a change in such location, the

Authority shall post notices of such selection or change in the Official Gazette.

CHAPTER II PURPOSES

SEC. 5. *Purposes*.—The Authority shall have the following purposes:

- a. To make a comprehensive survey of the physical and natural resources and potentialities of the Region including its social conditions, values and institutions, and special 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 along the general lines set forth by the National Economic Council: *Provided*, That the said plan shall first be referred to the President, who shall act upon it within a period of three months from the date of submission.
- b. To provide the machinery for extending the necessary planning, management and technical assistance to prospective and existing investors in the area.
- c. 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 and agricultural projects soliciting or requiring direct help from or through the government or any of its instrumentalities.
- d. To coordinate and/or integrate such projects or operations of local governments, government agencies, public corporations and, where clearly necessary and feasible, those of private entities, as bear directly upon the plans and activities of the Authority so as to make possible the accelerated and balanced development of Region within the context of guidelines formulated by the National Economic Council; for this purpose, to set up a compact and well-trained staff for effective liaison and consultation or joint planning and/or implementation with such government and private entities: *Provided*, dispute involving jurisdiction between the Authority and any department, bureau, office, agency or instrumentality of the government within the area covered by this Act, and those arising in the coordination or integration of government plans, projects, or operations in the area shall be settled by decision of the President of the Philippines.
- e. To engage in a massive road building program designed to accelerate the objectives of the Authority, or in industry, agriculture, 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 when such an arrangement is clearly necessary to implement the powers granted to it by this Act: *Provided*, That the Authority shall engage only in such activities as are in the nature of pioneering ventures or are demonstrably beyond the scope, capacity, or interest of purely private enterprises due to considerations of geography, technical or capital requirements, returns on investment, and risks.
- f. To advise and cooperate in the readjustment, relocation, or resettlement of population in any part of the country that may be displaced or affected by the socio-economic measures of the government in cooperation with the national, provincial, city and municipal agencies organized towards that end.

- g. To make a report annually to the National Economic Council and Congress through the President, based upon its continuing assessment and evaluation, in the light of the Authority's approved plans and objectives, of the progress in 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, including in such report, among other items, a general survey of the social and economic conditions of the Region, socio-economic problems having special preference to the work of the Authority, a comparison of the development targets set for the year ending and the manner in which actual accomplishments measure to such targets, and appropriate administrative and legislative recommendations.

CHAPTER III CORPORATE POWERS

SEC. 6. *Powers, functions, eminent domain, etc.*—Except as otherwise specifically provided for in this Act, the Authority shall have the following powers and functions:

- 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 seal, which shall be judicially noticed.
- d. To make contracts of any kind and description to enable it to discharge its functions under this Act.
- e. To adopt, amend, and repeal its by-laws.
- f. 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 any such personal and real property held but it may not sell its properties and products for delivery or use outside of the Philippines without the approval of the President of the Philippines.
- g. To hold agricultural lands in excess of the areas permitted to private corporations or associations by the Constitution.
- h. To exercise the right of eminent domain in the name of the Republic of the Philippines, and in the acquisition of real estate by condemnation proceedings, the title to such real estate shall be taken in the name of the Republic of the Philippines, and thereupon all sue real estate shall be entrusted to the Authority as agent of the Republic of the Philippines to accomplish the aims and purposes of this Act.
- i. To make such regulations as are necessary to execute the powers and functions vested in it by this Act.
- j. To borrow funds from any local or foreign financial institution independent of the bonds it has issued or may still issue, to finance its projects: *Provided*, That the total loan outstanding pursuant to this provision shall not exceed one hundred million pesos at any one time.
- k. To purchase, hold, alienate, mortgage, pledge or otherwise dispose of the shares of the capital stock of, any bond, security, or other evidence of indebtedness created by any other corporation or partnership of this or any

other country, and while the owner of said stock, to exercise all the rights of ownership, including the right to vote thereon.

- i. For carrying on its business, or for the purpose of attaining or furthering any of its objects, to perform any or all acts which a corporation, partnership, or natural person is authorized to perform under the laws existing or which may be enacted hereafter.

CHAPTER IV

CAPITALIZATION AND FINANCING

SEC. 7. *Capitalization.*—The Authority shall have an authorized capital of one hundred million pesos which shall be fully subscribed by the Republic of the Philippines and shall be paid out as follows:

- a. The sum of ten million pesos, which is hereby authorized to be appropriated out of any general fund in the National Treasury not otherwise appropriated, and from the proceeds of bond issues, loans and from any other sources of income of the National Government, upon approval of this Act.
- b. The sum of ten million pesos every fiscal year thereafter for a period of nine years, from the same sources mentioned in paragraph (a) hereof, which is hereby authorized to be appropriated and to be included in the General Appropriations Act for such subsequent years beginning with the fiscal year nineteen hundred sixty-four to sixty-five. The authorized capital of one hundred million pesos shall constitute a revolving fund for the purpose of financing its business transaction, except as herein provided for.

SEC. 8. *Funds for road-building.*—The sum of thirty million pesos is hereby set aside exclusively for road building projects for a period of five years after the approval of this Act, from the same sources mentioned in paragraph (a), Section seven hereof.

SEC. 9. *Operating expenses.*—For the operating expenses of the Authority in fiscal year nineteen hundred sixty-four to sixty-five the sum of five hundred thousand pesos is hereby appropriated out of any funds in the National Treasury not otherwise appropriated. For the succeeding fiscal years, the Board of Directors may appropriate out of the Authority's paid-in capital a sum not exceeding one million pesos during each fiscal year for operating expenses and a standing annual appropriation is hereby made out of any general fund in the National Treasury 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 revolving fund. The unexpended balance of the appropriation for overhead expenses at the end of each fiscal year shall automatically revert to the said revolving fund and whatever earnings of the Authority, if any, shall also accrue to the revolving fund.

SEC. 10. *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. In order that such resolution be valid, it shall be passed by the affirmative vote of at least four members of such board and approved by the President of the Philippines upon the recommendation of the Secretary of Finance, after consultation with the National Economic Council and the Monetary Board of the Central Bank.

SEC. 11. *Bond limits.*—The bonds issued under provision shall in no case exceed the amount of thirty 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 not yet sold.

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 balance between productive and non-productive projects so that inflation shall be held to the minimum.

SEC. 12. *Forms, rates of interest, etc. of bonds.*—The Secretary of Finance, in consultation with the Monetary Board, shall prescribe the form, rates of interest, 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 under the authority 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 acceptable as security in any transaction with the government in which such security is required.

SEC. 13. *Exemption from tax.*—The Authority should 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 as follows: twenty *per centum* of all said taxes during the sixth year, forty *per centum* of all said taxes during the seventh year, sixty *per centum* of all said taxes during the eighth year, eighty *per centum* of all said taxes during the ninth year, and one hundred *per centum* of all said 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 and debentures and other obligations issued by the Authority shall be exempt from all taxes, both as to principal and interest except inheritance and gift taxes.

SEC. 14. *Sinking fund.*—A sinking fund shall be established in such a manner that the total annual contributions hereto, accrued at such rate of interest as may be determined by the Secretary of Finance in consultation with the Monetary Board, shall be sufficient to redeem at maturity the bonds issued under this Act. Said fund shall be under the custody of the Central Bank of the Philippines which shall invest the same in such manner as the Monetary Board may approve; charge all expenses of such investments to said sinking fund, and credit the same with the interest on investments and other income belonging to it.

SEC. 15. *Guarantee by the Government.*—The Republic of the Philippines hereby guarantees the payment by the Authority of both the principal and the interest of