

[REPUBLIC ACT NO. 5920, June 21, 1969]

**AN ACT CHEATING SOUTHEASTERN SAMAR 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

Creation and Organization of Corporation

SECTION 1. *Declaration of policy.*—It is hereby declared to be the policy of Congress to foster the accelerated and balanced growth of Southeastern 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, transportation and communication; conservation, resettlement, education, extension work, health and other activities leading to the rapid socio-economic growth of the regions and extending or facilitating the extension of financial, management and technical support to worthwhile industrial and commercial ventures within the region.

SEC. 2. *Southeastern Samar Development Authority created.*—There is hereby created a body corporate to be known as Southeastern 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 in and conferred upon it in such 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 Southeastern Samar Development Authority Act of 1966.

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

SEC. 4. *Location of principal offices.*—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. 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 publish the notice 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, governmental agencies, public corporations and, where clearly necessary and feasible, those of private entities, which bear directly upon the plans and activities of the Authority so as to make possible the accelerated and balanced development of the region within the context of the guidelines formulated by the National Economic Council; and 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*, That disputes 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 of the area shall be settled by decision of the President of the Philippines.
- e) To engage 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 enterprise due to considerations of geography, technical or capital requirements, returns on investment, and risk.

f) To advise and cooperate in the adjustment, 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 the Congress through the President, based upon its continuing assessment and valuation, in the light of the Authority's approved plans and objectives 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, including in such report, among other items, a general survey of the social and economic conditions of the region, socio-economic problems having special reference 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 up 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 in this Act, the Authority shall have the following powers and functions:

a) To succeed in its corporate name.

b) To sue and be sued in such corporate name.

c) To adopt, alter, and use a corporation 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 property as it deems necessary or convenient in the transaction of its business and may lease, mortgage, sell, alienate, or otherwise dispose any such personal and real property held by it, but it may not sell its properties and products for delivery or use outside the Philippines without the approval of the President.

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 such real estate shall be entrusted to the Authority as the agent of the Republic of the Philippines in accomplishing 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 two million pesos at any one time.

k) To purchase, hold, alienate, mortgage, pledge, or otherwise dispose of the shares of the capital stock of, or any bond, security, or other evidence of indebtedness created by any other corporation or co-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.

l) For carrying on its business or for the, purpose of attaining or furthering any of its objects, 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.—*Capitalization and Financing*

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

a) The sum of one million pesos, which is hereby authorized to be appropriated out of any general fund in the National Treasury not otherwise appropriated, and from 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 one million pesos for every fiscal year thereafter for a period of four 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 1966-1907. The authorized capital of five million pesos shall constitute a revolving fund for the purpose of financing its business transaction, except as herein provided for.

SEC. 8. *Operating expenses.*—For the operating expenses -of the Authority in fiscal year 1966-67, the sum of two hundred fifty thousand pesos is hereby authorized to be i appropriated, out of any general fund 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 two hundred fifty thousand 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 such sum as may be necessary to reimburse the Authority of the total amount actually expended out of the said two hundred fifty thousand 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. 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; 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 three members of such Board and approved by the President of the Philippines upon the recommendation of the Secretary of Finance and after consultation 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 two million pesos: *Provided*, That no single issue shall exceed one 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 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. 11. *Form, rates of interest, 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 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 the 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 incidental to its operations: *Provided*, That its subsidiary corporations shall be subject to all said taxes five years after their establishment under 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 of 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. 13. *Sinking fund.*—A sinking fund shall be established in such manner that the total annual contributions thereto, 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. 14. *Guarantee by the government.*—The Republic of the Philippines