

[REPUBLIC ACT NO. 3597, June 22, 1963]

AN ACT AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NUMBERED THIRTEEN HUNDRED EIGHTY-THREE, ENTITLED "AN ACT CREATING A PUBLIC CORPORATION TO BE KNOWN AS THE NATIONAL WATERWORKS AND SEWERAGE AUTHORITY."

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

SECTION 1. The first and second paragraphs of Section One of Republic Act Numbered Thirteen Hundred Eighty-three; are hereby amended to read as follows:

"SEC. 1. Creation of the National Waterworks and Sewerage Authority; its general purposes; zone and extent of jurisdiction comprised by it; domicile and, place of business of the corporation.—For the purpose of consolidating and centralizing all waterworks and sewerage items in the Philippines under one control, direction and general supervision, there is hereby created a public corporation to be known as the National Waterworks and Sewerage Authority, which shall be organized within one month after the approval of this Act.

The National Waterworks and Sewerage Authority own and/or have jurisdiction, supervision and control over all territory now embraced by the Metropolitan Water District as well as all areas now served by existing government-owned waterworks and sewerage systems in cities, municipalities, and municipal districts, including those served by the Waterworks and Wells and Drills Sections of the Bureau of Public Works: *Provided*, That the Board of Directors of the National Waterworks and Sewerage Authority, in the interest of the public service, may from time to time extend its territory by the admission or inclusion of any area served by waterworks located in any other city, municipality or municipal district."

SEC. 2. Paragraphs (a), (g) and (l) of Section Two, of the same Act are hereby amended to read as follows;

"(a) To exist and have continuous succession under its corporate name until December thirty-first, two thousand thirteen, the provisions of Executive Order Numbered Three hundred ninety-nine, dated January five, nineteen hundred fifty-one, to the contrary notwithstanding:

Provided, however, That at the end of said period the authority shall automatically continue to exist unless otherwise provided by law;"

"(g) To construct, maintain and operate such artesian wells and springs as may be needed and requested by any city or municipality, and to take control of and administer all such artesian wells and springs as may now be in actual operation, the respective city, municipality or municipal district concerned to appropriate sufficient funds for the purpose;"

"(l) When essential to the proper administration of its corporate affairs or when necessary for the proper transaction of its business or for carrying out the purpose for which it was organized, to contract indebtedness in any currency and issue bonds, subject to the approval of the Secretary of Finance. The total long-term indebtedness of the Authority shall not at any time exceed five hundred million pesos or the, equivalent thereof in other currencies, the equivalent to be determined at the time such indebtedness is incurred, and such indebtedness shall be subject to the conditions set forth in section five of this Act; and to facilitate payment of its indebtedness, National Waterworks and Sewerage Authority shall be exempt from all taxes, duties, fees, imposts, charges, and restrictions of the Republic of the Philippines, its provinces, cities and municipalities;"

SEC. 3. Section Three of the same Act is hereby amended to read as follows:

"SEC. 3. Board of Directors; its members, reports to the President and Congress of the Philippines.—Unless otherwise provided by law, all corporate powers of the National Waterworks and Sewerage Authority shall be vested in a Board of Directors to be composed of five members: a chairman, three other members, and the general manager of the Authority who will be an *ex-officio* member and vice-chairman. Two of them must possess knowledge of waterworks, public works and/or sanitary engineering; one, knowledge of public health; and one, knowledge of business management and finance. The chairman and the three other members of the Board shall be appointed for a term of six years by the President of the Philippines with the consent of the Commission on Appointments, their appointments to overlap for at least three years to insure the addition of not more than two new members in any one year.

"The Board shall establish basic policies on the conduct of the affairs of the Authority, including but not limited to, service, rates, and fiscal matters, giving the responsibility and full authority for executing same to the management. The Board shall render annual reports to the President and the Congress of the Philippines."

SEC. 4. Section Five of the same Act is hereby amended to read as follows:

"SEC. 5. *Resolution to incur indebtedness and issue bonds; their conditions, privileges, and exemptions; sinking funds; guaranty.*—Whenever the Board may deem it necessary for the Authority to incur indebtedness or issue bonds, it shall by resolution so declare and state the purpose for which the proposed debt is to be incurred and the conditions of such indebtedness. In order that such resolution be valid, it shall be passed by the affirmative vote at least three members of the Board and approved by the Secretary of Finance.

"Subject to the approval of the Secretary of Finance, the Board of Directors may issue bonds under stipulated terms and conditions consisting of: (1) the total amount to be issued, (2) the maturity of the issue, (3) the coupon rate or the stipulated rate of interest, (4) the offering price, (5) the relative ranking in seniority of the particular bond issue with other obligations of the authority and (6) the redemption schedule of such bonds. Any bonds issued by the authority are hereby declared exempt from taxation by the Government of the Republic of the Philippines, or by any authority, branch, division or political subdivision thereof, which fact shall be stated upon the face of said bonds. The bonds shall be receivable as security in any transaction with the Government of the Republic of the Philippines in which such security is required.

"A sinking fund shall be created for each individual bond issue so authorized by the board and approved by the Secretary of Finance in such a manner that yearly contributions together with anticipated earnings on the accumulated funds shall be sufficient to retire the bond issue concerned at maturity. The sinking fund shall be under the custody of the fiscal agent of the Philippine Government which shall invest the same either in the reacquisition of such outstanding bonds in the open market, the retirement of such bonds prior to maturity according to the predetermined schedule or in such manner as the Monetary Board and the Secretary of Finance may approve in accordance with Act Numbered Three Thousand Fourteen, and shall grant to the same the interest on investment and other incomes accruing to it.

"The Government of the Republic of the Philippines hereby guarantees the payment by the National Waterworks and Sewerage Authority of both the principal and the interest of the indebtedness incurred or bonds issued by said Authority by virtue of this Act, and shall pay such principal and interest in case the said Authority fails to do so, and there are hereby authorized to be appropriated, of any funds in the National Treasury not otherwise appropriated, the sums necessary to make the payments guaranteed by this Act: *Provided* That the sums so paid by the Government of the Republic of the Philippines shall be refunded by the National Waterworks and Sewerage Authority."

"The President of the Philippines is hereby authorized to guarantee, absolutely and unconditionally, as primary obligor and not as surety merely, in the name and on behalf of the Republic of the Philippines, the payment of the indebtedness authorized under this Act, as well as the performance of all or any of the obligations undertaken by the National