

# REPUBLIC OF THE PHILIPPINES

## REPUBLIC ACT NO. 4850

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

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

#### **CHAPTER I DECISION OF POLICY AND CREATION OF AUTHORITY**

**Section 1.** Declaration of Policy. It is hereby declared to be the national policy to 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 and regional plans and policies for social and economic development and to carry out the development of the Laguna Lake region, with due regard and adequate provisions for environmental management and control, preservation of the quality of human life and ecological systems, and the preservation of undue ecological disturbances, deterioration and pollution.

**Section 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 this 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.

**Section 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.

**Section 4. Special Powers and Functions.** The Authority shall exercise and perform the following powers and functions:

A. To make a comprehensive survey of the physical and natural resources and potentialities of the Laguna Lake region particularly its socio and economic conditions, hydrologic characteristics, power potential scenic and tourist spots, regional problems, and on the basis thereof, to draft a comprehensive and detailed plan designed to conserve and utilize optimally the resources within the region particularly Laguna de Bay to promote the region's rapid social and economic development and upon approval by the National Economic and Development Authority (NEDA). Board of such plan, to implement the same including projects in line with said plan: Provided, That implementation of all fisheries plans and programs of the authority shall require prior consensus of the Bureau of Fisheries and Aquatic Resources to ensure that such plans and programs are consistent with national fisheries plan and programs. For the purpose of the said survey, public agencies shall submit and private entities shall provide necessary data except such data, which under existing laws are deemed inviolable.

B. To provide the machinery of 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 upon and approve or disapprove all plans, programs, and projects proposed by local government offices/agencies within the region, public corporations, and private persons or enterprises where such plans, programs and/or projects are related to those of the Authority for the development of the region as envisioned in this Act. The Authority shall issue the necessary clearance for all approved proposed, plans, programs, and projects within thirty days from submission thereof unless the proposal; are not in consonance with those of the Authority or that those will contribute to the unmanageable pollution of the Laguna Lake waters or will bring about the ecological imbalance of the region: Provided, further, That the Authority is hereby empowered to institute necessary legal proceeding against any person who shall commence to implement or continue implementation of any project, plan or program within the Laguna de Bay region without previous clearance from the Authority: Provided, furthermore, That any local government office, agency, public corporation, private person, or enterprise whose plans, programs and/or projects have been disapproved by the Authority may appeal the decision of the Authority to the NEDA within fifteen (15) days from receipt of such disapproval whose decision on the matter shall be final. Reasonable processing fees as may be fixed by the Authority's Board of Directors shall be collected by the Authority for the processing of such plans, programs and/or projects: Provided, finally, That expansion plans shall be considered as new

plans subject to review of the Authority and to payment of the processing fees.

The Authority and national and local government offices, agencies and public corporations shall coordinate their plans, programs, projects and licensing procedures with respect to the Laguna Lake region for the purpose of drawing up a Laguna Lake Development plan which shall be binding upon all parties concerned upon approval of the NEDA board.

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, invest in, 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 or geography, technical or capital requirements, returns on investment, and risk.

F. To plan, program finance and/or undertake infrastructure projects such as river, flood and tidal control works, waste water and sewerage works, water supply, roads, portworks, irrigation, housing and related works, when so required within the context of its development plans and programs including the readjustment, relocation, or settlement by population within the region as may be deemed necessary and beneficial by the Authority Provided, That should any project be financed wholly or in part by the Authority, it is hereby authorized to collect reasonable fees and tolls as may be fixed by its Board of Directors subject to the approval of the NEDA Board from users and/or beneficiaries thereof to recover costs of construction, operation and maintenance of the projects: Provided, .further, That if the Authority should find it necessary to undertake such infrastructure projects which are classified, as social overhead capital projects as determined by the NEDA, the Authority shall be authorized to receive financial assistance from the government in such amount as may be necessary to carry out the said projects subject to such terms and conditions that may be imposed by the government, upon recommendation of the NEDA Board: Provided, finally, That such amount as may be necessary for the purpose is hereby authorized to be appropriated out of the funds of the National Treasury not otherwise appropriated.

G. To make an annual report to the stockholders regarding the operation of the Authority more particularly a statement 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 cause to be reclaimed portions of the Lake or undertake reclamation projects and/or acquire such bodies of land from the lake which may be necessary to accomplish the aims and purposes of the Authority subject to the approval of the NEDA Board: Provided, That the land so reclaimed shall be the property of the Authority and title thereto shall be vested in the Authority: Provided, further, That the resulting lake shore area shall continue to be owned by the national government.

J. The provisions of existing laws to the contrary notwithstanding, to engage in fish production and other aqua-culture projects in Laguna de Bay and other bodies of water within its jurisdiction and in pursuance, thereof to conduct studies and make experiments, whenever necessary, with the collaboration and assistance of the Bureau of Fisheries and Aquatic Resources, with the end in view of improving present techniques and practice. Provided, That until modified, altered or amended by the procedure provided in the following sub-paragraph, the present laws, rules and permits or authorizations remain in force;

For the purpose of effectively regulating and monitoring activities in Laguna de Bay, the Authority shall have exclusive jurisdiction to issue new permit for the use of the lake waters for any projects or activities in or affecting the said lake including navigation, construction, and operation of fishpens, fish enclosures, fish corrals and the like, and to impose necessary safeguards for lake quality control and management and to collect necessary fees for said activities and projects: Provided, That the fees collected for fisheries may be shared between the Authority and other government agencies and political sub-divisions in such proportion as may be determined by the President of the Philippines upon recommendation of the Authority's Board: Provided, further; That the Authority's Board may determine new areas of fishery development activities which it may place under the supervision of the Bureau of Fisheries and Aquatic Resources taking into account the overall development plans and programs for Laguna de Bay and related bodies of water: Provided, finally, That the Authority shall subject to the approval of the President of the Philippines promulgate such rules and regulations which shall govern fisheries development activities in Laguna de Bay which shall take into consideration among others the following: socio-economic amelioration bona-fide resident fisherman whether individually or collectively in the form of cooperatives, lakeshore town development, a master plan for fishpen construction and operation, communal fishing ground for lakeshore town residents, and preference to lakeshore town residents in hiring laborers for fishery projects.

L. To require the cities and municipalities embraced within the region to pass appropriate zoning ordinances and other regulatory measures necessary to carry out the objectives of the Authority and enforce the same with the assistance of the Authority.

M. The provision of existing laws to the contrary notwithstanding, to exercise water rights over public, waters within the Laguna de Bay Region whenever necessary to carry out the Authority's projects;

N. To act in coordination with existing government agencies in establishing water quality standards for industrial, agricultural and municipal waste discharges into the lake and to cooperate with said existing agencies of the government of the Philippines in enforcing such standards, or to separately pursue enforcement and penalty actions as provided for in Section 4 (d) appropriate water quality standard to be enforced, such conflicts shall be resolved thru the NEDA Board;

O. To develop water supply from ground and/or lake water resources for municipal, agricultural and industrial usages, in coordination with the National Water Resources Council created by Presidential Decree No. 424 dated March 28, 1974 or its successors in interests, and to enter into agreements with municipalities, governmental agencies and corporations and the private sector to supply, distribute and market such water;

P. Undertake studies on the improvement and maintenance of the desirable take water quality of Laguna de Bay, and in pursuance thereof, prepare a water quality management program on a continuing basis, subject to the approval of the NEDA, which the Authority shall carry out with the assistance and support of all national and local government units involved in water quality management.

**Section 4-A.** Compensation for damages to the water and aquatic resources of Laguna de Bay and its tributaries resulting from failure to meet established water and effluent quality standards or from such other wrongful act or omission of a person, private or public, juridical or otherwise, punishable under the law shall be awarded to the Authority to be earmarked for water quality control and management."

**Section 4-B.** The Authority is hereby empowered to collect annual fees as provided for in Sec. 44 herein, for the use of the lake waters and its tributaries for all beneficial purposes including recreation, municipal, industrial, agricultural, fisheries, navigation and waste disposal purposes. All the fees so collected shall be used for the management and development of the Lake and its watershed areas: Provided, That the rates of the fees to be collected shall subject to the approval of the President" of the Philippines."

## **CHAPTER 11 CORPORATE POWERS**

**Section 5.** The Powers of the Authority. 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;
- 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, buy, purchase, hold or lease, such personal and real property as it deems necessary or convenient in the transaction of its business and/ or in relation with carrying out its purposes under this Act; and to lease, mortgage, sell, alienate, or otherwise encumber, utilize, exploit or dispose and such personal and real property held by it, subject to prior or existing individual or communal right of private parties or of the government or any agency or enterprise thereof.
- 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 institutions 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 with, the owner of said stock, to exercise all the rights of ownership, including the right to vote thereon; Provided, That the authority shall not invest its funds in any highly risky debt instruments issued without recourse to commercial banks or investment houses as well as in any highly speculative stocks.
- 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.
- K. To issue such rules and regulations as may be necessary to effectively carry out the powers and purposes herein; provided including the plans, programs and projects of the Authority, subject to the approval of the NEDA, the same to take effect thirty (30) days after publication thereof, in a newspaper of general circulation.

**Section 6.** Capitalization and Financing. The Authority shall have an authorized capital of One Hundred Million Pesos (P100,000,000) of which the amount of Fifty-One Million Pesos (P51,000,000) shall be subscribed by the national government and Forty-Nine Million Pesos (P49,000,000) shall be subscribed by cities, provinces, municipalities, government corporations and private investors: Provided, That at least twenty-Five percent of the national

government's subscription shall be fully paid: Provided, further, That the authorized capital stock may be increased upon the recommendation of NEDA.

The authorized capital stock of One Hundred Million Pesos (P100M) shall be divided into One Million (1,000,000) Shares of stock with a par value of One Hundred Pesos (P100) per share.

The share of stock of the Authority shall be divided into (1) 700,000 common shares (voting) and (2) 300,000 preferred shares (non-voting) with such fixed rates of return as shall be determined by the Board. Of the common shares of 700,000 a minimum of 400,000 shares shall be subscribed by the national government and at least sixty percent of the balance shall be subscribed by the Provinces of Laguna and Rizal in such proportion as may be agreed upon by both provincial governments in accordance with their respective financial capacities. The remaining balance of the common shares shall be open for subscription to cities, provinces, municipalities and private investors.

Of the preferred shares of stock of 300,000 a minimum of 110,000 shares shall be subscribed by the national government. The balance of the preferred shares shall be available for subscription to cities, provinces, municipalities, government corporations, and private investors; Provided, however, That preferred shares shall enjoy preference with respect to distribution of dividends and assets in case of dissolution.

**Section 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 and hold shares of stock of this Authority.

**Section 8.** Operating Expenses. For the operating expenses of the Authority, the sum of One Million Pesos (P1,000,000) is hereby appropriated annually for five (5) years from the general fund of the National Government not otherwise appropriated from the date of approval of this Decree.

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

**Section 9.** Power to Incur Debts and to Issue Bonds. Whenever the Board of Directors may deem it necessary for the Authority to incur indebtedness or to issue bonds to carry out the provisions of this Act, it shall by resolution so declare and state be confirmed by the affirmative vote of the stockholders representing a majority of the subscribed capital stock outstanding and entitled to vote.

The authority shall submit to the NEDA Board and the Monetary Board of Central Bank, for approval, its proposal to incur indebtedness or to issue bonds. This shall be considered authorized upon approval of the President of the Philippines.

**Section 10. Bond Limit.** The bonds shall be issued in such amounts as may 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, minimum

**Section 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 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.

**Section 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 Period of exemption of subsidiary corporations: of Provided, That its subsidiary corporations the 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 ninth year, and one hundred (100) per centum of all 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 obligations issued by the Authority shall be exempt from all taxes both as to principal and interest, except inheritance and gift taxes.

**Section 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 Board of Directors as confirmed by the stockholders 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 invest the same in such manner as the Board of Directors may direct, charge expenses of investment to said sinking fund, and credit the same with the interest on investment and other income belonging to it.

**Section 14. Guarantee by the Government.** The Republic of the Philippines hereby guarantees the payment by the Authority of both the principal and the interest of the bonds, debentures, collaterals, notes or such other obligations issued by the authority by virtue of this Act, and shall pay such principal and interest in the event at the Authority fails to do so. In case the Authority shall be unable to pay the said principal and interest, the



Secretary of Finance, shall pay the amount thereof which is hereby appropriated out of any funds in the National Treasury not otherwise appropriated, and thereupon, to the extent of the amounts so paid, the Government the Republic of the Philippines shall succeed to all the rights of the holders of which bonds, debentures, collaterals, notes or other obligations, unless the sum so aid by the Republic of the Philippines shall be refunded by the Authority within a reasonable time.

### **CHAPTER III MANAGEMENT AND PERSONNEL**

**Section 15.** Incorporation. The members of the first Board of Directors shall be elected by the stockholders and the incorporation shall be held to have been affected from the data of the first meeting of such Board.

**Section 16.** Board of Directors: Composition. The corporate powers shall be vested in an exercise' by a Board of Directors, hereinafter referred to as the Board, which shall be composed of eight (8) members, to wit: the Executive Secretary, the Secretary of Economic Planning, the Secretary of Natural resources; the Secretary of Industry; a representative of Laguna Province, who shall be designated by the Provincial Board of Laguna; a representative of Rizal Province to be designated by its Provincial Board; the General Manager of the Authority to be appointed by the President of the Philippines, and a representative of the private investors, likewise to be appointed by the President of the Philippines from among a list of recomendees to be submitted by the private investors: Provided, That the incumbent representative of the private investors shall continue as member until the President appoints his successor. The Board of Directors shall elect annually from among their members a Chairman and a Vice-Chairman. There shall be a Corporate Secretary who shall be appointed by the Board.

The officials next in rank to the above-mentioned members shall serve as permanent alternate members and shall attend meetings of the Board in the absence of their principals and receive the corresponding per diems.

**Section 17.** Acting Chairman. In case of vacancy in the position of Chairman, or in the absence of or temporary incapacity of the Chairman, the Vice-Chairman shall act as such until a new Chairman is duly elected by the Board.

**Section 18.** Repealed by PD 813, Section 19 Promulgated October 17, 1975

**Section 19.** Amendments introduced by PD 813, section 13, promulgated October 17, 1975

**Section 20.** Effect of Vacancies: Quorum. Vacancies in the Board as long as there shall be four members in office, shall not impair the powers of

the Board to execute the functions of the Authority. The affirmative vote of four (4) members of the Board shall be necessary at all times to pass or approve any act or resolution.

**Section 21.** Qualifications of Directors. All members of the Board must be citizens and residents of the Philippines. They must have demonstrated executive competence and experience in the field of public administration, economic planning, resource management, or in the establishment and management of large agricultural, industrial or commercial enterprises. No person shall be nominated as member of the Board unless he/she is of unquestioned integrity and competence.

**Section 22.** Prohibition against "Conflict of Interest". No member of the Board shall be financially interested, directly or indirectly, in any contract entered into by the Authority or in any special privileges granted by the Authority during its term of office. All contracts entered into in violation of this provision shall automatically be null and void. Any member of the Board found violating the provisions of this section by two-thirds (2/3) vote of the Board shall automatically be disqualified from serving his un-expired term, and shall furthermore be perpetually disqualified for membership in the said Board.

**Section 23.** Removal, courtesy resignation. A member of the Board may be removed from office by a vote of the stockholders holding or representing three-fourths (3/4) of the subscribed capital stock outstanding and entitled to vote. No member of the Board shall be required to submit a courtesy resignation at any time during his term of office.

**Section 24.** Board Meetings. The Board shall meet at least once a month. The Board shall be convoked by the Chairman or upon written request signed by a majority of the members.

**Section 25.** Per Diems and Allowances. The members of the Board shall receive for every meeting attended a per them to be determined by the Board: Provided, That in no case will the total amount received by each exceed the sum of One Thousand Pesos (P 1,000.00) for any one month. Members of the Board shall be entitled to commutable transportation and representation allowances in performance of official functions for the Authority as authorized by the Board aggregate amount of which shall not exceed One Thousand Pesos (P1,000.00) for any month."

**Section 25-A.** Powers and Functions of the Board of Directors.

A. To formulate, prescribe, amend and repeal rules and regulations to govern the conduct of business of the Authority;

B. To appoint and fix the compensation of all officials from division heads and above, and others of comparable rank including the Assistant General Manager upon the recommendation of the General Manager;

- C. By a majority vote of all members of the Board, to suspend, remove or otherwise discipline for just cause all officials appointed by the Board;
- D. To approve the annual and/or supplemental budgets of the Authority; and
- E. To do such other acts and perform such other functions as may be necessary to carry out the provisions of this Charter.

**Section 26.** Powers and Functions of the General Manager. The General Manager shall be the chief executive of the Authority. As such, he shall have the following powers and duties:

- A. Submit for consideration of the' Board the policies and measures which he believes to be necessary to carry out the purposes and provisions of this Act;
- B. Executive and administer the policies, plans, programs and projects approved by the Board;
- C. Direct and supervise the operation and internal administration of the Authority. The General Manager may delegate certain of his administrative responsibilities to other officers of the Authority subject to the rules and regulations of the Board,
- D. Appoint officials and employees below the rank of division heads to positions in the approved budget upon written recommendation of the division head concerned using as guide the standard set forth in the Authority's merit system;
- E. Submit quarterly reports to the Board on personal selection, placement and training;
- F. Submit to the NEDA an annual report and such other reports as may be required, including the details of the annual and supplemental budgets of the Authority; and
- G. Perform such other functions as may be provided by law.

**Section 27.** – Repealed by PD 813, Section 18

**Section 28.** - Repealed by PD 813, Section 19

**Section 29.** Compensation. The General Manager shall receive a compensation of at least Thirty-Six Thousand Pesos (P36,000.00) per annum which shall be charged against the annual appropriation of the Authority for operating expenses. The Board of Directors may provide per diems and allowances for the General Manager."

**Section 30.** Residence. The General Manager shall establish this residence within the region. The General Manager shall not, during his term of office, engage in any business or profession or calling other than those connected in the performance of his official duties as General Manager of the Authority.

**Section 31.** Activities of the Authority: Key Officials. In carrying out the activities of the Authority, the General Manager shall be assisted by an Assistant General Manager who shall have such powers, duties, and functions that may be delegated to him by the General Manager, and shall act as General Manager in the absence of the former during his temporary incapacity of and/or until such time as a new General Manager is duly appointed.

The Authority shall have the following divisions under the direct supervision and control of the General Manager;

A. An Administrative Division which shall be responsible for providing services relating to personnel, training, information, records, supplies, general services, equipment and security;

B. A Legal Division, to be headed by a Legal Counsel who shall represent the Authority in legal actions and proceedings. This division shall be responsible for providing staff advice and assistance on legal matters;

C. A Finance Division which shall be responsible for providing staff advice and assistance on budgetary and financial matters, and safekeeping of corporate assets

D. A Project Management Division which shall be responsible for the operation of approved projects, project evaluation and management improvement matters;

E. A Planning and Project development Division which shall be responsible for providing services relating to planning, programming, statistics and project development; and

F. An Engineering and Construction Division, which shall be responsible for providing services relating to detailed engineering plans and the construction and maintenance of project facilities.

The business and activities of each of these divisions shall be directed by an officer to be known as its division head.

The Board may create such other divisions and positions as may be deemed necessary for the efficient, economical and effective conduct of the activities of the Authority.

**Section 32.** Merit and Compensation System. All officials, agents and employees of the Authority shall be selected and appointed on the basis of

merit and fitness in accordance with a comprehensive and progressive merit system to be established by the Authority. The recruitment, transfer, promotion and dismissal of all personnel of the authority, including temporary workers, shall be governed by such merit system: Provided, That the regular professional and technical personnel of the Authority shall be exempt from the coverage of the Classification and compensation plans of the WAPCO and Civil Service rule, and regulations: Provided, however, That such personnel shall be permanent in status and shall be entitled to the benefits and privileges normally accorded to government employees, such as retirement, GSIS insurance, leave and similar matters: Provided, further, That the Director General of the NEDA shall review and recommend the approval of the staffing pattern for professional and technical personnel of the Authority including modifications thereof as may be necessary for five years from the date of approval of this Decree.

**Section 33.** – Repealed by PD 813, Section 23, promulgated October 17, 1975

**Section 34.** – Repealed by PD 813, Section 24, promulgated October 17, 1975

**Section 34-A.** Supervision by the NEDA. The Authority shall be directly under the NEDA for policy and program integration.

**Section 34-B.** Submission of Financial Statement to NEDA. The Authority shall submit audited financial statements to NEDA within 60 days after the close of the fiscal year, and it shall continue to operate on the basis of not more than the preceding year's budget until the said financial statements shall have been submitted.

**Section 34-C.** Management Audit by the NEDA. The NEDA, may, at its own instance, initiate a management audit of the Authority when there is a reasonable ground to believe that the affairs of the Authority have been mismanaged. Should such audit indicate mismanagement, the NEDA shall take such appropriate measures as may be required by circumstances.

**Section 35.** Minimum Wage. All contracts entered into by the Authority which require the employment of persons shall contain provision that not less than the minimum wage fixed by law shall be paid to such persons so employed.

**Section 36.** Plans to be formulated within one year. Upon its organization, the Board of Directors shall formulate and report to the stockholders with the utmost expeditious manner, but in no case longer than one year, its plans and recommendations for the accelerated and balanced development of the region in accordance with the aims and purposes of this Act.

**Section 37.** Supplied and services other than personnel. All purchases of supplies or contracts for services, except for personnel services, entered into by the Authority shall be done only after the proper bidding is held. Bidding shall not be required when: (1) the amount involved is five thousand pesos (P5,000.00) or less; (2) an emergency, as certified to by the General Manager, requires immediate delivery of the supplies or performance of the services: Provided, That in comparing bids and making awards, the Authority shall consider such factors as the cost and relative quality and adaptability of supplies or services; the bidders' financial responsibility, skill, experience, integrity, and ability to furnish repairs and maintenance services; the time of delivery or performance offered; and the compliance with the specifications desired.

**Section 38.** Auditing. The Board of Directors shall provide and appoint an auditor who shall formulate an auditing system for the Authority, The auditor shall make a semestral and/or annual report covering the financial conditions and operation of the Authority to the Board. These auditing reports shall contain a statement of the resources and liabilities, including earnings and expenses, the amount of paid-up capital stock, surplus, reserves, and profits, as well as losses, bad debts and such other facts which, under auditing rules and regulations, are considered necessary to accurately described the financial conditions and operation of the Authority. The auditor shall report and be directly responsible to the Board.

**Section 39.** – Repealed by PD 813, Section 26.

**Section 39-A.** Penal and Civil Liability Clause. Any person, natural or Juridical, who shall violate any of the provisions of this Act or any rule or regulation promulgated by the Authority pursuant thereto shall be liable to imprisonment of not exceeding three years or to a fine not exceeding Five Thousand Pesos or both at the discretion of the court.

If the violator be a corporation, partnership or association, the officer or officers of the organization, concerned shall be liable therefore.

The Authority is hereby authorized to pursue separate civil actions for damages resulting from infractions of the provisions of this Act, rules or issued pursuant thereto and/or conditions embodied in the clearances or permits issued by the Authority."

**Section 40.** Separability Clause. The provisions of this Act are hereby declared to be separable, and in the event any one or more of such provisions are held unconstitutional, they shall not affect the validity of other provisions.

**Section 40-A.** Transitory Provision. When the Regional Development Council for the region becomes operational, the socio-economic planning functions as envisioned under this Charter shall be assumed by the aforementioned Regional Development Council in accordance with the provisions of the Integrated Reorganization Plan, as amended. All incumbent

officials and employees shall continue in office and those qualified shall have preference in filling up new positions that may be created as a consequence of this Decree."

#### **Section 41. Definition of Terms**

1) Act - Whenever used in this Act, shall refer to the enabling Act creating the Laguna Lake Development Authority;

2) Authority - Whenever cited in this Act shall mean the Laguna Lake Development Authority;

3) Board - The word Board shall always refer to the Board of Directors of the Laguna Lake Development Authority;

4) Region - The word Region in this connection mean the Laguna Lake area proper comprising the provinces of Rizal and Laguna and the cities of San Pablo, Manila, Pasay, Quezon and Caloocan;

5) Government instrumentalities or agencies or entities. Whenever used in this Act shall mean instruments of the national or local governments vested with powers to accomplish a definite government aim or purpose

6) Municipal Corporation - Whenever used in this Act shall mean one that is organized for political purposes with political powers exercised for the good of the public, subject to legislative control and with officers of the government as its members to administer or discharge public duties;

7) Government Corporation - Whenever used shall refer to corporations engaged in performing functions impressed with public interest;

8) Investor - With regard to this Act, investors shall include public and private investors whether foreign or local;

9) External Auditor. Shall mean a Firm or a person hired outside the Authority or agency to audit the books of accounts of another corporation or agency; examine financial records, prepare audit reports on findings in the operation of the agency; review the statement on the performance report of the Authority.

10) Subsidiary Corporation. A corporation that is organized or a corporation already in existence wherein at least fifty-one per cent of its shares of stock are owned or controlled by the organizing or subscribing Authority, in this case, the Laguna Lake Development Authority, to carry out or accomplish its purposes.

11) Laguna Lake or Lake. Whenever Laguna Lake or lake is used in this Act, the same shall refer to Laguna de Bay, which is that area covered by the lake water when it is at the average annual maximum lake level of elevation 12.50 meters, as referred to a datum 10.00 meters below mean lower low water

(M.L.L.W.). Lands located at and below such elevation are public lands, which form part of the bed of said lake.

**Section 42.** Laws repealed. All acts, charters, executive orders, administrative orders, proclamations, rules and regulations, or parts thereof in conflict with this Act are hereby repealed or modified accordingly.

**Section 43.** Effectivity. This act shall take effect upon its approval.  
Approved, July 18, 1966.

(signed)

**FERDINAND E. MARCOS**  
President of the Philippines