

March 31, 1977

PRESIDENTIAL DECREE NO. 1113

GRANTING THE CONSTRUCTION AND DEVELOPMENT CORPORATION OF THE PHILIPPINES (CDCP) A FRANCHISE TO OPERATE, CONSTRUCT AND MAINTAIN TOLL FACILITIES IN THE NORTH AND SOUTH LUZON TOLL EXPRESSWAYS AND FOR OTHER PURPOSES

WHEREAS, it has been determined that the realization of the Government's developmental goals will be hastened by involving the private sector in the construction, maintenance and operation of infrastructure toll facilities as enunciated in Presidential Decree No. 1112;

WHEREAS, the construction of the Manila North and Manila South Expressways has spawned immense benefits to the country's economic development, serving as a main artery in the transportation of trade and commerce, that their continued maintenance and further extensions is necessary;

WHEREAS, the Construction and Development Corporation of the Philippines herein has proposed a scheme of operation which will tap private resources and enterprise in this undertaking and which will at the same time allow the government to redirect its own resources to other infrastructure projects;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree:

SECTION 1. Any provision of law to the contrary notwithstanding, there is hereby granted to the Construction and Development Corporation of the Philippines (CDCP), a corporation duly organized and registered under the laws of the Philippines, hereinafter called the GRANTEE, for a period of thirty (30) years from May 1, 1977 the right, privilege and authority to construct, operate and maintain toll facilities covering the expressways from Balintawak (Station 9 + 563) to Carmen, Rosales, Pangasinan and from Nichols, Pasay City (Station 10 + 540) to Lucena, Quezon, hereinafter referred to collectively as North Luzon Expressway, respectively.

The franchise herein granted shall include the right to collect toll fees at such rates as may be fixed and/or authorized by the Toll Regulatory Board hereinafter referred to as the Board created under Presidential Decree No. 1112 for the use of the expressways above-mentioned.

SECTION 2. In consideration of this franchise, the GRANTEE shall:

- (a) Pay the Government a scheduled annual concession fee as shall be determined by the Board which fee shall cover the expenditure of the Government in the construction of Manila North and Manila South

Expressways including the extension of the Manila South Expressway to Calamba, Laguna;

- (b) Construct at its own expense, expansions of the expressways herein specified and/or extension thereof from Angeles City to Carmen, Rosales, Pangasinan of the North Luzon Expressway and from Calamba, Laguna to Lucena, Quezon of the South Luzon Expressway;
- (c) Reimburse the Government for payments made for external debts in connection with the construction and improvements of the extensions of Manila North Expressway from Burol, Balagtas, Bulacan up to Angeles City;
- (d) Discharge and forever release all the certificates of indebtedness evidencing the outstanding obligations of the Government to the GRANTEE in connection with the construction and subsequent rehabilitation of the Manila North and South Expressways; and
- (e) Turn over the toll facilities and all equipment directly related thereto to the government upon expiration of the franchise period without cost. Should the GRANTEE fail to comply with any of the foregoing obligations within a reasonable time after notice of such failure has been given, the Government shall have the right to cancel the franchise upon which the GRANTEE shall turn over the toll facilities as provided in Section 4 hereof.

SECTION 3. This franchise is granted subject to such conditions as may be imposed by the Board in an appropriate contract to be executed for this purpose, and with the understanding and upon the condition that it shall be subject to amendment, alteration or repeal when public interest so requires.

SECTION 4. In the event that the Government should desire to maintain and operate for itself the toll facilities authorized under this franchise, the GRANTEE shall turn over to the government all the facilities therein upon payment of just compensation.

SECTION 5. In cases of force majeure attributable to acts of God, such as, but not limited to, floods, earthquake and other calamities or national emergency rendering the expressways totally or partially inoperable, the annual concession fee due the government shall be proportionately reduced to the extent determined by the Board in order to allow the GRANTEE to recover such losses in revenue incurred due to such calamities.

In cases of force majeure attributable to acts of government or man, such as, but not limited to, war, rebellion, insurrection, sedition, riot or public peril when public safety so requires, the government shall have the right to cause the closing of the expressways

totally or partially or to take over the use and operation thereof without prejudice to payment of just compensation to the GRANTEE.

SECTION 6. No private property shall be taken for any purpose by the GRANTEE without proper condemnation proceedings and just compensation paid or tendered therefor, and any authority contained herein to take and occupy land shall not authorize the taking, use or occupation of any land except such as is actually necessary and required for the purposes for which the franchise is granted.

SECTION 7. The GRANTEE shall hold harmless the municipal, provincial and national government of the Philippines, from all claims, demands or actions arising out of accidents or injuries, whether to property or to persons occasioned by the exercised of GRANTEE'S privilege under this franchise.

SECTION 8. The GRANTEE shall not lease, transfer, grant the usufruct of, sell or assign this franchise nor the rights or privileges acquired hereby, to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other company or corporation without the prior approval of the President of the Philippines. In the event that this franchise is sold, transferred or assigned, the transferee shall be subject to all the conditions, terms, restrictions and limitations of this Decree as fully and completely and to the same extents as if the franchise has been granted to the same person, firm, company, corporation or other commercial or legal entity.

SECTION 9. For the purposes of this franchise, the Government, shall turn over to the GRANTEE not later than April 30, 1977 all physical assets and facilities including all equipment and appurtenances directly related to the operations of the North and South Toll Expressways: Provided, That, the extensions of such Expressways shall also be turned over to GRANTEE upon completion of their construction or of functional sections thereof: Provided, However, That upon termination of the franchise period, said physical assets and facilities including improvements thereon, together with equipment and appurtenances directly related to their operations, shall be turned over to the Government without any cost or obligation on the part of the latter.

SECTION 10. The provisions of existing laws to the contrary notwithstanding no other tax, charges or fees of any kind, nature or description levied now or in the future by any municipal, city, provincial or national authority shall be levied or assessed on the GRANTEE for the exercise of the privileges under its franchise upon its activities pursued in accordance with and pursuant to this Decree, except taxes on its income and real property in conformity with existing laws.

SECTION 11. If the GRANTEE shall not commence the exercise of the privilege granted by this franchise within one year from the date of the approval of this Decree, unless prevented by an act of God, force majeure, or any other cause beyond the GRANTEE'S control, this franchise shall be null and void.

SECTION 12. All laws, decrees, orders, rules and regulations inconsistent with the provisions of this Decree are hereby repealed or modified accordingly.

SECTION 13. This Decree shall take effect immediately.

DONE in the City of Manila, this 31st day of March, in the year of Our Lord, nineteen hundred and seventy-seven.