

AUTHORIZING THE GOVERNMENT SERVICE INSURANCE SYSTEM TO ASSIST IN THE CONSTRUCTION, DEVELOPMENT, AND/OR OPERATION OF A NEW MANILA HOTEL AND DISSOLVING THE EXISTING MANILA HOTEL C...

PRESIDENTIAL DECREE NO. 645, January 28, 1975

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WHEREAS, since the advent of the New Society, the country has experienced an unprecedented growth and expansion of the tourist industry, and has seen an influx into the Philippines of tourists, visitors, and businessmen from all parts of the world;

WHEREAS, in addition, Manila has often been chosen the venue of international conferences and conventions;

WHEREAS, these developments have created a serious shortage of suitable hotels and related tourist facilities in the country;

WHEREAS, it has become imperative that additional hotels and related tourist facilities be provided to accommodate the projected increases in the volume of tourists, visitors, and businessmen coming into the country in the future;

WHEREAS, the National Government, cognizant of the manifold benefits brought about by the continued expansion of the country's tourist industry, has made it a matter of national policy that the government financial institutions, including the Government Service Insurance System, shall help in the financing and otherwise in promoting the development and growth of local tourist facilities;

WHEREAS, the Manila Hotel is located in one of the best sites for deluxe hotels in the country;

WHEREAS, the present Manila Hotel which was constructed before the war is no longer adequate to provide accommodations to tourists, businessmen, and foreign visitors in accordance with accepted international standards;

WHEREAS, it is more practical and economical to demolish either partially or wholly the present Manila Hotel building and to construct a new hotel equipped with facilities and amenities consistent with international standards;

WHEREAS, the Government Service Insurance System owns approximately ninety-eight per cent (98%) of the shares of stock of the Manila Hotel Company, which owns the present building and part of the land where the Manila Hotel stands;

WHEREAS, the International Monetary Fund and the International Bank for Reconstruction and Development have selected Manila as the venue for their annual conference in September, 1976, and a large number of government officials, central bankers, commercial and investment bankers, and other businessmen are expected to converge in Manila on that occasion, thus making it a matter of national priority to complete the new Manila Hotel by that time;

WHEREAS, to give the Government Service Insurance System full flexibility in accomplishing its assigned task of financing and otherwise promoting plans for the construction and development of a new Manila Hotel, the existing Manila Hotel Company should be dissolved and liquidated: Provided, That the minority stockholders shall be adequately compensated for their shares;

WHEREAS, the National Government is the registered owner to two (2) parcels of land which form an integral part of the Manila Hotel premises and which, in the opinion of architectural, engineering, and hotel experts, should be included as an integral part of the development plans of a new Manila Hotel;

WHEREAS, said two (2) parcels of land are covered by TCT No. 67398, issued by the Register of Deeds of Manila.

WHEREAS, the National Government, in consideration of its assigning the Government Service Insurance System the task of financing and otherwise promoting the development of the new Manila Hotel, and in order to consolidate the ownership of the premises of the Manila Hotel in one party, hereby cedes and transfers the abovestated parcels of land to the Government Service Insurance System to augment its Retirement Insurance Fund;

WHEREAS, it is desirable for the Government Service Insurance System to have full authority to undertake the new Manila Hotel project under the most suitable legal arrangement, singly or in partnership with other entities, government or private;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, and to assist the Government Service Insurance System in pursuing its assigned task of financing and otherwise promoting the development, construction and operation of new Manila Hotel, do hereby order and decree:

SECTION 1. The existing Manila Hotel Company is hereby dissolved, liquidated, and abolished. For this purpose, the net asset value of the shares of the Manila Hotel Company shall be determined in accordance with generally accepted accounting and appraisal principles and procedures: Provided, That the land owned by the Manila Hotel Company shall be appraised at its fair market value. The net asset value so determined shall be the basis by which the minority stockholder shall be compensated for their shares. For this purpose, the Manila Hotel Company and or the Government Service Insurance System, as the case may be, may hire the services or private accounting and/or appraisal firms who shall make the appropriate certification as to the value of the assets, liabilities, and net worth of the Manila Hotel Company.

Should the liquid assets of the Manila Hotel Company not be sufficient to compensate its minority stockholders, the Government Service Insurance System is hereby authorized to pay such minority stockholders from its own funds.

The records, properties, equipment, assets, rights, and choses in action of the Manila Hotel Company are hereby-transferred to and vested in the Government Service Insurance System as a return of its investments in the Manila Hotel Company. The Government Service Insurance System shall not be liable for any capital gains tax or any other taxes as a consequence of the liquidation of the Manila Hotel Company.

Any personnel of the Manila Hotel Company shall be entitled to a gratuity of one month's pay for every year of service but not exceeding one year's pay if not otherwise entitled to retire under existing laws. The payment of such gratuities may be paid either by the Manila Hotel Corporation or by the Government Service Insurance System, but the latter shall in such an event book the same as part of its investments on the land of the Manila Hotel Company transferred hereby.

SEC. 2. The Government Service Insurance System is hereby authorized and empowered to initiate and pursue plans for the development, construction, and operation of a new Manila Hotel, either singly or in partnership with any other entity, government or private, and for this purpose, the Government Service Insurance System may form a partially-or wholly-owned subsidiary corporation or corporations as may be necessary to achieve this objective.

SEC. 3. The Government Service Insurance System, either directly or through a partially-or wholly-owned subsidiary corporation, existing or to be formed, is hereby authorized to cause the partial or full demolition of the present Manila Hotel building and to renovate any portion of the old building it may choose to retain, and/or construct a new building, equipped with the facilities and amenities necessary to make it comparable with the best hotels abroad.

SEC. 4. The Government Service Insurance System, either directly or through a partially-or wholly-owned subsidiary corporation, existing or to be formed, is hereby authorized and empowered to negotiate and contract for the partial or full demolition of the present building, the removal or disposal of the same, and the construction of the new building or the renovation of any remaining portion of the old; for the procurement of any and all materials, supplies, equipment or machineries, for the construction and/or improvement of the Manila Hotel; and to contract for architects, engineers, or firms or persons necessary to achieve the objectives of this decree.

SEC. 5. The two (2) parcels of land located in the City of Manila and covered by TCT No. 67398, issued by the Register of Deeds of Manila, and more particularly described as follows:

"1. A PARCEL OF LAND

(Parcel 2-B of the subdivision plan Psd-14000, being a portion of parcel 2 described in Transfer Certificate of Title No. 9333, Lrc Record No.....), situated in the District of Ermita, City of Manila, bounded on the NW, along line 1-2, by Parcel 2A of the subdivision plan; on the NE along line 2-3 by property of Manila Hotel; on the SE along line 3-4, by Parcel 2-D of the subdivision plan; and on the SW along line 4-1, by Manila Bay x x x containing an area of FIVE THOUSAND FIVE HUNDRED SEVENTY SQUARE METERS AND FIFTY SQUARE DECIMETERS (5,570.50) * * *.

"2. A PARCEL OF LAND

(Parcel 2-C of the subdivision plan Psd-14000, being a portion of parcel 2 described in the Transfer Certificate of Title No. 9333, LRC RECORD No.....), situated in the District of Ermita, City of Manila, bounded on the SW along line 1-2, by property of Manila Hotel; on the NW along line 2-3 and on the NW along line 3-4 and on the SE along line 4-1, by Parcel 2-D of the subdivision plan * * * containing an area of SIX THOUSAND NINETY-TWO SQUARE METERS AND NINETY DECIMETERS (6,092.90) * * *." which, form an integral part of the premises of the Manila Hotel, are hereby conveyed, transferred, and ceded to the Government Service Insurance System as additional contribution of the National Government to augment the actuarial solvency of the Retirement Insurance Fund administered by the Gov't. Service Insurance System in consideration of the financial & other supports to be extended by the Gov't. Insurance System in the demolition of part or whole of the present Manila Hotel building and in the construction, development, and operation of a new hotel meeting the highest international standards. The Register of Deeds shall immediately transfer the title to the aforementioned parcels of land to the Government Service Insurance System.

SEC. 6. Any provision of law, executive order, rules and regulations inconsistent with this decree is hereby repealed or modified accordingly.

SEC. 7. All concerned are hereby directed to implement this decree.

Done in the City of Manila, this 28th day of January, in the year of Our Lord, nineteen hundred and seventy-four.

(Sgd.)

FERDINAND E. MARCOS

President of the Philippines

By the President:

(Sgd.)

ROBERTO V. REYES

Acting Executive Secretary

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