ZEDE Village of North Bay

Office of the Technical Secretary
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23 de Agosto, 2018

Sr. Carlos Alejandro Pineda Pinel
Secretario Alterno
Comisión Permanente CAMP
Zonas de Empleo y Desarrollo Económico

Solicitud de Aprobación por CAMP

Estimado Señor Pineda,

Me dirijo a usted para oficialmente proponer y solicitar la aprobacion del Comité para la Adoptacion de Mejores Prácticas (CAMP), segun lo establecido en la Ley Organica de las Zonas de Empleo y Desarrollo Económico, Articulo 12, Seccion 6, (LOZ) de los Estatutos de la ZEDE Village of North Bay (aka "ZEDE of North Bay"): **"Charter & Bylaws of the ZEDE Village of North Bay".**

Aprovecho la oportunidad para reiterarle las muestras de mi mas alta y distinguida consideracion.

Atentamente,

23, August, 2018

Tristan M. Monterroso
Secretario Tecnico
ZEDE Village of North Bay

District of Columbia: SS
Subscribed and Sworn to me, in my presence
this 23 day of Aug, 2018, by Tristan Monterroso.

Notary Public, D.C.
My Commission Expires 03/31/2022.

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Article I: Title and definitions

1.01 Title

This legislation may be cited as the *Charter and Bylaws of the Village of North Bay*.

1.02 Definitions

In this Charter and Bylaws the following terms have the following meanings:

(a) "applicable law" means those laws that apply in the Village of North Bay, including:

(i) laws applicable to ZEDEs as defined in article 329 of the Constitution of the Republic, and articles 8 and 41 of ZEDE Organic Law;

(ii) this Charter and Bylaws and the statutes, regulations, ordinances and resolutions adopted by the Village of North Bay in strict accordance with this Charter and Bylaws;

(iii) contracts, including agreements of coexistence and legal stability agreements, formed by the Village of North Bay; and

(iv) binding decisions of judges or arbitrators with jurisdiction over the matter in question.

(b) "CAMP" means Comité para la Adopción de Mejores Prácticas as mentioned in the ZEDE Organic Law.

(c) "Charter and Bylaws" means this Charter and Bylaws of the Village of North Bay.

(d) "Council" means the Council of the Village of North Bay established under this Charter and Bylaws.

(e) "days" means consecutive calendar days, unless otherwise specified. When this Charter and Bylaws requires an act to be performed within a certain number of days, the period shall extend to the next business day if the last day to perform the act falls on a weekend or holiday in the Village of North Bay.

(f) "eligible council member" means a council member who is entitled to vote under section 3.02 (Composition of Council) and who does not have a conflict of interest and is not otherwise prohibited by law from voting.

(g) "General Service Provider" means an entity appointed in accordance with Article VII to provide delegated services in the Village of North Bay.

(h) "high population density" means when the average population density of the area within the Village of North Bay exceeds low population density.

(i) "landowners" means natural or legal persons who have title to at least one square meter of land within the Village of North Bay, and whose title is recorded in the Village of North Bay register.

(j) "low population density" means when the average population density of the area within the Village of North Bay is below the average for rural areas in Honduras. At the time of enactment of this Charter and Bylaws, low population density exists when there are fewer than 35 permanent inhabitants per square kilometer on average, as certified by the Instituto Nacional de Estadística Opinion of 31 August 2015.

(k) "Promoter and Organizer" means the party that initially applied for ZEDE status for land within the boundaries of the Village of North Bay and registered the boundaries with CAMP and is therefore entitled to all rights and duties conferred under the Decree No. 120-2013. It is herein recognized that Sociedad Para el Desarrollo Socioeconómico de Honduras, LLC, a Delaware, USA company, ("SDEH") is the sole Promoter and Organizer of the Village of North Bay.

(l) "Republic of Honduras" means the State of Honduras including all branches, all departments, and all levels of government.

(m) "residents" means, unless otherwise specified, both natural and legal persons who are registered as residents in the Village of North Bay Personal Registry (11.06 (1) (b and c)) and have a valid, unterminated Agreement of Coexistence.

(n) "urban population density" means when the average population density of the Village of North Bay is above 8,000 residents per square kilometer.

(o) "ZEDE" means Zonas de Empleo y Desarrollo Económico as defined in article 329 of the Constitution of the Republic.

(p) "ZEDE Organic Law" means Decreto No. 120-2013.

Article II: Incorporation and powers

2.01 Incorporation of the ZEDE Village of North Bay

(1) The Village of North Bay is hereby established as a special-regime zone in the form of a ZEDE under the name "Village of North Bay" which may be abbreviated as "ZEDE of North Bay".

(2) The Village of North Bay has perpetual succession.

(3) The Village of North Bay possesses all the rights, privileges, and duties of a ZEDE in the Republic of Honduras and has its own legal personality.

(4) The boundaries of the Village of North Bay are described in Appendix A.

(5) The boundaries may be modified from time to time as necessary.

2.02 Composition of the Village of North Bay

The Village of North Bay shall consist of:

(a) The Technical Secretary

(b) the Village of North Bay Council of which the Technical Secretary shall be a member; and

(c) such other personnel and departments as determined by the Council.

2.03 Purpose of the Village of North Bay

The purpose of the Village of North Bay is to promote human flourishing by protecting the individual rights of life, liberty, and property; furthermore, facilitating Honduras' integration into world markets, attracting domestic and foreign investment, creating jobs, and allowing a sustained improvement of the living conditions of its residents.

2.04 Powers of the Village of North Bay

The Village of North Bay has the following powers, subject to the restrictions in this Charter and Bylaws and any other applicable laws:

(a) to use a corporate seal;

(b) to sue and be sued;

(c) to form agreements in the form of contracts or other instruments with public or private parties;

(d) to acquire, develop, maintain, operate, or sell property in the same way as a corporation operating under applicable laws within the boundaries of the Village of North Bay;

(e) to create experimental zones with rules that differ from the rest of the Village of North Bay within its own jurisdiction with the prior consent of CAMP;

(f) to give, receive, and manage funds in any form, including loans, grants, gifts, sale proceeds, equity investments, service charges, fees, fines and taxes;

(g) to issue bonds, promissory notes, and other instruments;

(h) to propose rules, including rules about taxes and land transactions, to CAMP for application in the Village of North Bay;

(i) to regulate its internal affairs and personnel;

(j) to provide public services and charge for their use, including police, courts, law enforcement, and public infrastructure;

(k) to regulate activities for purposes of public health, safety, and welfare both within and outside its boundaries;

(l) to enforce applicable law; and

(m) to do all things necessary or convenient for carrying out the powers in this Article including delegation to a General Service Provider.

2.05 Other entities

(1) The Village of North Bay may, by agreement, assume, transfer, consolidate, or coordinate functions with other governmental or non-governmental entities according to Articles 3 and 4 of the ZEDE Organic Law.

(2) The Village of North Bay shall select and delegate responsibilities to separate service providers, including a General Service Provider, as provided in Article VII, among other service providers as deemed necessary.

2.06 Electronic residency

(1) E-residency for individuals and legal persons shall be permitted in the Village of North Bay.
(2) The details for establishing e-residency shall be laid down in a statute.

Article III: Village of North Bay Council

3.01 Rulemaking and executive power of Village of North Bay vested in Council

All rulemaking and executive power of the Village of North Bay is exercised by the Technical Secretary only with the prior consent of the Village of North Bay Council.

3.02 Composition of Council

(1) The Council shall consist of the following nine natural persons who are entitled to vote at meetings of the Council:
  (a) the Technical Secretary;
  (b) a Secretary;
  (c) a Treasurer; and
  (d) six other council members.
(2) The Council members shall be automatically appointed as ad-hoc secretaries by the Technical Secretary in accordance with Article 12(8) of the ZEDE Organic Law.
(3) A Vice Technical Secretary shall serve as a council member who is not entitled to vote at meetings of the Council, except if he or she simultaneously serves as one of the council members who are entitled to vote under subsection (1) of this section, or in the absence of the Technical Secretary in accordance with section 4.05 (Vice Technical Secretary).
(4) The Council may, from time to time as needed, appoint and remove other council advisors who are not entitled to vote at meetings of the Council.

3.03 The Secretary of the Council

(1) The Secretary shall give notice of all meetings of the Council to each council member.
(2) The notice of a meeting shall state what business is to be transacted at the meeting.
(3) The Secretary shall keep an up-to-date list of the eligible council members and council members not entitled to vote.
(4) The Secretary has the authority to certify any records, or copies of records, as the official records of the Village of North Bay.
(5) The Secretary shall keep the minutes of the Council meetings.
(6) The Council shall elect and may replace the Secretary from among the eligible council members.
(7) The Secretary shall serve a one-year renewable term.

3.04 The Treasurer of the Council

(1) The Treasurer shall be responsible for:
   (a) overseeing the financial affairs of the Village of North Bay;
   (b) presenting reports of the Village of North Bay's finances to the Council as required, but at least once each quarter; and
   (c) reviewing the financial audit of the Village of North Bay.

(2) The Council shall elect and may replace the Treasurer from among the eligible council members.

(3) The Treasurer shall serve a one-year renewable term.

3.05 Meetings of the Council

(1) The Council shall hold regular meetings at least twice per year in accordance with an internally approved schedule issued by the Secretary.

(2) Special meetings may be called by the Technical Secretary, by the Secretary, or by any three eligible council members, on 24-hour's notice to all council members.

(3) Council members may waive this notice requirement in writing before, during or after the meeting.

(4) Attendance at the meeting shall constitute a waiver of the notice requirement if all members are present.

(5) The notice of the special meeting shall state what business is to be transacted at the special meeting.

(6) Meetings may be conducted either in person or by remote communication.

(7) Council members participating in meetings by remote communication shall be deemed present and may vote at such a meeting if the Village of North Bay has implemented measures to provide all council members a reasonable and equal opportunity to participate in the meeting and to vote on matters before the Council, including an opportunity to communicate and to hear the proceedings of the meetings, substantially contemporaneously with the proceedings. A proper record of said remote participation must be kept for verification purposes.

(8) The Secretary, or such person as he or she may delegate, shall record the votes of each council member for all final decisions.

(9) The Secretary shall send minutes of each regular and special meeting to all council members no later than two weeks after the meeting.

3.06 Quorum of the Council

(1) Five out of the nine eligible council members shall constitute a quorum for the transaction of business. The council members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough council members to leave fewer than a quorum, provided that the Secretary or his designee are among those present.

(2) Nothing in this Charter and Bylaws shall prevent a smaller number from transacting business by a majority vote of council members present to the extent necessary to:
   (a) fill vacancies in the membership of the Council when no quorum can be assembled except by filling the vacancies; or

(b) make urgent decisions necessitated by emergencies provided that at least three eligible council members are present. The Council shall meet as soon as a quorum can be assembled and vote to either ratify or terminate the emergency decision. Terminations of emergency decisions shall only have prospective effect.

3.07 Voting by the Council

(1) Voting on any final decision shall be taken by voice vote or in writing.
(2) Votes shall be either yes, no, or abstain.
(3) The votes of council members who are not present, and the votes of council members who are present but cast abstain votes, shall be counted as abstentions.
(4) Abstentions shall not be counted for the purposes of approving or disapproving of a decision.
(5) All eligible council members, including the Technical Secretary, shall have one vote on all decisions.
(6) If there is an equality of votes, the vote is taken to have been a no vote.
(7) Votes may be submitted by electronic transmission. Verifiable electronic records shall be kept in those cases.
(8) An electronic transmission must either be set forth in, or be submitted with, information from which it can be determined that the electronic transmission was authorized by an eligible council member.
(9) Unless otherwise provided by the applicable law, action by the Council shall be taken by a majority vote of all eligible council members.

3.08 Appointment and term of Council members

(1) The Council, other than the Technical Secretary, shall initially consist of:
    (a) four persons who are selected by the Promoter and Organizer; and
    (b) two persons who are selected by all legal or natural persons who are residents within the Village of North Bay, as provided in section 6.02 (Votes based on residence); and
    (c) two persons who are selected by all landowners within the Village of North Bay, as provided in section 6.01 (Votes based on ownership).
(2) Council members shall serve seven-year terms.
(3) There shall be no limit on the number of terms that a council member may serve.
(4) If, at any time after the initial seven years, the Village of North Bay becomes an area of urban population density, the two council members previously selected by the landowners shall be selected, when due for regular re-selection, by vote of all legal and natural persons who are residents in accordance with section 6.01 (Votes based on residence).
(5) The selection of council members other than the Technical Secretary shall not be subject to CAMP approval or disapproval.

3.09 Rules of the Village of North Bay

(1) This Charter and Bylaws shall be the sole organic rule of the Village of North Bay and shall be superior to all other rules enacted by the Village of North Bay.

(2) The primary instruments of governance in the Village of North Bay shall be Agreements of Coexistence, which include legal stability provisions, entered into between the Village of North Bay and persons who give informed consent to the agreements, as provided in Articles 10 and 12 of the ZEDE Organic Law.

(3) Only legal and natural persons with a valid Agreement of Coexistence are entitled to be residents in the Village of North Bay.

(4) The Village of North Bay may not unilaterally modify or terminate the Agreements of Coexistence except in strict accordance with the terms contained in the agreements.

(5) Agreements of Coexistence shall:
   (a) be approved by a simple majority of the Council;
   (b) be binding on all successive administrations of the Village;
   (c) respectful of human rights as nationally and internationally recognized;
   (d) not violate the ZEDE Organic law; and
   (e) not be subject to the approval or disapproval of CAMP.

(6) The Technical Secretary, upon approval from the Council, shall approve template contracts in advance and submit them to CAMP for review and delegate the decision to accept new residents to the General Service Provider.

(7) The Village of North Bay may choose to not accept residents or new lands for any reason consistent with applicable law.

(8) The criteria for determining to admit residents or lands shall be applied equally for all persons and properties, and shall take into account factors including, but not limited to:
   (a) available space;
   (b) the ability to manage growth;
   (c) the reputation and social harmony of the Village of North Bay; and
   (d) in the case of new potential residents:
      (i) their ability to pay applicable taxes and fees; and
      (ii) their criminal record.

(9) Unemancipated minors and natural persons not deemed competent to enter into a contract with the Village of North Bay shall be covered as third-party beneficiaries under the agreements formed with their parents or legal guardians.

(10) E-residents, non-residing landowners, and other persons or groups warranting special treatment shall receive modified versions of the Agreements of Coexistence.

(11) The Technical Secretary, with approval from the Council, may only adopt or repeal the following types of rules for the Village of North Bay, which shall have the following hierarchy: statutes, regulations, ordinances, and resolutions:
   (a) Statutes shall set forth the generally applicable law for the Village of the North Bay. Statutes shall be newly enacted, amended, or revoked by the Technical Secretary, only after obtaining a vote of two-thirds of eligible council members. If the Council newly enacts or amends a statute, the Technical Secretary shall present the statute to CAMP for approval or disapproval in accordance with Article 12(5) of the ZEDE Organic Law. If CAMP neither approves nor

disapproves of a submitted statute within 60 days after presentation, the statute shall be deemed approved.

(b) Regulations shall provide detail on how statutes are to be administered and enforced. Regulations shall be newly enacted, amended, or revoked by the Technical Secretary, only after obtaining a vote of two-thirds of the eligible council members. If the Council votes to enact or amend a regulation, the Technical Secretary shall present the regulation to CAMP for approval or disapproval. If CAMP neither approves nor disapproves of a submitted regulation within 60 days after presentation, the regulation shall be deemed approved.

(c) Ordinances shall, in accordance with Article 12(9) of the ZEDE Organic Law, serve as temporary resolutions to ensure the efficient delivery of public services or to promote competition in certain markets. Ordinances shall be newly enacted, amended, revoked, or renewed by a simple majority of the eligible council members. An ordinance shall expire no later than 12 months after its enactment unless renewed.

(d) Resolutions shall govern the internal corporate affairs and procedures of the Village of North Bay. Resolutions shall be newly enacted, amended, or revoked by a simple majority of the eligible council members.

(12) If a statute or regulation is revoked by the Technical Secretary after being voted by the Council, the Technical Secretary shall provide CAMP with notice and a detailed explanation of the reasons for the revocation and request affirmation of the revocation. The Technical Secretary shall provide this notice, explanation, and request no later than 5 days prior to the effective date of the revocation, unless CAMP explicitly allows the revocation to become effective sooner.

(13) If, at any time, the Village of North Bay has a population of more than 100,000 natural persons, residents may repeal statutes or regulations of the Village of North Bay enacted after this date, by referendum, held in accordance with Article VI.

3.10 Qualifications of council members

(1)To be selected as council members, individuals must have:

(a) a proven commitment to high ethical standards, trustworthiness, and professionalism; and

(b) successful business experience or comparable strong management and leadership experience.

(c) Not being convicted of a serious crime that might question the suitability for being a member of the Council.

(2) Council members names, resumes and any other relevant information will be made public.

3.11 Conflict of interest of council members

(1) All council members shall disclose to the Council both actual and potential conflicts of interests.

(2) A conflict of interest exists when a council member has private-capacity interests that could improperly influence the performance of his or her official duties and responsibilities.

(3) The following shall not, by themselves, be deemed a conflict of interest but shall be disclosed:

(a) owning land within the Village of North Bay;

(b) being a shareholder or officer of the General Service Provider or its owner(s);

(c) being a shareholder or officer or financial beneficiary of SDEH or any affiliated company (including affiliated investment vehicles);

(d) earning compensation in accordance with section 3.12 (Compensation).

(4) Council members with a conflict of interest shall exclude themselves from voting and any discussion of related matters that may be under consideration by the Council. They still count as present members for the quorum according to section 3.06(1).

3.12 Compensation

(1) The compensation of the council members shall be proportionate to the performance of the Village of North Bay over the preceding year.

(2) The Promoter and Organizer shall determine the methodology for determining compensation for the initial seven years.

(3) The Council may alter this methodology through legislation. However, the altered rate shall not take effect until the subsequent term of council members.

3.13 Inquiries and investigations

(1) The Council may make inquiries and investigations into:

(a) the affairs of the Village of North Bay corporation; and

(b) the conduct of any resident or other person within the Village of North Bay.

(2) For this purpose, the Council may subpoena witnesses, administer oaths, take testimony and require the production of evidence.

(3) Any person who fails or refuses to obey a lawful order issued in the exercise of these powers shall be punished as provided by applicable law.

3.14 Vacancy of council member's seat

(1) A council member's seat, including the Technical Secretary's seat, becomes vacant when the incumbent of the seat:

(a) dies;

(b) resigns, on written notice to either the Technical Secretary or the Secretary of the Council, unless the notice specifies a later time for the effectiveness of the resignation; or

(c) is removed from his or her seat pursuant to section 3.15 (Removal and suspension of council members).

(2) If a council member seat, other than the Technical Secretary's seat, becomes vacant at any time before the end of a seven-year term, a new council member shall be selected in the way that the former council member was selected for that seat no later than 90 days after the vacancy occurs.

(3) The new council member shall serve the remaining term of his or her predecessor.
(4) If the Technical Secretary's seat becomes vacant at any time before the end of a seven-year term, the Vice Technical Secretary shall immediately assume the position of Technical Secretary according to the procedure outlined in section 4.05.

3.15 Removal and suspension of council members

(1) The Council shall, by simple majority, remove a council member from his or her seat, or request CAMP to remove the Technical Secretary, if and only if he or she:
  (a) is convicted of a felony under the applicable law in the Village of North Bay;
  (b) is found to have committed a serious violation of his or her official duties, including a violation of the conflict of interest or ethics rules of the Village of North Bay or other relevant rules and regulations;
  (c) acts in a way that is inconsistent with this Charter and Bylaws and fails to remedy the inconsistency within a reasonable timeframe after being informed of the inconsistency by the Secretary of the Council or another council member;
  (d) is the subject of a written opinion by a registered medical practitioner who is treating the council member stating that the council member has become physically or mentally incapable of acting as a council member and may remain so for more than three months;
  (e) is an eligible council member and has been absent from 3 consecutive, regular Board meetings, not counting any Board meeting for which the council member's absence was excused by majority vote of the other eligible council members; and
  (f) in the case of the Technical Secretary, he or she breaches, or does not form within 3 days after being formally installed as Technical Secretary, an agreement with the Promoter and Organizer to comply with this Charter and Bylaws and the Trust Agreement, as provided in section 4.03 (Appointment of the Technical Secretary and Vice Technical Secretary).
(2) Council members, including the Technical Secretary, may be removed by recall at any time by the groups that selected them under section 3.08 (Appointment and term of council members). Recall by landowners or residents shall be in accordance with the rules for voting and referenda in Article VI.
(3) CAMP shall, on its own initiative, remove the Technical Secretary, if it finds that he or she is subject to removal under subsection (1). CAMP's competencies from Article 11 of the ZEDE Organic Law remain thereby unaffected.
(4) If the Council votes to propose removal of the Technical Secretary under subsection (1), it shall submit its decision directly to CAMP for approval or disapproval. If CAMP neither approves nor disapproves of the decision within 45 days after presentation, the removal shall come into effect automatically.

3.16 Committees of the Council

(1) To the extent permitted by applicable law, the Council may appoint from its members a committee or committees, temporary or permanent, and designate the duties and powers of the committees.

(2) A committee may invite outside experts or other personnel to advise or assist it with its responsibilities.

3.17 Liability

(1) Neither the Village of North Bay, nor any natural or legal person which it includes or is affiliated with, enjoys sovereign immunity.

(2) The Technical Secretary, and all other council members, hereby waive any claim to sovereign immunity that he or she might otherwise have enjoyed with regard to suits and enforcement, toward all parties, for any acts or omissions done in violation of applicable law, contract, or agreement.

(3) The Village of North Bay may pay for a liability insurance for the council members and other officers for acts done in an official capacity on behalf of the Village of North Bay.

Article IV: Technical Secretary and Vice Technical Secretary

4.01 Office of the Technical Secretary

(1) The Office of Technical Secretary is hereby established as a legal person.

(2) The Office of Technical Secretary:

(a) shall have perpetual succession;

(b) shall have the power to form agreements that are binding upon successive office holders and administrations; and

(c) may sue and be sued without protection of sovereign immunity.

4.02 Duties of the Technical Secretary

(1) The Technical Secretary shall serve as:

(a) the head of the Office of the Technical Secretary;

(b) the chairperson of the Village of North Bay Council;

(c) the creator of the Village of North Bay Trust; and

(d) the representative of the Village of North Bay before the public.

(2) In the capacity of head of the Office of Technical Secretary, the Technical Secretary shall have the exclusive authority to act on behalf of the office in any way consistent with applicable law.

(3) In the capacity of chairperson of the Village of North Bay Council, the Technical Secretary shall:

(a) chair all meetings of the Council;

(b) assess and make recommendations regarding the effectiveness of the Council;

(c) coordinate an annual performance review of personnel and departments of the Village of North Bay and other entities covered under section 2.05 (Other entities);

(d) sign documents on behalf of the Village of North Bay that have been authorized by the Council; and

(e) appoint ad-hoc secretaries according to section 3.02(2), or in other cases, provided the approval of the Council is present.

(4) In the capacity of representative of the Village of North Bay, the Technical Secretary shall:

(a) hold public events to share information with residents and listen to their input;

(b) organize cultural events and associations, including fiestas, parades, ceremonies, and other activities that help build social cohesion and a community identity;

(c) Build relationships with outside parties, including Honduran authorities, agencies and organizations;

(d) build relationships with residents and receive and respond to their complaints;

(e) raise issues of public concern with, and propose resolutions to, the Council and personnel, as needed;

(f) name important public landmarks and locations, including roads, parks, rivers, districts, and monuments;

(g) only enact, amend or revoke rules after the respective vote by the Council; and

(h) perform other duties as determined by the Council.

4.03 Appointment of the Technical Secretary and Vice Technical Secretary

Selection during low-population-density scenarios

(1) When the Village of North Bay has low population density, the Promoter and Organizer shall select a nominee for the position of Technical Secretary and a nominee for the position of Vice Technical Secretary.

(2) The Promoter and Organizer shall then submit its nominees for the positions of Technical Secretary and Vice Technical Secretary to CAMP for approval or disapproval.

Selection during high-population-density scenarios

(3) If, at the end of the term of a Technical Secretary, the Village of North Bay has high population density, the residents of the Village of North Bay shall, if no other laws apply and determine a different procedure, in accordance with section 6.02 (Votes based on Residence) and 6.05 (Accessibility of Public Office), select a nominee for the position of Technical Secretary and his or her chosen running mate, who shall be nominee for the position of Vice Technical Secretary.

(4) If no candidate receives a majority of votes after the initial round of voting, the Council or its special inspector organizing and supervising the election in accordance with section 6.04 shall select the two candidates for the position of Technical Secretary, who received the highest number of votes and hold a runoff election between the two candidates.

(5) The candidate who receives the largest number of votes after the run-off selection procedure shall be certified as the winner.

(6) The Council shall then submit the nominees for the positions of Technical Secretary and Vice Technical Secretary to CAMP for approval or disapproval.

(7) No person shall be eligible as a candidate for Technical Secretary or Vice Technical Secretary, nor shall be listed on any ballots for those positions, without first forming a legally binding pre-appointment agreement with the Promoter and Organizer of the Village of North Bay that obligates the person to, if appointed, form a legally binding

agreement obligating the person to abide by the Charter and Bylaws and Trust Agreement in both a personal and official capacity.

(8) The pre-appointment agreement shall be substantially similar to the pre-appointment agreement formed with the previous Technical Secretary and Vice Technical Secretary.

CAMP approval or disapproval

(9) CAMP's decision on all nominees submitted to it under this section for the position of Technical Secretary shall be in accordance with CAMP's internal procedures and applicable law.

(10) The Vice Technical secretary shall be subject to same requirements as the Technical Secretary. CAMP shall review the eligibility of candidates for Vice Technical Secretary to become, if necessary, Technical Secretary and shall confirm, in writing, its findings regarding eligibility.

(11) If CAMP does not explicitly approve or disapprove of a nominee within 45 days after the nominee has been submitted to it, the nominee shall be deemed approved and shall assume the role of Technical Secretary or Vice Technical Secretary, as the case may be.

(12) No later than 3 days after being formally installed as Technical Secretary, the Technical Secretary shall form an agreement with the Promoter and Organizer obligating himself or herself in both a personal and official capacity to abide by this Charter and Bylaws and the Trust Agreement.

(13) The agreement shall be the same as the agreement formed with the previous Technical Secretary, unless the parties agree otherwise.

(14) The Technical Secretary's term shall be as provided in the ZEDE Organic Law.

(15) The Vice Technical Secretary's term shall be the same length as that of the Technical Secretary.

4.04 Exercise of legal powers of the Technical Secretary

The Technical Secretary shall exercise his rule making and executive powers if, and only if, the Council has approved of the action to be taken as provided in Articles III and IV. The Technical Secretary shall carry out any action approved by the council in accordance with the terms of the approval and all other Applicable Law.

4.05 Vice Technical Secretary

(1) The Vice Technical Secretary shall serve as Acting Technical Secretary in the absence or suspension of the Technical Secretary, exercising its powers by delegation from the Technical Secretary.

(2) If the Technical Secretary's position becomes vacant, the Vice Technical Secretary shall submit his candidacy for the position of Technical Secretary to CAMP for approval.

(3) If CAMP's findings according to its decision in section 4.03. (10) are unchanged, it will immediately approve the candidacy. Following, the Vice Technical Secretary shall assume the role of Technical Secretary and serve the remainder of the previous Technical Secretary's term.

(4) The Vice Technical Secretary shall perform such other duties as deemed necessary or appropriate by the Council.

Article V: Village of North Bay Trust

5.01 Establishment of the Trust

(5) The Technical Secretary shall establish a trust, known as the Village of North Bay Trust.

(6) This Trust may be established as a common law trust that:

- (a) operates as an ordinary business;
- (b) performs management duties; and
- (c) functions as a tax collector and steward of funds.

(7) Except to the extent prohibited under section 7.01 (Delegation of Trust responsibilities), the Trust may delegate its management duties to the General Service Provider, but not its role as tax collector and steward of public funds.

5.02 Trust assets and composition

(1) The trust assets will consist of revenue derived from the exercise of the Village of North Bay powers, including taxes, fees, loans, service charges, and any other public property owned by the Village.

(2) The Council shall select a bank with a good international reputation to serve as trustee of the Village of North Bay Trust.

(3) The Council may replace the trustee (fiduciario):

- (a) if the trustee breaches the trust agreement provided under section 5.03 (Use of assets of the Trust);
- (b) if the Council loses confidence in the trustee's solvency, or its ability to faithfully perform its duties as trustee; or
- (c) for other causes stipulated in the trust agreement.

5.03 Use of assets of the Trust

(1) The Technical Secretary as creator and the Council as settlor shall enter into a trust agreement, which shall govern the use and distribution of trust assets in accordance with Articles 44 and 21 of the ZEDE Organic Law and this Charter and Bylaws.

(2) The party represented as recipient of funds distributed in accordance with Article 44 of the ZEDE Organic Law shall be the Republic of Honduras. Such funds shall be held in escrow in the event of claims against the Republic of Honduras that are in connection with events occurring in or about the Village of North Bay.

5.04 Liability

Neither the Village of North Bay Trust, nor its trustee, shall enjoy sovereign immunity of any form with regard to suit or enforcement.

Article VI: Internal selection procedures and internal referenda

6.01 Votes based on ownership of land

For all votes based on ownership of land, landowners shall have one vote for each square meter of land they own within the boundaries of the Village of North Bay, as evidenced by the Village of North Bay's Property Registry. All candidates for the landowners' Council members are elected in one round, whereby the two candidates with the highest number of votes shall be the Council members representing all landowners.

6.02 Votes based on residence

(1) For all votes based on residence, only residents may vote. Persons whose presence or residence is based purely upon e-residence or upon another type of special agreement that explicitly excludes the right to vote are not entitled to vote.
(2) Natural persons may only vote as residents if they are 18 years or older.
(3) For all votes based on residence, each resident has one vote.

6.03 Referenda

(1) Residents may initiate a referendum in the circumstances explicitly provided for under this Charter and Bylaws or other applicable law.
(2) If no other laws apply, the Council or the special inspector engaged under section 6.04 (Conduct of Voting) will organize a referendum if residents submit to it a proposed measure that has a sufficient number or proportion of valid signatures. The Village of North Bay shall adopt a statute specifying the number or proportion of signatures that measures must receive for a referendum to be held, which shall be no greater than 5% of the total persons that would be eligible to vote in the referendum if held.
(3) Measures shall pass by majority of all residents eligible to vote in a referendum.
(4) If other electoral laws and procedures are applicable, the Council or the special inspector shall act as election observer.

6.04 Conduct of Voting

(1) No person is obliged to vote.
(2) Voting shall be direct, free, and secret.
(3) The Council or a special inspector nominated by the Council shall organize and supervise selection procedures and referenda and shall ensure their transparency, fairness, and independence.

Article VII: General Service Provider

7.01 Delegation of Trust responsibilities

(1) The Village of North Bay Trust shall appoint a legal person to act as a General Service Provider and delegate to it, for remuneration, as much responsibility as is practically feasible for the provision of services within the Village.
(2) The duration of the contract with the General Service Provider may be up to 50 years.
(3) Responsibilities that shall not be delegated to the General Service Provider include:

(a) independent review of the General Service Provider and holding it accountable for its actions; this includes the possibility of an extraordinary termination of the contract for good cause;
(b) Police; and
(c) Courts.

7.02 Receipt of funds

(1) The General Service Provider may collect fees in exchange for its services.
(2) When performing functions delegated to it by the Council that are traditionally carried out directly by the government, such as the maintenance of registries, the General Service Provider shall pay the Trust a royalty fee determined by the Council.
(3) In exchange for the functions delegated to it, the Trust shall pay the General Service Provider a proportion of the tax revenue derived from the Village of North Bay as outlined in the trust agreement.
(4) If the Trust is not able to generate enough income to cover its obligations, including paying for public services, the General Service Provider may contribute funds to the Trust in the form of loans subject to such repayment terms and interest rates as are at a reasonable market value for loans with similar risk profiles in Honduras.

7.03 Process for selecting the General Service Provider

(1) No later than 30 days after the Council has been established, the Council shall form a committee for the selection of the General Service Provider. The committee shall closely involve, and rely upon, the trustee and its input throughout the process of the selection of a General Service Provider.
(2) The committee shall initiate the selection procedures by publicizing a document detailing:
    (a) the duties that the General Service Provider is expected to perform;
    (b) the necessary content of a proposal for selection as a General Service Provider; and
    (c) the criteria the Council will use for review of a proposal for selection as a General Service Provider.
(3) The committee shall first invite the Promoter and Organizer to submit a proposal by itself or an entity designated by it, consistent with the document produced under subsection (2).
(4) The proposal shall include a detailed description of how the Promoter and Organizer, or an entity designated by it, intends to perform the duties of the General Service Provider and its capacity and qualifications for performing those duties.
(5) The committee shall evaluate the proposal against the criteria it has established for review of the proposal and come to an agreement with the trustee about whether to recommend that the Council approve the proposal.
(6) No later than 60 days after receiving the proposal, the committee shall submit its recommendation to the Council and the Council shall vote:
    (a) to approve the proposal; or
    (b) to return the proposal with an explanation of how the proposal fails to meet the criteria.

(7) If the proposal is approved, the trust and the selected General Service Provider shall enter into a general service contract outlining the rights and responsibilities of both parties, consistent with this Charter and Bylaws.

(8) If the proposal is returned, the Promoter and Organizer or an entity designated by it shall, no later than 90 days after receiving the returned submission, revise its proposal and resubmit it.

(9) The committee shall review the revised proposal and, with the trustee, submit its recommendation to the Council. The Council shall vote:

  (a) to approve the proposal; or

  (b) to return the proposal again with a new explanation of how the proposal fails to meet the criteria.

(10) Resubmissions may occur as many times as necessary following the same procedures and deadlines as outlined above.

(11) However, if 12 months have passed without approval of a proposal, the Council may, in its discretion, issue a final rejection of the proposal.

(12) A final rejection may be issued only if there are clear reasons for believing the Promoter and Organizer's or an entity designated by it will not fulfil the purposes of the Village of North Bay as expressed in this Charter and Bylaws.

(13) The committee and the Promoter and Organizer shall communicate and hold meetings frequently to ensure all parties understand the proposal and the criteria by which it is reviewed.

(14) The committee may revise the criteria at any time.

(15) If the Council issues a final rejection of the proposal, the Promoter and Organizer or an entity designated by it may submit the dispute in accordance with section 12.03 (Disputes in connection with this Charter and Bylaws) within 90 days after the final rejection.

(16) If no dispute is submitted within 90 days after the final rejection, or if a dispute is submitted and a final award or decision is made upholding the Council's final rejection, the Council shall conduct a public bidding procedure consistent with international best practices.

7.04 Service contract

As a condition of becoming a resident or business in the Village of North Bay, all natural and legal persons shall form a service contract with the General Service Provider that is approved by the Council and defines their rights and obligations with respect to the provision of services by the General Service Provider.

7.05 Covenants

As a condition of incorporating their land within the Village of North Bay ZEDE, all landowners shall attach to their land a legally binding covenant running with the land or an equitable servitude that has been approved by the Council and that secures the rights and obligations of the Promoter and Organizer or the General Service Provider, or both, concerning the Village.

Article VIII: Taxation

8.01 Taxation

(1) The Village of North Bay shall adopt an annex to this Charter providing details on taxes after a decision has been made in accordance with Article 29 of the ZEDE Organic Law.

(2) The Village of North Bay, via the Village of North Bay Trust, shall be responsible for the collection and enforcement of taxes within its territory.

Article IX: Dispute Resolution and Court System

9.01 Court and Legal System

(1) In accordance with Articles 303 and 329 of the Constitution and with the ZEDE Organic Law, the Village of North Bay shall be subject to a special jurisdiction conformed by special common law and other courts, legal aid, and dispute resolution mechanisms, which shall be established as an annex to this Charter following a respective approval by the competent Honduran authorities.

9.02 Arbitration

(1) The Village of North Bay shall allow for private arbitration.

(2) When the seat of arbitration is in the Village of North Bay, the courts of the Village of North Bay may resolve disputes concerning the arbitration procedure and enforcement.

(3) The courts of the Village of North Bay shall have the power to execute arbitral awards and may rely on the assistance of other domestic or foreign jurisdictions when executed outside the boundaries of the Village of North Bay.

9.03 Ombudsman

(1) CAMP shall appoint a Ombudsman for the Village of North Bay.

(2) The Ombudsman shall have the power to monitor actions, investigate complaints, and make binding decisions on formal objections against acts of the authorities of the ZEDE, which can be appealed through the procedure outlined in Article 9.02 and 9.03.

(3) The details shall be established by statute.

Article X: Security

10.01 Village of North Bay security entities

In accordance with Article 22 of the ZEDE Organic Law, the Village of North Bay shall, by statute, establish and control its own security entities, including police, criminal investigation bodies, intelligence services, criminal prosecution, and penitentiary system.

10.02 Exclusive control by the Village of North Bay

(1) Village of North Bay security entities will be subject to the exclusive control of the Village of North Bay.

(2) The Village of North Bay may enter into cooperation agreements with other security and law enforcement agencies in the Republic of Honduras. Such agencies shall operate within the Village of North Bay in exclusive accordance with those agreements.

10.03 Requests for assistance from outside law enforcement

(1) The Council may request the assistance of domestic and foreign law enforcement agencies, provided the assisting agencies are not foreign military forces.

(2) The request may be notified to the appropriate authorities of the rest of the Honduran territory.

Article XI: Miscellaneous

11.01 Severability

If any portion of this Charter and Bylaws, or any amendment of this Charter and Bylaws, is for any reason held to be unconstitutional, illegal, or otherwise invalid, that decision shall not affect the validity of the remaining portions of this Charter and Bylaws.

11.02 CAMP consent

(1) CAMP's approval of this Charter and Bylaws shall constitute its consent to all of the rights and responsibilities applicable to it in this Charter and Bylaws.

(2) Both CAMP and the ZEDE Village of North Bay reaffirm being subject to the protections of The Central America and Dominican Republic Free Trade Agreement and other investment treaties signed by Honduras and to which the Promoter and Organizer of the North Bay may be entitled protection, including any waivers of immunity of any kind expressed or implied in them.

11.03 Disputes in connection with this Charter and Bylaws

(1) Any dispute arising under and in connection with this Charter and Bylaws may be brought to:
   (a) the ZEDE court(s) with jurisdiction over the Village of North Bay; or
   (b) the official arbitration institution established for the Village of North Bay in accordance with section 9.02 (Arbitration).

(2) An agreement to arbitrate creates enforceable rights and obligations to act as a claimant or respondent in arbitration proceedings for the Village of North Bay, including:
   (a) all individuals and entities within their official capacity;
   (b) the Technical Secretary in a personal capacity;
   (c) CAMP;
   (d) the General Service Provider; and
   (e) the Promoter and Organizer.

(3) Adoption of this Charter and Bylaws and acceptance of the relevant provisions described above shall constitute consent to arbitration.

(4) Initiation of the proceedings in one forum mentioned in subsection (1) precludes adjudication of the same matter in a different forum.

11.04 Language

The official language is Spanish. Legally binding instruments issued by the Village of North Bay shall be written in both English and Spanish. To the extent that there is ambiguity between the English and Spanish versions, the English version shall be legally operative, unless otherwise specified. All other communications of the Village of North Bay shall be in English or Spanish, and any other languages as deemed appropriate.

11.05 Currency

(1) Any currency may be transacted in the Village of North Bay.

(2) Lempira are valid as legal tender for the payment of all pre-existing debts within the Village of North Bay unless the parties have made a specific agreement to the contrary.

(3) Persons selling goods and services may restrict payment to any currency provided that payment is rendered at substantially the same time as the goods and services are exchanged.

11.06 Land register and other registers

(1) The Village of North Bay shall establish and maintain the following official registers:

(a) the Property Registry, for ownership of land and immovable objects;

(b) the Personal Registry, for all natural persons, including both physical residents and e-residents; it shall distinguish between physical and e-residents according to criteria defined under applicable law;

(c) the Entity Registry, for all legal persons, including commercial and non-commercial entities.

(2) The registers shall be dispositive for purposes of determining property interests, residence, and legal existence.

11.07 Land Rights

(1) The Village of North Bay shall maintain an independent regime for property rights consistent with the ZEDE Organic Law and international best practices.

(2) In accordance with Article 6 of the ZEDE Organic Law, any person may own, use, and possess land without discrimination on the basis of nationality.

(3) All land transactions in the ZEDE shall be recognized and given full force and effect by the Village of North Bay, the General Service Provider, the Republic of Honduras and all foreign jurisdictions, as provided in Articles 3, 24, 25, 26, 28, and 43 of the ZEDE Organic Law.

11.08 Amendment by Referendum

(1) At any time when the Village of North Bay has a high population density, the Council may decide by a majority of two-thirds of all Council members, that residents may hold a referendum in which they may amend or change any part of Article III of this Charter and Bylaws.

(2) If such a referendum has not taken place within 35 years after the adoption of this Charter and Bylaws, it shall automatically be initiated.

(3) Amendments adopted in accordance with subsections (1) may not significantly alter other articles. The Amendments must substantially relate to the subject matter covered by Article III as originally adopted.
(4) In order to ensure a smooth and orderly transition, amendments adopted in accordance with subsection (1) shall include a gradual timetable for change that ensures stability.
(5) If the amendment affects the method of selecting council members, the change may only apply to one council seat every seven years.
(6) Except as provided in subsection (1), this Charter and Bylaws may only be amended by vote of at least two-thirds of the eligible council members.
(7) The Technical Secretary shall present all amendments to CAMP for approval or disapproval.
(8) If CAMP neither approves nor disapproves of an amendment within 45 days after presentation, the amendment shall be deemed approved.
(9) The parties that initially proposed the amendment have the right to request a review of CAMP's decision by submitting the dispute in accordance with section 11.03 (Disputes in connection with this Charter and Bylaws).

Approved,

This day of 23rd of August **In** 2018 Honduran Embassy, Washington D.C.

By:

_____ **(Signature)**
[Name], as Technical Secretary of the Village of North Bay

District of Columbia: SS
Subscribed and Sworn to me, in my presence
this 23 day of Aug, 2018, by Tristan Monterroso
_____
Notary Public, D.C.
My Commission Expires 08/31/2022.

_____ **(Signature)**
[Name], on behalf of CAMP

Appendix A Boundaries of the Village of North Bay
[To be completed]