

# **Charter and Bylaws of ZEDE Morazán**

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## Charter and Bylaws of ZEDE Morazán

### **Article 1: Title and Definitions**

#### 1.01 Title

This legislation may be cited as the Charter of Morazán.

#### 1.02 Definitions

In this Charter the following terms have the following meanings:

- (1) “Applicable Law” means those laws that apply in Morazán, including:
  - (a) laws applicable to ZEDEs as defined in Articles 294, 303, and 329 of the Constitution of the Republic, and Articles 8 and 41 of ZEDE Organic Law;
  - (b) this Charter and the Rules adopted by Morazán in strict accordance with this Charter,
  - (c) contracts, including Agreements of Coexistence and legal stability agreements, formed by Morazán; and
  - (d) binding decisions of judges or arbitrators with jurisdiction over the matter in question.
- (2) “CAMP” means Comité para la Adopción de Mejores Prácticas (Committee for the Adoption of Best Practices) as mentioned in the ZEDE Organic Law.
- (3) “Charter” means this Charter and Bylaws of ZEDE Morazán.
- (4) “Common Interest Community Bodies” means associations, organizations or legal entities granted authority to govern a specific location as a social unit either contractually or by way of covenants, conditions, and restrictions that run with land title; the term includes homeowner’s associations, condominium associations, industrial park associations, as well as their property managers, and the equivalent.
- (5) “Council” or “Morazán Council,” means the Council of Morazán established under this Charter by the Technical Secretary. The members of the Council shall have fiduciary responsibility to assist the Technical Secretary in fulfilling the purpose of the creation and management of Morazán as a ZEDE under the ZEDE Organic Law and Articles 294, 303 and 329 of the Constitution of the Republic of Honduras. References to “Council Directors” or “Directors” shall be construed as references to Council Members.
- (6) “days” means consecutive calendar days, unless otherwise specified. When this Charter 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 Morazán.
- (7) “Eligible Council Member” means a serving Council Member who is entitled to vote under section 3.02(1) and who does not have an unresolved conflict of interest that prohibits him from voting, as determined by Rule or otherwise by the Morazán Council Secretary.

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- (8) “e-Resident” or “e-Residents” means, unless otherwise specified in this Charter or by Rule, a person or persons who are registered as electronic residents of Morazán in the Morazán Personal Registry or Entity Registry, are a party to a valid, unterminated Agreement of Coexistence, and pursuant to such Agreement of Coexistence and this Charter, shall have no permanent personal physical presence within Morazán and may only visit or conduct business within Morazán on a temporary and transient basis; the term does not include Resident
- (9) “General Service Provider” means an entity appointed in accordance with Article 7 to provide delegated services in Morazán.
- (10) “High Population Density” means when the average population density of natural person Residents inhabiting the area within Morazán exceeds Low Population Density.
- (11) “Landowners” means natural persons or legal entities who are the title owners to at least one square meter of land within Morazán, and whose title is recorded in either CAMP’s ZEDE Special Registry or the Morazán Property Registry.
- (12) “Low Population Density” means when the average population density of natural person inhabitants of the area within Morazán is below the average for rural areas in Honduras. At the time of original promulgation of this Charter, 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 (National Institute of Statistics) Opinion of August 31,2015.
- (13) “Non-Morazán Governing Authority” means any governmental agency, body, branch, department, instrumentality, municipal department, or political subdivision of the Republic of Honduras that is not among ZEDE Morazán and its Agents.
- (14) “Ordinance” means the type of promulgation authorized by Articles 12(5), 12(9), 12(10) and 12(11) of the ZEDE Organic Law and defined in section 3.09(8)(c). This Charter, as well as Statutes and Regulations, have supremacy over Ordinances; and Ordinances are effective only to the extent consistent therewith. Ordinances have supremacy over Resolutions.
- (15) “Promoter and Organizer” means the party that is authorized by CAMP to enjoy ZEDE status for land within the boundaries of Morazán and is therefore entitled to all rights and duties conferred under the Decree No. 120-2013. It is herein recognized that Overseas Real Estate LLC, a Delaware Limited Liability Company, is the sole Promoter and Organizer of Morazán. To ensure that the Promoter and Organizer is accurately identified at all times, the Promoter and Organizer shall timely furnish the Registrar of the Morazán Entity Registry and CAMP with an accurate certified statement of any changes in corporate name or structure, which shall be honored by Morazán and CAMP.
- (16) “Republic of Honduras” or “Republic” means the State of Honduras including all branches, all departments, and all levels of government.

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- (17) “Resident” or “Residents” means, unless otherwise specified in this Charter or by Rule, a person or persons who are registered as physical residents of Morazán in the Morazán Personal Registry or Entity Registry, are a party to a valid, unterminated Agreement of Coexistence, and pursuant to such Agreement of Coexistence and this Charter, may establish personal residency or a principal place of business within Morazán; the term does not include e-Resident.
- (18) “Regulation” means the type of promulgation authorized by Articles 12(5), 12(6), 12(10) and 12(11) of the ZEDE Organic Law and defined in section 3.09(8)(b). This Charter and Statutes have supremacy over Regulations; and Regulations are effective only to the extent consistent therewith. Regulations have supremacy over Ordinances and Resolutions.
- (19) “Resolution” means the type of promulgation authorized by Articles 12(5), 12(7), 12(10) and 12(11) of the ZEDE Organic Law and defined in section 3.09(8)(d). This Charter, as well as Statutes, Regulations and Ordinances, have supremacy over Resolutions; and Resolutions are effective only to the extent consistent therewith.
- (20) “Rule” or “Rules” means all or any part of the Statutes, Regulations, Ordinances, or Resolutions promulgated as provided in section 3.09(8).
- (21) “Statute” means the type of promulgation authorized by Articles 12(5), 12(6), 12(10) and 12(11) of the ZEDE Organic Law and defined in section 3.09(8)(a). This Charter has supremacy over Statutes; and Statutes are effective only to the extent consistent therewith. Statutes have supremacy over Regulations, Ordinances and Resolutions.
- (22) “Trust Agreement” means the common law trust agreement establishing the Morazán Trust under section 5.01.
- (23) “Urbanized Area” means when the population of Morazán exceeds 50,000 natural person residents and the average population density of Morazán is above 60 natural person Residents per hectare.
- (24) “whole number of the Morazán Council” means the absolute number of seats on the Morazán Council as set forth in section 3.02.
- (25) “ZEDE” means Zonas de Empleo y Desarrollo Económico (Zones for Economic Development and Employment) as authorized, empowered and defined in Articles 294, 303 and 329 of the Constitution of the Republic.
- (26) “ZEDE Morazán” means the special regime zone established by and through this Charter under the ZEDE Organic Law and Articles 294, 303 and 329 of the Constitution of the Republic by CAMP and the Technical Secretary. The legal names of ZEDE Morazán include “ZEDE Morazán” and “Morazán,” all of which shall be deemed to relate to the same special regime zone governed under this Charter. Except where the text and context clearly indicate that a different interpretation would be more appropriate, a reference to Morazán shall be construed consistently with section 2.02.
- (27) “ZEDE Organic Law” means Decreto (Decree) No. 120-2013.

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### Article 2: Incorporation, powers and democratic rights

#### 2.01 Incorporation of Morazán

- (1) Effective December 6, 2019, Morazán was incorporated and established by CAMP under the ZEDE Organic Law and Articles 294, 303, 329 of the Constitution of the Republic as a special regime zone in the form of a ZEDE.
- (2) Morazán has perpetual succession.
- (3) Morazán possesses all the rights, privileges, and duties of a ZEDE in the Republic of Honduras and has its own legal personality with special regime zone status under the ZEDE Organic Law and Constitution of the Republic of Honduras Articles 294, 303, and 329.
- (4) The boundaries of Morazán shall encompass all of the real property incorporated into it under the ZEDE Organic Law, provided that the incorporation of any property which is not owned by the Promoter and Organizer or its affiliates shall require the consent of the Promoter and Organizer and approval by Resolution.
- (5) The boundaries of Morazán may be published by Resolution in the form of an official map from time to time.

#### 2.02 Composition of Morazán

##### 1. Morazán shall consist of:

- (i) the Technical Secretary;
- (ii) the Morazán Council, of which the Technical Secretary shall be a trustee; and
- (iii) such other committees, boards, instrumentalities, personnel and departments as determined by the Morazán Council and approved by Rule.

#### 2.03 Purpose of Morazán

The purpose of Morazán is to provide a safe and prosperous place to live and work for many people by fostering a community based on individual freedom, personal security, rule of law and harmonious relationships between people. Morazán exists to create clarity, efficiency, confidence and mutual respect in the relationship between people and their governors and to attract investors with a highly business-friendly and legally stable jurisdiction. **Morazán's goal is to promote and further the development of the nation of Honduras through thoughtful governance and the promotion of dynamic entrepreneurship.**

#### 2.04 Powers of Morazán

Morazán has exclusively the following powers, to be exercised pursuant to this Charter, applicable Rule, and the terms of any Agreement of Coexistence or legal stability agreement to which it is a party:

- (1) to use a corporate seal;
- (2) to sue and be sued;



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- (3) to form agreements in the form of contracts or other instruments with public or private parties;
- (4) to acquire, develop, maintain, operate, or sell property in the same way as a corporation operating under Applicable Laws within the boundaries of Morazán;
- (5) to create special districts by Rule with governance structures, authorities and Rules that differ from the rest of Morazán within its own jurisdiction;
- (6) to give, receive, and manage funds in any form, including loans, grants, gifts, sale proceeds, equity investments, service charges, fees, fines and taxes;
- (7) to issue bonds, promissory notes, marketable tax credits and other instruments within the limits established by Article 23 of the ZEDE Organic Law;
- (8) to promulgate Rules for application in Morazán;
- (9) to conduct its internal affairs as a fiduciary for its Residents;
- (10) to provide public services and charge for their use, including police, courts, law enforcement, and public infrastructure;
- (11) to regulate activities for purposes of public health, safety, and welfare both within and outside its boundaries;
- (12) to prescribe by Regulation or Resolution a code of ethics and Rules for resolving conflicts of interest;
- (13) to enforce arbitration awards through administrative or executive action;
- (14) to enforce Applicable Law; and
- (15) to do all things necessary and proper for carrying out the powers in this Article, including delegation to a General Service Provider, provided that such incidental power is construed as no greater than the scope of a reasonably implied power to implement the preceding express powers.

### 2.05 Other entities

- (1) Morazán 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 subject to applicable Rule.
- (2) Subject to Article 3 of this Charter and applicable Rule, Morazán shall select and delegate responsibilities to separate service providers, including a General Service Provider, as provided in Article 7, among other service providers as deemed necessary.

### 2.06 Democratic Rights of Residents as Beneficiaries of the Public Trust

Residents of Morazán have the following democratic rights as beneficiaries of the public trust:

- (1) Right to select the Technical Secretary: Residents have the right to select the Technical Secretary of Morazán, subject to and as expressly established in section 4.03.
- (2) Right to select a number of Council Members: Residents have the right to select certain Council Members, subject to and as expressly established in sections 3.08(1) and 3.08(4). Residents also have the right to recall their selected Council Members pursuant to section 3.15(2).

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- (3) Right to repeal Rules through a town hall meeting: Residents have the right to repeal Rules through a town hall meeting, subject to and as expressly established in section 6.03(2).
- (4) Right to amend the Charter: Residents have the right to amend this Charter, subject to and as expressly established in section 11.08(1).

### **Article 3: Morazán Council**

#### 3.01 Governance, rulemaking and executive power of Morazán

Subject to the provisions of this Charter, all governance, rulemaking and executive power of Morazán shall be exercised by the Technical Secretary only with the prior approval of the Morazán Council, pursuant to a council meeting; unless such prior approval or meeting is excused as expressly authorized by this Charter.

#### 3.02 Composition of Morazán Council

- (1) The Morazán Council shall consist of the following nine natural persons who are entitled to vote at meetings of the Morazán Council:
  - (a) the Technical Secretary;
  - (b) a Council Secretary;
  - (c) a Treasurer; and
  - (d) six other Council Members.
- (2) In accordance with Articles 12(8), 12(10) and 12(11) of the ZEDE Organic Law, the Technical Secretary hereby establishes a standing appointment of all other Council Members to serve as ad-hoc secretaries of Morazán, in addition to their capacity as trustees of the Morazán Council, for the term of their service. Such appointment is accepted when a Council Member assumes his seat on the Morazán Council. The Technical Secretary shall appoint and remove such other ad hoc secretaries as may be approved by the Morazán Council from time to time.
- (3) The Morazán Council may, from time to time as needed, appoint and remove other council advisors who are not entitled to vote at meetings of the Morazán Council.
- (4) An appropriate oath or other solemn statement committing Council Members to uphold this Charter may be prescribed by Rule as a condition of accepting selection to serve on the Morazán Council.

#### 3.03 The Morazán Council Secretary

- (1) The Morazán Council Secretary shall give notice of all meetings of the Morazán Council to each Council Member except where notice is waived by unanimous consent of Council Members who are then serving.
- (2) The notice of a meeting shall state what business is to be transacted at the meeting.

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- (3) The Morazán Council Secretary shall keep an up-to-date list of the serving Council Members, Council Members that are eligible to vote and Council Members not entitled to vote; and the Morazán Council Secretary's determination shall be final unless an objection is made by a serving Council Member and the objection is sustained by a simple majority of the whole number of the Morazán Council. A newly established list of serving and eligible Council Members, as well as any changes to the Council Membership, shall be furnished in a timely fashion to CAMP.
  - (4) The Morazán Council Secretary has the authority to certify any records, or copies of records, as the official records of Morazán, as well as to act as the revisor of charter amendments, Statutes, Regulations, Ordinances, and Resolutions, which includes authority to establish and conform the same to standard codification styles and standards adopted by Resolution, as well as to correct typographical and cross-referencing errors, provided that (a) such revisions do not substantively alter the original text and (b) a record of the original text is maintained for review at all times upon reasonable notice by Residents, the Morazán Council and CAMP.
  - (5) The Morazán Council Secretary shall keep the minutes of the Morazán Council meetings.
  - (6) The Morazán Council shall select and may replace the Morazán Council Secretary from among the Eligible Council Members; the selection of the Morazán Council Secretary requires a Resolution approved by a simple majority of the whole number of the Morazán Council, and the removal of an existing Secretary requires a Resolution approved by a simple majority of the whole number of the Morazán Council.
  - (7) The Morazán Council Secretary shall serve a one-year automatically renewable term while the Morazán Council Secretary remains a Council Member and ad hoc secretary of Morazán, as per section 3.02(2).
- 3.04 The Treasurer of the Morazán Council
- (1) The Treasurer shall be responsible for:
    - (a) overseeing the financial affairs of Morazán;
    - (b) presenting reports of Morazán's finances to the Morazán Council as required, but at least annually; and
    - (c) reviewing the financial audit of Morazán.
  - (2) The Morazán Council shall select and may replace the Treasurer from among the Eligible Council Members; the selection of the Treasurer requires a Resolution approved by a simple majority of the whole number of the Morazán Council, and the removal of an existing holder of the office of Treasurer requires a Resolution approved by a simple majority of the whole number of the Morazán Council.
  - (3) The Treasurer shall serve a one-year automatically renewable term while the Treasurer remains a Council Member.
- 3.05 Meetings of the Morazán Council
- (1) The Morazán Council shall hold regular meetings at least twice per year in accordance with an internally approved schedule issued by the Morazán Council Secretary.

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- (2) Special meetings may be called by the Technical Secretary, by the Morazán Council Secretary, or by any three Council Members, on 24-hour's notice to all Council Members, unless notice is waived.
- (3) The notice of the special meeting shall state what business is to be transacted at the special meeting.
- (4) CAMP hereby approves the Technical Secretary and the Morazán Council taking or ratifying any action, including but not limited to the promulgation, amendment or repeal of any Rule, without a meeting, through an appropriate memorialization of such action reflecting the approval of two-thirds of the whole number of the Morazán Council, provided that (a) the Morazán Council Secretary is among the approving Council Members, (b) any resulting Rule or Charter amendment requiring presentment to CAMP is presented to, and not timely disapproved by CAMP within the timeframes contemplated in section 3.09(8) or 11.08(8), respectively; and (c) such memorialization is published.
- (5) Council Members may waive any notice requirement in writing physically or electronically before, during or after the meeting.
- (6) Any technical procedural requirement that is unrelated to quorum or vote thresholds for any meeting or act of the Morazán Council, including any notice requirement, shall be deemed waived if, as reflected in the record of proceedings kept by the Morazán Council Secretary, all serving Council Members, including the Morazán Council Secretary, consent in writing physically or electronically to the act or otherwise attend the meeting at which the act was taken and none concurrently object in writing to the act or meeting.
- (7) Meetings may be conducted either in person or by remote communication.
- (8) Council Members who participate in meetings by remote communication shall be deemed present and may vote at such a meeting if Morazán 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 Morazán Council, including an opportunity to communicate about the proceedings of the meetings, substantially contemporaneously with the proceedings. A proper record of said remote participation, as determined by the Morazán Council Secretary, must be kept for verification purposes.
- (9) Either (a) each voting Council Member shall verifiably manifest his or her vote in any form prescribed by the Morazán Council Secretary, or (b) the Morazán Council Secretary or his or her delegate shall record the votes of each such Council Member for all final decisions.
- (10) The Morazán Council Secretary shall send minutes of each regular and special meeting to all Council Members after the meeting, and information regarding acts or decisions taken by the Morazán Council in its regular and special meetings shall be published for the benefit of residents of Morazán.
- (11) A reliable record of unanimous consent or vote in favor of an act of the Morazán Council by all serving Council Members may substitute for minutes in the discretion of the Morazán Council Secretary.

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- (12) A majority of the whole number of the Morazán Council may add items to a meeting agenda.

### 3.06 Quorum of the Morazán Council

- (1) A majority of the whole number of the Morazán Council shall constitute a quorum for the transaction of business at a meeting, provided that the Morazán Council Secretary or his designee are among those present. 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 Morazán Council Secretary or his designee are among those present. Any action taken in the absence of a quorum due to the absence of the Morazán Council Secretary or his designee is void ab initio.
- (2) In the event of an emergency, as determined by the Technical Secretary and Morazán Council Secretary jointly or by a two-thirds majority of available Council Members, decisions exercising the power and authority of Morazán may be made at a meeting of at least three Council Members by agreement of a simple majority of those present. The Morazán Council shall meet as soon as a quorum can be assembled and vote to either ratify or terminate such emergency decisions. Emergency decisions shall be deemed terminated unless they are expressly ratified by Resolution within the earlier of two subsequent meetings of the Morazán Council, or three months of the decision.

### 3.07 Voting by the Morazán Council

- (1) Voting on any final decision shall be taken by voice vote or in writing physically or electronically.
- (2) Votes shall be either yes, no, or abstain. Only yes or no votes count for purposes of ascertaining whether the approval or disapproval threshold for a decision has been met.
- (3) The votes of Council Members who are not present, and the votes of Council Members who are present but do not cast a vote, shall be counted as abstentions.
- (4) All Eligible Council Members, including the Technical Secretary, shall have one vote on all decisions.
- (5) If there is an equality of votes, the vote is taken to have been a no vote.
- (6) Votes may be submitted by electronic transmission. 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 a Council Member, as determined by the Morazán Council Secretary.
- (7) Unless otherwise provided by this Charter or applicable Rule, action by the Morazán Council shall be taken by a majority vote of the whole number of the Morazán Council.
- (8) Any action to cause Morazán to terminate a contract shall require a Resolution approved by a vote of two-thirds of the whole number of the Morazán Council if such termination would result in the discontinuation of a delegation of authority from or payment obligation otherwise owed by Morazán or the Morazán Trust.

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- (9) Actions of the Morazán Council which do not constitute either a Rule or a Charter Amendment shall be deemed a “Council Action”

### 3.08 Appointment and term of Council Members

- (1) Prior to Morazán becoming an Urbanized Area, the Morazán Council, other than the Technical Secretary, shall consist of:
  - (a) two persons who are selected by natural person Residents;
  - (b) one person who is selected by legal person Residents;
  - (c) two persons who are selected by Landowners;
  - (d) three persons who are selected by the Promoter and Organizer.
- (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) Once Morazán becomes an Urbanized Area, the Morazán Council, other than the Technical Secretary, shall consist of:
  - (a) three persons who are selected by natural person Residents;
  - (b) one person who is selected by legal person Residents;
  - (c) two persons who are selected by Landowners;
  - (d) two persons who are selected by the Promoter and Organizer.
- (5) The selection of Council Members other than the Technical Secretary shall not be subject to CAMP approval or disapproval.

### 3.09 Rules of Morazán

- (1) Pursuant to Articles 294, 303 and 329 of the Constitution of the Republic of Honduras and Articles 12(5), 12(6), 12(10) and 12(11) of the ZEDE Organic Law, the Technical Secretary hereby promulgates, and CAMP approves, this Charter. This Charter shall be superior to any Rule promulgated by Morazán; and where the promulgation of a Rule is authorized by this Charter, that Rule must be consistent with this Charter and the hierarchy among Rules to be legally effective.
- (2) Electronic residency (“e-residency”) as well as physical residency for natural persons and legal entities shall be permitted in Morazán. Physical residency and e-residency in Morazán requires entry into an Agreement of Coexistence between and among the person seeking residency and Morazán, which may include legal stability provisions, as provided in Articles 10 and 12 of the ZEDE Organic Law. The details for establishing physical or e-residency may be further determined by Rule.
- (3) Agreements of Coexistence, to be valid, shall, at a minimum:
  - (a) manifest each Resident’s and e-Resident’s consent:
    - (i) to such delegation of popular sovereignty as is necessary to sustain the power and authority held in trust under this Charter for the benefit of the Residents and e-Residents of Morazán, and
    - (ii) to being governed under this Charter by Morazán, its officers, agents and instrumentalities;
  - (b) be binding on all successive administrations of Morazán;
  - (c) expressly adopt the Resident Bill of Rights set forth in Article 12;

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- (d) be publicly accessible except as to personally identifying information other than each Resident's or e-Resident's identification number established in the Morazán Personal or Entity Registry, as the case may be;
  - (e) not violate the ZEDE Organic law; and
  - (f) not be subject to the approval or disapproval of CAMP.
- (4) Rules may be promulgated to adopt template Agreements of Coexistence and may delegate the decision to accept new Residents or e-Residents to the General Service Provider.
- (5) Rules may be promulgated delegating authority to terminate Agreements of Coexistence to the General Service Provider or Promoter and Organizer (or determining the procedure for terminating such Agreements).
- (6) The criteria for determining to admit Residents, e-Residents or to incorporate lands shall be applied equally for all similarly situated 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 Morazán; and
  - (d) in the case of new potential Residents:
    - (i) their ability to pay applicable taxes and fees; and
    - (ii) their criminal record and the findings of a formal background check.
- (7) Unemancipated minors and natural persons not deemed competent to enter into a contract with Morazán shall be deemed intended third-party beneficiaries under the agreements formed by Morazán with their parents or legal guardians.
- (8) The Technical Secretary may only exercise governing, rulemaking and executive power and authority pursuant to his expressly authorized duties under section 4.02 and, subject to prior approval from the Morazán Council at the below stated thresholds, by promulgating, amending, or repealing Statutes, Regulations, Ordinances, and Resolutions as follows:
- (a) Statutes shall set forth the generally applicable law for Morazán. CAMP hereby approves the promulgation, amendment, or repeal of Statutes by the Technical Secretary, subject to prior approval by a vote of a simple majority of the whole number of the Morazán Council, provided that the Technical Secretary:
    - (i) presents the Statute to CAMP after such adoption and approval by the Technical Secretary and Morazán Council; and
    - (ii) CAMP does not disapprove of the submitted Statute within sixty (60) days after presentation
  - (b) Regulations shall provide detail on how Statutes are to be administered and enforced. CAMP hereby approves the promulgation, amendment, or repeal of Regulations by the Technical Secretary, subject to prior approval by a vote of a simple majority of the whole number of the Morazán Council, provided that the Technical Secretary:

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- (i) presents the Regulation to CAMP after such adoption and approval by the Technical Secretary and Morazán Council; and
  - (ii) CAMP does not disapprove of the submitted Regulation within fifteen (15) days after presentation.
- (c) Ordinances shall serve as temporary Resolutions to ensure the efficient delivery of public services or to promote competition in certain markets. Ordinances shall be promulgated, amended, repealed, or renewed by the Technical Secretary subject to prior approval by a vote of a simple majority of the whole number of the Morazán Council. An Ordinance shall expire no later than 12 months after its promulgation unless renewed.
- (d) Resolutions shall govern the authorization, execution and administration of the corporate affairs and procedures of Morazán, including entry into binding contracts, implementation of the structure and services of governance, including the designation, management and direction of departments, committees, officers, agents and instrumentalities that are subordinate to the Technical Secretary, Morazán Council or Morazán Trust, the specific organization of registries authorized by Charter or Statute, as well as binding policies for the interpretation, administration and enforcement of Rules, and the establishment of fees. Resolutions shall be promulgated, amended, or repealed by the Technical Secretary subject to prior approval by a vote of a simple majority of the whole number of the Morazán Council.

### 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.
- (2) Morazán Council Member 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 Morazán Council both actual and potential conflicts of interests.
- (2) A potential 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) When the Council Member has been selected by the Promoter and Organizer or any affiliated entity, the following shall not be deemed as directly or indirectly giving rise to a conflict of interest or as contrary to any fiduciary duty, including Morazán's fiduciary duty under section 2.04 or any fiduciary duty owed by the Council Member by virtue of the Morazán Council being a trust established by the Technical Secretary under Article 12(3) of the ZEDE Organic Law, provided that the fact is disclosed or publicly known:



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- (a) owning property within Morazán;
  - (b) being or having the rights of a shareholder, owner, trustee, partner or officer or other financial beneficiary of the Promoter and Organizer or any affiliated entity;
  - (c) earning compensation in accordance with section 3.12.
- (4) A conflict of interest in relation to a proposed action may be resolved conclusively by demonstrating that the proposed action is commercially reasonable, equivalent to what would result from an arm's length transaction, or otherwise consistent with the Council Member's official duties and responsibilities.
- (5) Council Members with an unresolved conflict of interest shall recuse themselves from voting and any discussion of related matters that may be under consideration by the Morazán Council. They still count as present Directors for the quorum according to section 3.06(1).
- (6) Conflicts of interest shall not be a basis of challenging any council vote, Rule or action of Morazán if no cognizable injury was caused by the conflict of interest and no objection based on the asserted conflict of interest is raised by a Resident at a regular meeting of the Morazán Council, in the ZEDE Court, or to the default Arbitration Service Provider within sixty (60) days of the publication of the vote, Rule or action.

### 3.12 Compensation

The compensation of the Council Members shall be proportionate to the generalized prosperity of Residents and Landowners of Morazán. The Morazán Council may establish or alter this methodology through Rule. However, alterations to compensation shall not take effect until the subsequent term of Council Members.

### 3.13 Inquiries and investigations

- (1) The Morazán Council may make inquiries and investigations into;
  - (a) the affairs of Morazán; and
  - (b) the conduct of any Resident or other person within Morazán.
- (2) For this purpose, the Morazán Council, or designated committee of the Morazán 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 Rule, and such failure or refusal may constitute good cause for terminating agreements of coexistence.

### 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 Morazán Council Secretary, unless the notice specifies a later time for the effectiveness of the resignation; or

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- (c) is removed from his or her seat pursuant to section 3.15.
- (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 selected Successor to the Technical Secretary, as established per sections 4.04 and 4.05, 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 Morazán Council may either by majority vote of the whole number of the Morazán Council with the consent of the Promoter and Organizer, or by a two-thirds majority of the whole number of the Morazán Council, permanently remove or suspend a Council Member from his or her seat, or request CAMP to permanently remove the Technical Secretary, if and only if he or she:
  - (a) is convicted of a felony under the Applicable Law in Morazán;
    - (i) if a Council Member becomes accused of a felony under the Applicable Law in Morazán, that Council Member shall be temporarily suspended from Council duties and privileges, pending resolution of the case;
  - (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 Morazán or other relevant Rules and Regulations;
  - (c) acts in a way that is inconsistent with this Charter and fails to remedy the inconsistency within a reasonable timeframe after being informed of the inconsistency by the Morazán Council Secretary or the Technical Secretary;
  - (d) is an Eligible Council Member and has been absent from three consecutive, regular Board meetings, not counting any Morazán Council meeting for which the Council Member's absence was excused by majority vote of the whole number of the Morazán Council; or
  - (e) has abused the emergency authority granted in section 3.06(2).
- (2) Council Members, including the Technical Secretary, may be removed by recall at any time by the classes that selected them under section 3.08. Recalls shall be effectuated in the manner in which the original selection was made, unless otherwise specified in Article 6 of this Charter.

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- (3) A simple majority of the whole number of the Morazán Council may vote to suspend the Technical Secretary at any time for any reason, in which case CAMP hereby approves the appointment of the Successor to the Technical Secretary to fulfill the Technical Secretary's roles and responsibilities for the remainder of the Technical Secretary's term provided that (a) the Morazán Council timely presents its decision to CAMP; and (b) CAMP does not disapprove the Morazán Council action within forty-five (45) days after presentment.
  - (4) 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 under Article 11 of the ZEDE Organic Law remain thereby unaffected.
  - (5) Notwithstanding anything to the contrary above, CAMP hereby approves the immediate permanent removal of the Technical Secretary by a majority vote of the whole number of the Morazán Council (enforceable, if necessary, by the Morazán Council Secretary through equitable relief in the ZEDE Court or default Arbitration Service Provider), if the Technical Secretary does not reach, within three days after being formally installed as Technical Secretary, an agreement with the Promoter and Organizer to comply with this Charter and the Trust Agreement, as provided in section 4.03, or otherwise breaches this Charter or the Trust Agreement. However, CAMP's aforesaid approval is subject to: (a) the Morazán Council timely presenting its decision to CAMP; and (b) CAMP not disapproving the Morazán Council action within forty-five (45) days after presentment.
- 3.16 Committees of the Morazán Council
- (1) To the extent permitted by Applicable law, the Morazán Council may appoint from its trustees 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.

### **Article 4: Technical Secretary**

#### 4.01 Office of the Technical Secretary

- (1) The Office of Technical Secretary is hereby established as a legal person.
- (2) Subject to Rule, 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 to the fullest extent permitted by this Charter.

#### 4.02 Duties of the Technical Secretary

- (1) Subject to Rule, the Technical Secretary shall serve as:

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- (a) the head of the Office of the Technical Secretary;
  - (b) the chairperson of Morazán Council;
  - (c) the creator of Morazán Trust; and
  - (d) the representative of Morazán 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 Laws and Rules.
- (3) Subject to Rule, in the capacity of chairperson of Morazán Council, the Technical Secretary shall:
- (a) chair all meetings of the Morazán Council;
  - (b) assess and make recommendations regarding the effectiveness of the Morazán Council;
  - (c) coordinate an annual performance review of personnel and departments of Morazán and other entities covered under section 2.05;
  - (d) sign documents on behalf of Morazán that have been authorized by the Morazán Council; and
  - (e) appoint ad-hoc secretaries according to section 3.02(2), or in other cases, provided the approval of the Morazán Council is present
- (4) Subject to Rule, in the capacity of representative of Morazán, 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 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 Morazán Council and personnel, as needed;
  - (f) name important public landmarks and locations, including roads, parks, rivers, districts, and monuments, provided that Morazán Council pre-approval is secured by Resolution;
  - (g) only enact, amend or revoke Rules after the respective prior approval by the Morazán Council; and
  - (h) perform other duties as determined by Rule.
- 4.03 Appointment of the Technical Secretary and Successor to the Technical Secretary
- (1) When Morazán has Low Population Density, the Technical Secretary shall be nominated according to Article 11.3(b) of the ZEDE Organic Law.
  - (2) Nominees for the position of Technical Secretary shall be presented to CAMP for approval or disapproval.

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- (3) If, at the end of the term of a Technical Secretary, Morazán has High Population Density, the Residents of Morazán shall, in accordance with section 6.01, select a nominee for the position of Technical Secretary.
- (4) If no candidate receives a majority of votes after the initial round of voting, the official designated by Rule as responsible for organizing and supervising the selection in accordance with section 6.03(5) shall select the two candidates for the position of Technical Secretary, who received the highest number of votes and hold a runoff selection 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 Morazán Council shall then submit the nominee for the position of Technical Secretary to CAMP for approval or disapproval,
- (7) No person shall be eligible as a candidate for Technical Secretary, nor shall be listed on any ballots for that position, without first forming a legally binding pre-appointment agreement with the Promoter and Organizer of Morazán that obligates the candidate to, if appointed, form a legally binding agreement obligating the person to abide by this Charter and the 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.

### *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 Morazán Council, during its first regular Council meeting following the selection and approval by CAMP of a new Technical Secretary, shall select by simple majority a designated candidate for Successor to the Technical Secretary. The Successor to the Technical Secretary shall be subject to the same requirements as the Technical Secretary. CAMP shall review the eligibility of the candidate for Successor to the 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 forty-five (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 Successor to the Technical Secretary, as the case may be.
- (12) No later than three 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 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.

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- (15) The Successor to the 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

- (1) The Technical Secretary may exercise his governing, rulemaking and executive powers and authorities if, and only if, the Morazán Council has approved of the action to be taken as provided in Articles 3 and 4. The Technical Secretary shall carry out any action approved by the Morazán Council in accordance with the terms of the approval and all other Applicable Law.
- (2) In cases of Emergency, the Technical Secretary may exercise emergency powers, as established and defined by Rule, without the explicit prior approval of the Morazán Council. Emergency actions taken by the Technical Secretary must be immediately informed to the Morazán Council and to CAMP and must be ratified by the Morazán Council within five (5) days, in order to be upheld and enforced.

### 4.05 Successor to the Technical Secretary

- (1) The Successor to the Technical Secretary shall serve as Acting Technical Secretary in the absence or suspension of the Technical Secretary, exercising ZEDE administration powers by delegation from the Technical Secretary.
- (2) CAMP hereby approves the appointment of the Successor to the Technical Secretary to the office of Technical Secretary, to serve out the remainder of the Technical Secretary's term if the Technical Secretary's position becomes vacant provided that the Successor to the Technical Secretary (a) timely submits a request for appointment to CAMP; and (b) CAMP does not disapprove the Successor to the Technical Secretary's candidacy within forty-five (45) days after presentation.

## **Article 5: Morazán Trust**

### 5.01 Establishment of the Morazán Trust

- (1) The Technical Secretary shall establish a trust, known as the Morazán Trust.
- (2) This Trust may be established as a common law trust in the nature of an escrow, which may consist of subaccounts or funds, that, subject to the terms and conditions of its Trust Agreement:
  - (a) performs the duties required of it by the ZEDE Organic Law;
  - (b) administers the performance of financial obligations of Morazán and ensures that all financial activity of the Technical Secretary is also administered through the Trust;
  - (c) functions as a depository and steward of funds; and

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- (d) requires any institution which maintains the Morazán Trust's account(s) within the jurisdiction of the Republic of Honduras to submit each and every dispute concerning the Morazán Trust as well as the disposition, maintenance or disbursement of the Morazán Trust's account(s) to full and final Resolution by arbitration administered by the International Centre for Dispute Resolution of the American Arbitration Association in accordance with its rules, with the arbitral forum to be located in Panama City, Republic of Panama, Houston, TX, United States of America, or Washington, D.C., United States of America.
  - (3) Except to the extent prohibited under section 7.01, the Morazán Trust may delegate its duties to the General Service Provider.
- 5.02 Morazán Trust assets and composition
- (1) The trust assets of the Morazán Trust shall solely consist of revenue or funds derived from the exercise of Morazán powers, including taxes, fees, loans, and service charges.
  - (2) The Morazán Council shall select a bank, trust company or law firm, which maintains its trust accounts with a financial institution that has a good international reputation, to serve as trustee of the Morazán Trust.
  - (3) The Morazán Council may replace the trustee of the Morazán Trust:
    - (a) if the trustee breaches the Trust Agreement provided under section 5.03;
    - (b) if the Morazán 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 Morazán Trust
- (1) The Technical Secretary with prior approval from the Morazán Council shall enter into a Trust Agreement with the Trustee of the Morazán Trust, which shall govern the use and distribution of trust assets in accordance with Articles 21 and 44 of the ZEDE Organic Law and this Charter.
  - (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 and the specific beneficiaries specified by the ZEDE Organic Law. 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 Morazán.

### **Article 6: Internal selection procedures and internal town hall meetings**

#### 6.01 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.

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- (2) At least thirty (30) days before any selection or measure is due to be voted upon by Residents, the Morazán Council or its delegate shall calculate and conclusively fix in a published voter roll the identity of each Resident entitled to vote.
  - (3) The mechanism for voting by legal entities in the capacity of Resident shall be determined by Rule.
  - (4) Voting by natural persons in the capacity of Resident shall be conducted as follows:
    - (a) Natural persons may only vote as Residents if they are eighteen (18) years or older.
    - (b) Natural persons are each entitled to one vote.
- 6.02 Votes based on ownership of land
- (1) Landowners shall each have one vote for each square meter of land they own within the boundaries of Morazán, provided that such land is duly incorporated into Morazán and title to such land is registered in the Morazán Property Registry. All candidates for the Landowners' Council Members are selected in one round, whereby the two candidates with the highest number of votes shall be the Council Members representing all Landowners.
  - (2) The mechanism for voting by Landowners shall be determined by Rule.
  - (3) At least thirty (30) days before any selection or measure is due to be voted upon by Landowners, the Morazán Council or its delegate shall calculate and conclusively fix in a published voter roll identifying each Landowner entitled to vote and the number of votes to which each Landowner is entitled.
- 6.03 Town Hall Meetings
- (1) A town hall meeting may be initiated in the circumstances explicitly provided for under this Charter.
  - (2) Once Morazán reaches a population of more than twenty-five thousand (25,000) natural person Residents:
    - (a) the Technical Secretary and Morazán Council shall adopt a Rule automatically referring to natural person Residents of majority age any subsequently promulgated Rule as a measure to be considered for repeal by a majority of votes available for casting within seven (7) days after adoption; and
    - (b) Residents or Landowners may repeal through vote at a town hall meeting:
      - (i) previously promulgated Rules by a two-thirds majority of votes available for casting in that town hall meeting;
      - (ii) subsequently promulgated Rules by a three-fifths majority of votes available for casting in that town hall meeting; and
      - (iii) subsequently promulgated charter amendments by a three-fifths majority of votes available for casting in that town hall meeting.



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- (3) The Morazán Council will organize a town hall meeting if a proposed measure expressly authorized by this Charter is submitted to it that has a sufficient number or proportion of valid signatures. The number or proportion of signatures that measures must receive for a town hall meeting to be held shall be no greater than 10% of the total persons that would be eligible to vote in the town hall meeting if held.
- (4) Measures shall pass by a three-fifths majority of the votes available for casting of all persons eligible to vote in the town hall meeting unless a higher threshold is specified elsewhere in this Charter.
- (5) Morazán may establish by Rule all offices and procedures that relate to voting, the delegation of voting rights, selection procedures, recalls and town hall meetings, in order to ensure transparency, fairness, and independence in such procedures and processes.

### **Article 7: General Service Provider**

#### 7.01 Delegation of Morazán Trust responsibilities

- (1) Morazán Trust shall recognize the appointment of one or more legal persons to act as a General Service Provider as provided in section 7.03 and delegate to it (them), for remuneration, as much responsibility as is feasible for the efficient provision of services within Morazán.
- (2) The duration of the contract with the General Service Provider may be up to 50 years.
- (3) Although the General Service Provider may furnish administrative support and coordination services, responsibilities that shall not be delegated to the General Service Provider include:
  - (a) Receipt, maintenance, stewardship over, and disbursement of trust assets;
  - (b) 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; and
  - (c) courts.

#### 7.02 Receipt of funds

- (1) The General Service Provider may collect fees in exchange for its services.
- (2) The General Service Provider may pay the Morazán Trust a royalty fee, as determined by the Trust Agreement.
- (3) In exchange for the functions delegated to it, the Morazán Trust shall pay the General Service Provider agreed upon fees, as specified in the Trust Agreement.
- (4) If the Morazán Trust or Morazán itself are not able to generate enough income to cover its obligations, the General Service Provider or Promoter and Organizer may contribute funds to the Morazán Trust or on behalf of Morazán, with disclosure to the Trust, in the form of loans or other undertakings subject to such repayment terms and interest rates as are at a reasonable market value for loans with similar risk profiles in Honduras.

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## 7.03 Process for selecting the General Service Provider

- (1) No later than 90 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 reviews 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 fulfill the purposes of Morazán as expressed in this Charter and Bylaws.

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- (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 11.03 (Disputes in connection with this Charter) 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

Morazán may promulgate a Rule that, as a condition of becoming a Resident of Morazán, all natural and legal persons shall form a service contract with the General Service Provider that is approved by the Morazán Council and defines their rights and obligations with respect to the provision of services by the General Service Provider.

## **Article 8: Taxation**

### 8.01 Taxation

- (1) Morazán may tax Morazán-sourced income by Statute. The rates of taxes applicable to income, if any, in Morazán shall be as follows:
  - (a) For all Residents, e-Residents and non-Residents, whether legal entities or natural persons, a fixed tax rate of no more than 7% on all Morazán-sourced income;
  - (b) As a simplifying proxy for a tax on income, Morazán may adopt an annual lump-sum tax for small businesses.
- (2) Income that is sourced within Honduras, but outside Morazán, is not subject to Morazán taxation but is subject to the Honduran tax code. Morazán-sourced income is not subject to the Honduran tax code, in accordance with Articles 4, 29, 32, and 41 of the ZEDE Organic Law. For existing businesses in Honduras outside Morazán, that exceed a certain threshold amount of taxes being paid (as established by Morazán Statute), and become a Resident of Morazán, a special agreement will be made to preserve the nominal tax basis of the Republic of Honduras.
- (3) For Residents covered under subsection (1)(a), Morazán is entitled to set or negotiate options for a cap, tax breaks or lump-sum annual payments in lieu of a tax rate.
- (4) Notwithstanding anything to the contrary set forth above, Morazán may establish a mandatory fixed payment of tax for Residents and Landowners in lieu of other taxes.
- (5) No other taxes than mentioned in subsections (1) - (4) shall be charged in Morazán.

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- (6) Morazán shall seek to form an agreement with the Republic of Honduras with respect to Residents of Morazán and any taxes imposed in Morazán, to avoid double taxation and tax evasion, and to coordinate administration and enforcement. In doing so, Morazán shall share information about any of its Residents of Honduran nationality with the Republic of Honduras when the Republic of Honduras demonstrates that it has reasonable cause to believe the Resident is subject to a higher tax in Honduras than the Resident has paid. The information shall be limited to the extent necessary to determine the applicable tax. The Resident's information shall be kept strictly confidential and only shared with such parties as necessary to determine the applicable tax.

## 8.02 Tax and Debt Limits

- (1) Effective on the latter of January 1, 2030 or the date the population of natural person physical Residents of Morazán exceeds fifty thousand (50,000), the portion of aggregate tax revenues received in any calendar year that exceeds 7.0% of the gross domestic product within Morazán's boundaries during that calendar year shall be refunded to taxpaying Residents and Landowners in the respective calendar year pro rata based upon their payment of all taxes during the same calendar year (the "Tax Limit"). As a condition of eligibility for any tax refund due pursuant to the Tax Limit, each Resident and Landowner must have furnished personal data necessary to calculate gross domestic product and be in compliance with all tax laws.
- (2) On or before its effective date, Morazán shall implement the Tax Limit consistently with its terms by Rule, including standards for the measurement of gross domestic product, deadlines for relevant assessments, and the timing and method of refunds.
- (3) Effective on the latter of January 1, 2030 or the date on which it becomes an Urbanized Area, Morazán may not thereafter directly or indirectly borrow funds, incur debt, or otherwise incur liability to defray the cost of its operations, services or infrastructure whenever the total outstanding principal of all bonds and all other borrowing or financing instruments enforceable against Morazán ("Debt") equals or exceeds the greater between, (a) 105% of the nominal amount of the Debt that was then unpaid and outstanding, or (b) 40% of the 5-year trailing average annual gross domestic product ("GDP") of Morazán ("Debt Limit").
- (4) Effective on the latter of January 1, 2030 or the date that Morazán has had five consecutive years of Debt between 30% and 40% of its 5-year trailing average annual GDP, all surplus tax above the expenditures of Morazán in that calendar year shall be applied in the following manner:
  - a) repayment of Debt until the Debt has been completely repaid;
  - b) subsequently, the creation of a reserve fund for Morazán equivalent to the tax revenue of the most recent calendar year;
  - c) finally, prorated tax refund to taxpaying Residents and Landowners as per the terms of section 8.02(1)

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- (5) Debt issued in violation of the Debt Limit shall be deemed null and void. On or before its effective date, Morazán shall implement this section consistently with its terms by Rule.
- (6) Morazán shall be exempt from taxation.
- (7) Morazán may adopt by Statute or Regulation such tax credits, exemptions or limitations as needed to ensure that the tax burden in Morazán is no greater for any Resident or Landowner than in any other jurisdiction within the Republic of Honduras.

### **Article 9: Dispute Resolution and Court System**

#### 9.01 Court and Legal System

- (1) In accordance with Articles 294, 303 and 329 of the Constitution of the Republic of Honduras, the ZEDE Organic Law, and the respective approvals by the governing Honduran authorities, a special judicial court, known as the ZEDE Court, which shall include the various courts, judicial authorities and judicial personnel specified in Articles 14 through 20 of the ZEDE Organic Law, shall have exclusive jurisdiction and competence over Morazán, its officers, agents and instrumentalities, including the General Service Provider and the Morazán Trust, all causes of action arising within Morazán, including any dispute which arises from any transaction or operative fact occurring within the boundaries of Morazán, or which implicates any of the authorities, rights, privileges or immunities established by the ZEDE Organic Law or Morazán Rule, subject to the requirement to defer to binding arbitration as contemplated in the ZEDE Organic Law, this Charter, and Agreements of Coexistence.
- (2) Morazán may further specify the jurisdiction, departments, and Rules of the ZEDE Court, as it relates to ZEDE Morazán specifically, by Statute or Regulation to the extent consistent with Articles 294, 303 and 329 of the Constitution, the ZEDE Organic Law, the approvals authorizing the establishment of the ZEDE Court by the governing Honduran authorities, and this Charter.
- (3) Unless expressly prohibited by Applicable Law, judges on the ZEDE Court may concurrently serve as arbitrators for the default Arbitration Service Provider.

#### 9.02 Arbitration

- (1) Morazán shall allow for private arbitration and may establish by Rule authority for the recognition of a default Arbitration Service Provider.

## Charter and Bylaws of ZEDE Morazán

- (2) The default Arbitration Service Provider may, subject to Rule, establish one or more arbitral tribunals of original jurisdiction to resolve through arbitration (or other alternative dispute Resolution mechanism) all causes of action involving Morazán, its officers, agents and instrumentalities, including the General Service Provider and the Morazán Trust, or otherwise arising within Morazán, including any dispute which arises from any transaction or operative fact occurring within the boundaries of Morazán, or which implicate any of the authorities, rights, privileges or immunities established by the ZEDE Organic Law, this Charter or Morazán Rule, unless, and to the extent, such default dispute Resolution authority is expressly displaced by contract between or among the parties to that dispute. The mechanism for the appeal of an arbitral award or decision shall be:
  - (a) the ZEDE Court, by default; or
  - (b) an appeals-specific division of the default Arbitration Service Provider, if the parties so agree in advance of the original arbitration proceedings.
- (3) When the seat of arbitration is in Morazán, the ZEDE Court may resolve disputes concerning arbitration procedure and enforcement to the extent authorized by Statute.
- (4) The Morazán Council shall have the power to enforce arbitral awards to the extent authorized by Statute, unless the Technical Secretary decides to request enforcement of an arbitral award by the ZEDE Court.
- (5) Final arbitral awards issued by an arbitral tribunal of the default Arbitration Service Provider which arise from a public arbitration proceeding shall be precedential as provided by Rule.

## Charter and Bylaws of ZEDE Morazán

- (6) Where a choice between fora of competent jurisdiction exists, Morazán public policy of adopting international best practices favors enforcement of the arbitral award or authorized interim relief in any court of competent jurisdiction of any foreign country which is both a member of the Organization for Economic Co-operation and Development and also a party to either (a) the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, June 10, 1958), which the Republic of Honduras joined on August 21, 2012 (<sup>4</sup>New York Convention<sup>55</sup>), or (b) the Inter-American Convention on International Commercial Arbitration (Panama City, Panama, January 30, 1975), which the Republic of Honduras joined on January 8, 1979 (“Panama Convention<sup>55</sup>). Further, where a disputant is entitled to invoke the guarantees of both the New York Convention and the Panama Convention, Morazán public policy favors construing the two conventions *in pari materia* such that the provisions of each are construed as supplementary to each other in aid of optimizing the recognition and enforceability of arbitration agreements and arbitral awards in member states. Furthermore, by virtue of entry into the arbitration clause of any Agreement of Coexistence or other contract, the disputants shall be deemed to have agreed to displace the rules of procedure of the Inter- American Commercial Arbitration Commission with the rules of the default Arbitration Service Provider or, if the disputants have agreed on a different arbitration service provider, the rules of such arbitration service provider. However, to the extent that the New York Convention and the Panama Convention irreconcilably conflict in respect to an arbitration agreement, proceeding or award, Morazán public policy favors that the determination as to which treaty applies shall be made as follows unless otherwise expressly agreed by the disputants: (aa) if a majority of the parties to the arbitration agreement are citizens of a state or states that have ratified or acceded to the Panama Convention and are member states of the Organization of American States, the Panama Convention shall apply; and (bb) in all other cases the New York Convention shall apply.

### Article 10: Security

#### 10.01 Morazán security entities

In accordance with Article 22 of the ZEDE Organic Law, Morazán may by Rule establish and control its own security entities, including police, criminal investigation bodies, intelligence services, criminal prosecution, and penitentiary system.

#### 10.02 Exclusive control by Morazán

- (1) Morazán security entities established under section 10.01 will be subject to the exclusive control of Morazán.
- (2) Morazán may enter into cooperation agreements with other security and law enforcement agencies in the Republic of Honduras. Such agencies shall operate within Morazán in exclusive accordance with those agreements.

#### 10.03 Requests for assistance from outside law enforcement

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- (1) The Morazán Council may request pursuant to Rule the assistance of domestic and foreign law enforcement agencies, provided the assisting agencies are not foreign military forces.
- (2) The request will be notified to the appropriate authorities of the rest of the Honduran territory.

### **Article 11:      Miscellaneous**

#### 11.01 Severability

- (1) If any portion of this Charter, or any amendment of this Charter, 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. However, section 11.01(2), including its subparts, may not be enforced except as originally adopted.
- (2) The ZEDE Court, the arbitral tribunal of the default Arbitration Service Provider, or an arbitral tribunal of the International Centre of Dispute Resolution of the American Arbitration Association, are authorized, upon complaint of the Promoter and Organizer or a natural person Resident, to reform by final decision all or any part of this Charter, any amendment thereto, as well as any Rules promulgated thereunder, as is absolutely necessary to sustain the same under the Constitution of the Republic of Honduras or governing treaty; provided that:
  - (a) the Promoter and Organizer shall have consented to any such proceeding; and
  - (b) any reformation that could be reasonably construed as legislation in the nature of a Rule, or a Charter amendment, shall be subject to approval by simple majority of votes cast of natural person Residents by town hall meeting and, if not approved, shall be subsequently superseded and revised in the form of a Rule promulgated pursuant to section 3.09(8) or in the form of a Charter amendment pursuant to section 11.08, respectively.

#### 11.02 CAMP consent

- (1) CAMP'S approval of this Charter shall constitute its consent to all of the rights and responsibilities applicable to it in this Charter as well as the exercise of its approval authority under the ZEDE Organic Law.
- (2) To the maximum extent applicable under the Applicable Law, both CAMP and Morazán affirm being subject to the protections of the Central America and Dominican Republic Free Trade Agreement and other investment treaties signed by Honduras, including but not limited to Agreement No. 02 DGTC dated January 15, 2014, the "Agreement Between the Government of the State of Kuwait and the Government of the Republic of Honduras for the Promotion and Reciprocal Investment Protection," under which the Promoter and Organizer, as well as other Landowners and Residents, are entitled to protection, including any waivers of immunity by the Republic of Honduras of any kind expressed or implied in them.



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- (3) The procedure for presenting to CAMP any Rule or action requiring such presentment shall consist of the Technical Secretary and the Morazán Council Secretary jointly sending electronic or physical correspondence to CAMP's Secretary, Alternate Secretary or any other member of CAMP together with a genuine copy of the Rule or action to be reviewed by CAMP. The date of electronic or physical receipt shall be the record date commencing any approval or disapproval period.
- (4) CAMP affirms that it hereby approves of Morazán adopting by charter amendment or Rule any legislation, Regulation, authority or policy which CAMP has approved for any other ZEDE entity or special regime, through simple notification to CAMP, as foreseen in Article 32 of the ZEDE Organic Law, relating to the "Most Favored Nation" status of the ZEDes and their legal and natural residents.

### 11.03 Disputes in connection with this Charter

- (1) Any dispute arising under and in connection with this Charter, and not governed by section 11.01(2), shall be brought to:
  - a) the default Arbitration Service Provider established for Morazán in accordance with section 9.02, provided that the proceeding is public and that any ultimate decision is recognized as precedential under Morazán Rule; or in its absence
  - b) the International Centre for Dispute Resolution of the American Arbitration Association serving as the arbitration administrator under this section, provided that the proceeding is public and that any ultimate decision is recognized as precedential under Morazán Rule.
- (2) Adoption of this Charter and acceptance of the relevant provisions described above shall constitute consent to arbitration by such party.
- (3) Initiation of the proceedings in one forum authorized by this section precludes adjudication of the same matter in a different forum.
- (4) Morazán may implement this section and other Charter provisions authorizing arbitration of disputes consistently with their terms by Rule.

### 11.04 Language

The official languages of Morazán are English and Spanish. Legally binding instruments and Rules issued by Morazán may be written in either English or Spanish, or in both languages, at the discretion of the Morazán Council. In the case of this Charter and any instrument or Rule issued by Morazán in both English and Spanish, to the extent that there is ambiguity or inconsistency between the English and Spanish versions, the English version shall be legally operative and controlling, unless otherwise therein specified.

### 11.05 Currency

- (1) Any currency may be transacted in Morazán.
- (2) Lempira are valid as legal tender for the payment of all pre-existing debts within Morazán unless the parties have made a specific agreement to the contrary.

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- (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 Property register and other registers

- (1) Morazán shall establish and maintain the following official registers:
  - (a) the Property Registry, for ownership of land and immovable objects, as well as such other property as may be specified in Rule;
  - (b) the Resident Registry, for all natural persons, including both physical Residents and e-Residents; it shall distinguish between physical and e-Residents according to criteria defined by Rule;
  - (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 Property Rights

- (1) Morazán shall maintain an independent regime for property rights consistent with the ZEDE Organic Law and international best practices.
- (2) In accordance with Articles 294, 303 and 329 of the Constitution of the Republic of Honduras, which supersede Article 107 as applied to ZEDE special regimes, and 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 Morazán, 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 Town Hall Meeting or Otherwise

- (1) The Morazán Council may decide by a majority of two-thirds of the whole number of the Morazán Council, that Residents may hold a town hall meeting in which they may amend or change any part of Article 3 of this Charter pursuant to section 6.03(3), (4) and (5), provided that such amendment or change does not cause Morazán to violate a legal stability agreement or Agreement of Coexistence to which it is a party.
- (2) Amendments adopted in accordance with subsection (1) may not significantly alter other Articles or sections. The Amendments must substantially relate to the subject matter covered by Article 3, as originally adopted.
- (3) 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, and which must be subsequently approved by the Morazán Council, in order for the amendments to take effect.

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- (4) If the amendment affects the method of selecting Council Members, the change may only apply to one council seat every seven years, starting with any changes to council seats filled pursuant to section 3.08(1)(a), to be followed by changes to council seats filled pursuant to section 3.08(1)(b).
- (5) Except as provided in subsections (1) through (5), this Charter may only be amended by vote of at least two-thirds of the whole number of the Morazán Council.
- (6) The Technical Secretary shall present all amendments to CAMP for approval or disapproval.
- (7) CAMP hereby approves of any amendment adopted under this section provided that (a) the amendment is timely presented to CAMP; and (b) CAMP does not disapprove of the amendment within forty-five (45) days after presentation.
- (8) 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.

### 11.09 Special Districts

- (1) Morazán may establish by Rule the constituting framework of a special district encompassing land that has been incorporated into Morazán, which may authorize the establishment of one or more governing bodies and authorities for that district that differ materially from those established and required under this Charter elsewhere in Morazán, and which specify whether the natural person Residents of the district shall be counted towards the various population thresholds defined in this Charter for Morazán as a whole.
- (2) As a precondition of considering the establishment of a special district, the Technical Secretary and Morazán Council shall require interested third parties to negotiate a binding agreement with its officers, the General Service Provider, or the Promoter and Organizer detailing the special district's contemplated governance, tax, fee, residence, regulatory, indemnity, and security policies, as well as other commitments on matters of public concern.
- (3) Any special district authorized by this section must verifiably comply with its constituting Rule, the ZEDE Organic Law, and the following minimum standards:
  - (a) It must deposit all tax revenues in the Morazán Trust as required by Article 7 as if it were an instrumentality of Morazán;
  - (b) It must submit its Rules to repeal by town hall meeting of natural person Residents domiciled within the special district according to procedures specified in its constituting Rule;
  - (c) It must submit itself, its Rules, and all of its visitors and Residents to the jurisdiction and authority of the ZEDE Court and the default Arbitration Service Provider, pursuant to Article 9, as if it were an instrumentality of Morazán;
  - (d) It must subordinate its security services and agencies to those of Morazán and its General Service Provider pursuant to Article 10 as if it were an instrumentality of Morazán;

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- (e) It must exclusively utilize the Morazán Property, Resident and Entity Registries pursuant to Article 11 as if it were an instrumentality of Morazán;
- (f) It must contractually bind itself to adhere to the Resident Bill of Rights of Article 12 when acting under color of law as if it were an instrumentality of Morazán;
- (g) It must ensure that Common Interest Community Bodies, which exercise governance authorities that are functionally equivalent to those granted to Morazán under this Charter within the boundaries of the district, are bound by the Resident Bill of Rights of Article 12 when exercising such authority, as if such Common Interest Community Bodies were an instrumentality of Morazán acting under color of law, except to the extent that such Common Interest Community Bodies have verifiably obtained from all persons, who would otherwise be entitled to the protections of this subsection, a knowing and voluntary waiver of the protections of this subsection;
- (h) It must be the sole special district within its boundaries;
- (i) Its existence must be subject to termination, and its Residents, Landowners and territory subject to reversion to the general jurisdiction and Rules of Morazán, in the event of material non-compliance with the foregoing minimum standards after being given reasonable notice and an opportunity to cure such non-compliance in accordance with such procedure as may be specified in its constituting Rule.
- (j) Its internal Rules and legislation, to the extent that they differ from the equivalent Rules and legislation of Morazán, must be submitted to and approved by CAMP.

### 11.10 Covenants

Once the Morazán Property Registry pursuant to section 11.06(l)(a) is established and operating, as a condition of incorporating their land within Morazán, all Landowners shall enter into a common interest community declaration containing certain covenants, conditions, restrictions, and easements running with title to their land, in such form as approved by the Promoter and Organizer, and including minimum standards that:

- (1) establish and enforce the jurisdiction and authority of the default Arbitration Service Provider;
- (2) ensure that title to the incorporated land is capable of being registered in the Morazán Property Registry in a manner that is compatible with Rules governing registration of land and appurtenant rights;
- (3) grant *parens patriae* and other concurrent rights to the Promoter and Organizer and its delegates to enforce any right or interest appurtenant to the incorporated land, including rights or interests subsequently severed or capable of severance from title to the incorporated land, to prevent, interdict or mitigate any actual or threatened trespass, nuisance, or injury to any Resident, any lawful visitor, lawful inhabitant of any adjacent jurisdiction, or their property;

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- (4) ensure that Common Interest Community Bodies, which exercise governance authorities that are functionally equivalent to those granted to Morazán under this Charter within the boundaries of the incorporated land, are bound by the Resident Bill of Rights of Article 12 when exercising such authority, as if such Common Interest Community Bodies were an instrumentality of Morazán acting under color of law, except to the extent that such Common Interest Community Bodies have verifiably obtained from all persons, who would otherwise be entitled to the protections of this subsection, a knowing and voluntary waiver of the protections of this subsection; and
- (5) otherwise secure the rights and obligations of the Promoter and Organizer under this Charter.

### 11.11 Liability

- (1) ZEDE Morazán and its Agents, individually and collectively, disclaim any sovereign immunity as to any claim or cause of action brought by Residents or the Promoter and Organizer against any of them for any act or omission of any kind; however, monetary liability for an unintentional or negligent act or omission, or a breach of fiduciary duty committed in subjective good faith and without gross negligence, including claims for compensatory or exemplary damages, as well as court costs, litigation expenses, attorneys fees against ZEDE Morazán and its Agents, shall be limited to an aggregate amount that does not exceed the greater of: (a) the limits of available insurance coverage(s) for the relevant cause of action; or (b) the difference, for the calendar year immediately preceding the incurrence of the liability, between (i) 15% of aggregate tax revenues received by or on behalf of Morazán and (ii) the booked liability for all other known or threatened causes of action against ZEDE Morazán and its Agents; or as otherwise established by Rule (the “Liability Limit”).
- (2) Morazán may pay for liability insurance for the Council Members and other officers for acts done in an official capacity on behalf of any of ZEDE Morazán and its Agents.
- (3) Notwithstanding the foregoing provisions, ZEDE Morazán and its Agents may individually or collectively contractually agree to be exposed to monetary liability to any person in excess of the Liability Limit subject to approval or ratification by Resolution.
- (4) Notwithstanding anything to the contrary stated in this section or elsewhere in this Charter, ZEDE Morazán and its Agents shall individually and collectively enjoy intergovernmental sovereign immunity when acting in an official capacity from any monetary liability claimed against any or all of them by any Non-Morazán Governing Authority unless the claim of monetary liability is expressly authorized under Articles 294, 303 and 329 of the Constitution of the Republic of Honduras, ZEDE Organic Law, this Charter, Morazán Rule or an otherwise binding contract.

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- (5) The intergovernmental sovereign immunity recognized by section 11.11(4) may be extended by Rule to clothe private persons with immunity from monetary liability claimed against them by any Non-Morazán Governing Authority as a result of such private person acting in subjective good faith reliance upon a Rule promulgated or permit issued by Morazán within the scope of its jurisdiction and authority under Articles 294, 303 and 329 of the Constitution of the Republic of Honduras, the ZEDE Organic Law and this Charter.

### 11.12 Continuation

- (1) To the furthest extent authorized by Articles 294, 303 and 329 of the Constitution of the Republic of Honduras and the ZEDE Organic Law, Morazán, this Charter and Rules and actions promulgated pursuant thereto shall be the sole and exclusive governing authority within the boundaries of Morazán.

## **Article 12: Resident Bill of Rights**

### 12.01 Rights Guaranteed

- (1) This “Resident Bill of Rights” shall be adopted and incorporated by reference in every Agreement of Coexistence executed between and among Morazán and any Resident or e- Resident; and shall be effective and binding to the extent so adopted or as otherwise required by this Charter.
- (2) Accordingly, ZEDE Morazán and its Agents individually and collectively shall not under color of law:
  - (a) Deny the Right to Life. This means:
    - (i) ZEDE Morazán and its Agents individually and collectively shall not intentionally deprive the life of any natural person Resident, e-Resident, or lawful visitor except as a reasonable and proportionate response to defend against that person’s unlawful initiation of violence or an imminent threat of violence against another person.
    - (ii) ZEDE Morazán and its Agents individually and collectively shall not deny any natural person Resident or lawful visitor the right to self-defense.
  - (b) Violate the Right to Property. This means:

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- (i) ZEDE Morazán and its Agents individually and collectively shall not exercise or delegate the exercise of its power of eminent domain or any other coercive sovereign power to take all or any part of any Resident's or e-Resident's vested liberty or property interests without first paying each such owner of the targeted interests an award of compensation in an amount that is equivalent to 200% of the greater of the (I) fair market value of the interests targeted for the taking immediately before the taking and without deducting any loss in value occurring because the intended taking had become known earlier, or (II) the monetary value of the loss sustained by the Resident or e-Resident as a result of the taking; plus interest at a commercially reasonable rate accrued on the amount of such award from the date of the announced intended taking until the date of payment, together with each such owner's reasonable attorneys' fees, litigation expenses and costs, whereupon title to any such taken property shall be transferred to Morazán or its nominee.
  - (ii) ZEDE Morazán and its Agents individually and collectively shall not exercise or delegate any sovereign power to deprive any Resident, e-Resident or lawful visitor, who has not been convicted of a criminal offense or found liable under a civil penalty Statute, of any vested liberty or property interest, and shall instead pursue any public purpose traditionally served by the exercise of such sovereign power exclusively (i) through the rightful enforcement of a voluntary contract or the conditions, covenants or restrictions that run with title to real property that bind the Resident, e-Resident or lawful visitor, or (ii) by paying compensation to the Resident, e-Resident or lawful visitor in accordance with the terms of section 12.01(2)(b)(i).
- (c) Burden Freedom of Thought, Speech, Conscience and Religion. This means:
- (i) ZEDE Morazán and its Agents individually and collectively shall not deprive any Resident, e- Resident or lawful visitor of freedom of thought and expression, which includes the freedom to seek, receive, and impart information and ideas of all kinds, commercially or non-commercially, regardless of frontiers, either orally, in writing, in print, in the form of art or through any other medium of one's choice.
  - (ii) ZEDE Morazán and its Agents individually and collectively shall not deny any Resident, e- Resident or lawful visitor freedom of conscience and of religion.

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- (iii) The exercise of the right guaranteed by section 12.01(2)(c)(i) shall not be subject to prior restraint except pursuant to narrowly tailored Rules that (I) prohibit credible threats of violence against specific persons or groups of people, (II) prohibit actual fraud, (III) protect private property from damage or trespass, (IV) protect public property used by Morazán primarily in a proprietary capacity from damage or trespass, or (V) until August 23, 2030, as to any Resident who is not a natural person Honduran national: (A) prohibit public defamation or disparagement of any Non-Morazán Governing Body; or (B) prohibit public advocacy of, or furnishing of material support to, the repeal or amendment of Articles 294, 303, or 329 of the Constitution of the Republic of Honduras or the ZEDE Organic Law in any manner that is intended to diminish the public policy autonomy of Morazán from any Non-Morazán Governing Body.
- (iv) The exercise of the right guaranteed by section 12.01(2)(c)(ii) may be restrained only by Rules that are narrowly tailored to prevent the violation of the legally protected rights of others.
- (v) The exercise of the rights guaranteed by section 12.01(2)(c)(i) and (ii) may be subject to civil liability or restraint by action brought by a private party for defamation or personal injury; however, the foregoing rights shall not be prejudiced or denied due to a claim by another person that the speech is merely offensive except as expressly stated in section 12.01(2)(c)(iii)(V).
- (d) Deny Freedom of Contract. This means ZEDE Morazán and its Agents individually and collectively shall not deprive any competent Resident or e-Resident of majority age of the right to freely enter into contracts to exchange, condition, restrain, subdivide or otherwise obligate, release, waive, burden or bind, in whole or in part, the exercise of any right or legally protected interest for any lawful purpose. The obligations of such contracts, including the agreed upon manner and mode of performance and receipt of consideration, shall not be impaired by ZEDE Morazán and its Agents individually or collectively in any respect.
- (e) Deny the Right to Procedural Due Process. This means ZEDE Morazán and its Agents individually and collectively shall not deprive any Resident, e-Resident or lawful visitor of life, liberty or property without closely following all applicable procedures established by Applicable Law within Morazán.
- (f) Infringe on Freedom from Ex Post Facto Laws. This means:
  - (i) ZEDE Morazán and its Agents individually and collectively shall not request, direct or authorize any criminal prosecution of any Resident or e-Resident for any act or omission that did not constitute a criminal offense: (I) at the time it was committed; and (II) under the criminal laws of the Republic of Honduras as of January 1, 2020.
  - (ii) ZEDE Morazán and its Agents individually and collectively shall not enact or impose upon any Resident or e-Resident a heavier criminal penalty than the one that was: (I) applicable at the time the Resident or e-Resident committed the criminal offense; and (II) applicable under the criminal laws of the Republic of Honduras as of January 1, 2020.



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- (iii) ZEDE Morazán and its Agents individually and collectively shall not enact or impose upon any Resident, e-Resident or lawful visitor any civil penalty or liability for any act or omission that was not subject to such penalty or liability at the time it was committed.
- (g) Infringe on the Right to Security in Privacy. This means ZEDE Morazán and its Agents individually and collectively shall not deprive any Resident or e-Resident of security in their person, personal effects, communications or property from any search, surveillance, interception or seizure by ZEDE Morazán and its Agents individually or collectively unless authorized in doing so by:
  - (i) a warrant or court order specifying the thing to be searched, intercepted or seized issued by the ZEDE Court based on probable cause that a serious crime has been committed,
  - (ii) an authorizing decision of the default Arbitration Service Provider, provided that the Resident or e-Resident had previously agreed to be legally bound by the same in a written arbitration agreement, or
  - (iii) the knowing and voluntary consent of the Resident or e-Resident.
- (h) Infringe on the Presumption of Liberty. This means ZEDE Morazán and its Agents individually and collectively shall not infringe upon any Resident's, e-Resident's or lawful visitor's freedom to act or refrain from acting in any manner that, at the time, is not prohibited, restricted, restrained, penalized or incurring liability under Applicable Law.
- (3) If ZEDE Morazán and its Agents individually or collectively violate any of subsection (2) above, any Resident, e-Resident or lawful visitor who suffers cognizable harm caused thereby shall be entitled to relief consisting of a permanent injunction prohibiting the challenged action, together with compensatory damages, reasonable attorneys' fees, litigation expenses and costs.

### 12.02 Principles of Construction

This Resident Bill of Rights shall be construed consistently with:

- (1) the first principle that all competent natural persons of majority age shall be protected under law as independent and self-responsible individuals who are entitled to freedom of action and enjoyment of their property subject to the like freedom of others; and
- (2) the second principle that each right guaranteed by the Resident Bill of Rights shall furnish, for each person protected thereby as against ZEDE Morazán and its Agents individually and collectively, at least as much liberty as the corresponding right guaranteed to a citizen of the United States of America as against the government of the United States of America under the U.S. Constitution as interpreted by the Supreme Court of the United States of America as of December 31, 2019.

### 12.03 Limitation of Scope

## Charter and Bylaws of ZEDE Morazán

Notwithstanding anything to the contrary set forth herein, the Resident Bill of Rights shall not be deemed violated by the exercise of any power or authority by ZEDE Morazán and its Agents individually or collectively to enforce any law that any of ZEDE Morazán and its Agents is legally compelled to enforce under a constitutional provision or treaty governing the Republic of Honduras, or a national law of the Republic of Honduras enacted under the authority of Articles 10, 11, 12, 13, 15, or 19 of the Constitution of the Republic of Honduras, provided that the mode of enforcement is no more prejudicial to the exercise or enjoyment of the rights guaranteed by the Resident Bill of Rights than is absolutely necessary to fulfill such constitutional or treaty obligations.

Charter and Bylaws of ZEDE Morazán

Approved and Agreed to,

This 25<sup>th</sup> day of April 2020.

By:

DocuSigned by:  
*Carlos Fortin Lardizabal*  
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Carlos Alfonso Fortín Lardizábal, as Technical Secretary of Morazán, with approval from the Promoter and Organizer and all due authority under the ZEDE Organic Law

4/29/2020

This \_\_\_\_\_ day of \_\_\_\_\_ 2020.

By:

DocuSigned by:  
*Carlos Pineda*  
200473F029C54CA...

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Carlos Alejandro Pineda Pinel, Alternate Secretary on behalf of CAMP with all due authority under the ZEDE Organic Law