



BELIZE

**BELIZE CITY COUNCIL (MUNICIPAL BOND)
CHAPTER 85:01**

REVISED EDITION 2020

**SHOWING THE SUBSTANTIVE LAWS AS AT
31ST DECEMBER, 2020**

This is a revised edition of the Substantive Laws, prepared by the Law Revision Commissioner under the authority of the Law Revision Act, Chapter 3 of the Substantive Laws of Belize, Revised Edition 2020.



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CHAPTER 85:01**BELIZE CITY COUNCIL (MUNICIPAL BOND)***[16th October, 2012]*CAP. 85:01
15 of 2012.

Short title. **1.** This Act may be cited as the Belize City Council (Municipal Bond) Act.

Interpretation. **2.** In this Act—

CAP 85. “Belize City Fund” means the fund established under section 21 of the Belize City Council Act;

“bond proceeds” means any monies raised by the issue of a Bond;

“Bond” means a bond issued by the Belize City Council with the approval of the Minister of Finance and specified in Schedule I;

Schedule I.

“bondholder” means a person in whose name a bond is registered and to whom a certificate of registration has been issued for a bond;

CAP 262. “Central Bank” means the Central Bank of Belize established under section 4 of the Central Bank of Belize Act;

CAP. 85. “Council” means the Belize City Council constituted and established under section 3 of the Belize City Council Act;

“cruise ship passenger fee” means the fee paid by a passenger of a cruise ship pursuant to the Agreement between the Government of Belize, Fort Street Tourism Village Limited and the Belize Tourist Board dated September 9, 2003 as amended from time to time;

“Infrastructure Fund” means the Belize City Infrastructure Fund established under section 3;

“Minister” means the Minister with responsibility for Finance;

“Sinking Fund” means the Belize City Municipal Bond Sinking Fund established in section 5; and

“treasury security” means a Treasury Bill or Treasury Note as defined in section 2 of the Treasury Bills Act.

CAP 83.

3. There is hereby established, in accordance with section 21A of the Belize City Council Act, a fund to be known as the Belize City Infrastructure Fund into which shall be deposited or credited all bond proceeds.

Establishment of Belize City Infrastructure Fund.
CAP. 85.

4. The Infrastructure Fund shall be used for the purposes specified in Schedule II.

Restriction on the use of Infrastructure Fund.
Schedule II.

5. (1) There is hereby established, in accordance with section 21A of the Belize City Council Act, a fund to be known as the Belize City Municipal Sinking Fund—

Establishment of Belize City Municipal Sinking Fund.
CAP. 85.

(a) into which shall be deposited, from a date to be declared by the Minister by Notice until the repayment of all principal and interest due in respect of the Bond—

(i) all monies due to the Council in respect of the cruise ship passenger fee;

(ii) all monies voted from time to time by the National Assembly for the use by the

Council in the administration of Belize City; and

(iii) any other monies from the Belize City Fund that the Council considers necessary to ensure that this Sinking Fund is adequate to satisfy the repayment of principal and interest; and

(b) which shall be used for the purpose of repaying principal and interest payable to bondholders in respect of a Bond.

(2) Notwithstanding sub-section (1), the Minister may, where there are good and compelling reasons and after consultation with the Bond Trustee appointed under section 8, direct in writing that the deposit of monies referred to in sub-section 1(a)(ii) into the Sinking Fund be interrupted or discontinued.

6. (1) The Central Bank shall manage the Sinking Fund and in particular shall—

Management of Sinking Fund.

(a) pay interest and principal repayments payable to bondholders in accordance with the terms of the Bond from the Sinking Fund; and

(b) hold monies deposited into the Sinking Fund which are not required immediately for payments under paragraph (a) in treasury securities.

(2) The Central Bank shall not be liable to the bondholder for any act or omission by the Central Bank or its employees in the discharge of any duty or function imposed by this Act, except in the case of fraud or gross neglect.

(3) The Council shall indemnify the Central Bank and its employees against liability incurred in the performance of a function or duty imposed by this Act.

7. The Infrastructure Fund and the Sinking Fund shall be immune from enforcement of any judgment or proceedings including any proceedings for the attachment of debt or seizure of assets by any creditor or other person.

Protection of Funds.

8. The Council may appoint, on such terms and conditions as the Council determines, a person to act as Bond Trustee to represent the interest of bondholders.

Appointment of Bond Trustee.

9. (1) The Council shall maintain for the duration of the Bond a debt ceiling such that—

Debt ceiling for duration of Bond.

(a) interest and principal payable in any year in respect of its debts shall not exceed fifty per cent of the Council's recurrent revenue from the previous year; and

(b) its total debt shall not exceed forty million dollars.

(2) For the purpose of sub-section (1), the “debt” of the Council includes any monies owed or accruing in respect of a loan or any other extension of credit including an overdraft facility, an indirect obligation such as a guarantee, surety, underwriting or security issued and any other similar financial arrangement which creates a liability.

(3) Notwithstanding sub-section (1), the Minister may, after consultation with the Bond Trustee, permit the Council to borrow in excess of the debt ceiling in cases of emergency.

10. (1) A bondholder may, if the Council defaults on the payment of any interest or principal payable to that bondholder, deduct the equivalent sum from any payment due to the Council

Set-off in event of default.

in respect of any trade licence fee or property tax due by that bondholder to the Council.

(2) The bondholder shall, seven days before the date on which a payment to the Council is due, give to the Council written notice of its intention to exercise a set-off under sub-section (1).

(3) For the purpose of sub-section (1), “trade licence fee” or “property tax” means any fee or tax imposed by the Council in accordance with its powers under section 59 (b) and (e) of the Belize City Council Act, respectively.

CAP. 85.

Maintenance of records and accounts.

11. (1) The Council shall maintain complete and accurate records and accounts of all monies received and disbursed from bond proceeds and any transaction involving and related to the use of bond proceeds.

(2) The Infrastructure Fund shall be audited by an independent auditor appointed by the Council annually until all principal and interest due in respect of the Bond has been repaid to bondholders.

(3) The Council shall submit to the Minister, within three months after the end of each fiscal year to which—

- (a) monies from the Infrastructure Fund is used; and
- (b) principal or interest is due and payable to bondholders in respect of the Bond,

a report of the audit conducted under sub-section (2) and a report on all the projects and activities undertaken wholly or partly with bond proceeds.

(4) The Minister shall lay a copy of the reports referred to in sub-section (3) before the National Assembly as soon as possible after he receives them.

(5) The Council shall cause a copy of the reports. referred to in sub-section (3) to be made available to members of the public on the Council's website or otherwise.

12.(1) The Council may, with the approval of the Minister, make Regulations to amend the Schedules to Act.

Amendment of Schedule.

(2) Regulations made pursuant to sub-section (1) shall be subject to affirmative resolution of the National Assembly.

13. The Council may, with the approval of the Minister, make Regulations for the better carrying out of the objects and purposes of this Act, and without prejudice to the generality of the foregoing, these Regulations may provide for—

Regulations.

- (a) the registration and certification of bonds issued;
- (b) the management of projects and activities undertaken wholly or partly with bond proceeds;
- (c) the procurement process for goods and services to be paid for with bond proceeds;
- (d) the requirement for certificates of completion before bond proceeds may be disbursed to contractors;
- (e) public consultations; and
- (f) financial audits in respect of bond proceeds.

SCHEDULE I

[section 2]

The Belize City Municipal Bond (Issue No.1), 2012 authorized by the Council by Resolution dated 28 June, 2012.

SCHEDULE II

[section 4]

The Council may use the Infrastructure Bond proceeds for any of the following purposes–

- (a) to retire any existing overdraft facility, debt or liability (not to exceed \$2.5 million in aggregate);
- (b) to pay for infrastructure works, including the construction or upgrade, excavation, painting or repair of streets and drains and the installation of street lights, sidewalks or any similar types of infrastructure and the carrying out of related works;
- (c) to pay for any consultancy services, contractor services or services of any professional, including any attorney, auditor, accountant, financial advisor or bond trustee used as part of the municipal bond program (not to exceed 2% of the bond proceeds in aggregate or \$400,000, whichever is the lower);
- (d) to pay for anything that is made a requirement by this Act, including any publications to be done; and

- (e) to pay for any building, construction, renovation, beautification, park or playground or other similar project or activity within Belize City that benefits residents of Belize City and which the Minister may approve in writing.