

**INTERLOCAL AGREEMENT
BETWEEN
CITY OF NAPLES, FLORIDA
AND
THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF NAPLES, FLORIDA**

This Interlocal Agreement (the "Agreement") is entered into as of the __ day of _____, 2010, by and between the CITY OF NAPLES, a Florida municipal corporation (the "City"), and THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF NAPLES, FLORIDA, a body corporate and politic (the "Community Redevelopment Agency").

WITNESSETH:

WHEREAS, the City Council of the City created the Community Redevelopment Agency on January 5, 1994, by adopting Resolution No. 94-7098 and Resolution No. 94-7099 and established the funding of a Redevelopment Trust Fund through the enactment of Ordinance No. 94-7205, as amended and supplemented from time to time (collectively, the "Trust Fund Ordinance") on June 1, 1994 for the purpose of carrying out redevelopment pursuant to Chapter 163, Part III, Florida Statutes (the "Redevelopment Act"); and

WHEREAS, the City has found areas within its boundaries to be blighted, and in need of redevelopment; and

WHEREAS, the relevant blighted areas for purposes of this Agreement is known as the "Community Redevelopment Area" as designated by Resolution No. 94-7904 adopted by the City Council of the City on January 5, 1994; and

WHEREAS, the City has adopted a community redevelopment plan to receive and manage tax increment revenues; and

WHEREAS, such community redevelopment plan does not expire until after _____ 1, ____, which is the final maturity of the \$_____ City of Naples, Florida Capital Improvement Revenue Note, Series 2010 (the "2010 Note") being issued on the date hereof; and

WHEREAS, the City has, and intends to continue to expend resources in furtherance of community redevelopment, and to assist the Community Redevelopment Agency in carrying out its responsibilities; and

WHEREAS, on the date hereof, pursuant to a resolution adopted by the City Council of the City on _____, 2010 (the "Resolution"), the City is issuing the 2010 Note to refinance (i) the acquisition and/or construction of certain municipal recreation facilities improvements in

the City (collectively, the "Non-CRA Projects"), and (ii) the cost of design, installation, construction and reconstruction of street, public rights-of way, drainage improvements and related improvements, and two parking garages, within the community redevelopment area of the Community Redevelopment Agency (collectively, the "CRA Projects "); and

WHEREAS, pursuant to the Resolution, the City covenants and agrees to appropriate in its annual budget, by amendment if necessary, from Non-Ad Valorem Revenues (as such term is defined in the Resolution), and to deposit into the Debt Service Fund (as such term is defined in the Resolution) amounts sufficient to pay principal of and interest on the 2010 Note; and

WHEREAS, the City and the Community Redevelopment Agency have previously entered into the following two interlocal agreements relating to indebtedness which originally financed or refinanced the CRA Projects:

- (i) Interlocal Agreement Between the City of Naples, Florida and the Community Redevelopment Agency of the City of Naples, Florida dated as of March 5, 2003; and
- (ii) Interlocal Agreement Between the City of Naples, Florida and the Community Redevelopment Agency of the City of Naples, Florida dated as of October 16, 2008 (collectively, the "Original Interlocal Agreements").

WHEREAS, because the indebtedness relating to the Original Indebtedness is being retired and refinanced with proceeds of the 2010 Note, the City and the Community Redevelopment Agency desire to terminate the Original Interlocal Agreements; and

WHEREAS, following termination of the Original Interlocal Agreements on the date hereof, Tax Increment Revenues are not subject to any prior pledge or lien, and are free from all encumbrances; and

WHEREAS, the parties hereto desire to memorialize the terms under which the Community Redevelopment Agency shall reimburse the City for costs incurred by the City in furtherance of community redevelopment.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the parties agree as follows:

1. Incorporation of Recitals. The above set forth recitals are hereby incorporated into the terms of this Agreement.
2. Obligation to Repay City. Subject to Section 4 hereof, to the extent permitted by the Redevelopment Act, the Community Redevelopment Agency shall reimburse the City for all costs incurred by the City on behalf of the Community Redevelopment Agency in connection with the issuance of the 2010 Note which are attributable to the CRA Projects as described in

Section 3.C. hereof. In the event Tax Increment Revenues are not sufficient to immediately reimburse the City for these payments, then, in addition to the amounts due the City as described in the immediately preceding sentence, the Community Redevelopment Agency shall pay the same interest rate due on the 2010 Note on amounts paid by the City from the date paid by the City until and including the date reimbursed by the Community Redevelopment Agency.

3. Financing.

A. The City's issuance of the 2010 Note is authorized by and in accordance with the Resolution for the purpose of refinancing the CRA Projects and for other lawful purposes authorized by the Resolution. The debt service on the 2010 Note is not secured by any amounts pledged to the City hereunder.

B. In consideration of the payment of the Tax Increment Revenues by the Community Redevelopment Agency to the City to pay the portion of the 2010 Note which is attributable to the CRA Projects, the City has refinanced the cost of the CRA Projects through the issuance of the 2010 Note pursuant to the Resolution, and if necessary due to the nature of such CRA Projects, any amounts required to be rebated to the United States Treasury pursuant to the Internal Revenue Code of 1986, as amended, in order to preserve the exclusion of interest on the 2010 Note from the gross income of the recipients thereof for federal income taxation purposes.

C. Upon execution of this Agreement, subject to Section 4 hereof, the Community Redevelopment Agency shall immediately deposit or cause to be deposited Tax Increment Revenues received by the Community Redevelopment Agency with the City in amounts sufficient to pay the following (the "CRA Obligations"):

(i) all amounts paid or payable pursuant to the Resolution, by reason of the issuance of the portion of the 2010 Note which is attributable to the CRA Projects or necessary in order to preserve the exclusion of interest on the portion of the 2010 Note which is attributable to the CRA Projects from the gross income of the recipients thereof for federal income taxation purposes; and

(ii) all amounts necessary to reimburse the City for amounts expended by it to pay any of the items mentioned in clauses (i) or (ii) above and any interest thereon as prescribed in Section 2 hereof.

Subject to Section 4 hereof, the obligation to transfer the Tax Increment Revenues to the City to pay the CRA Obligations specified in clauses (i) and (ii) above shall survive the date on which the 2010 Note is no longer due and owing under the Resolution.

Any amounts received by the Community Redevelopment Agency in excess of the amount necessary to pay the CRA Obligations set forth above may be retained by the Community Redevelopment Agency and used for any lawful purpose of the Community Redevelopment Agency.

D. Subject to Section 4 hereof, in order to secure its indebtedness to the City for the CRA Obligations, the Community Redevelopment Agency hereby pledges to the City the Tax Increment Revenues which pledge shall be prior and superior to all other pledges thereof; provided, however, that the tax increment revenues which derive from any other redevelopment areas subsequently established by the Community Redevelopment Agency are not pledged in any manner to secure the CRA Obligations.

E. The Community Redevelopment Agency is presently entitled to receive the Tax Increment Revenues to be deposited in the Redevelopment Trust Fund, and has taken all action required by law to entitle it to receive such Tax Increment Revenues, and the Community Redevelopment Agency will diligently enforce the obligation of any "Taxing Authority" (as defined in Section 163.340(2), Florida Statutes) to appropriate its proportionate share of the Tax Increment Revenues and will not take, or consent to or adversely permit, any action which will impair or adversely affect the obligation of each such Taxing Authority to appropriate its proportionate share of such Tax Increment Revenues, impair or adversely affect in any manner the deposit of such Tax Increment Revenues in the Redevelopment Trust Fund, or the pledge of such Tax Increment Revenues hereby to the extent as described herein. The Community Redevelopment Agency and the City shall be unconditionally and irrevocably obligated so long as the 2010 Note is outstanding, and until the payment in full by the Community Redevelopment Agency of its indebtedness to the City for the CRA Obligations, to take all lawful action necessary or required in order to ensure that each such Taxing Authority shall appropriate its proportionate share of the Tax Increment Revenues as now or later required by law, and to make or cause to be made any deposits of Tax Increment Revenues or other funds required by this Agreement and the Resolution.

F. Subject to Section 4 hereof, the Community Redevelopment Agency does hereby authorize and consent to the exercise of full and complete control and custody of the Redevelopment Trust Fund, and any and all moneys therein, by the City for the purpose provided in the Resolution and this Agreement, including payment of the CRA Obligations.

4. Termination of Original Interlocal Agreements. The Original Interlocal Agreements are hereby terminated.

5. Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable in any context, the same shall not affect

any other provision herein or render any other provision (or such provision in any other context) invalid, inoperative or unenforceable to any extent whatever.

6. Applicable Provisions of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

7. Rules of Interpretation. Unless expressly indicated otherwise, references to sections or articles are to be construed as references to sections or articles of this instrument as originally executed. Use of the words "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this Agreement and not solely to the particular portion in which any such word is used.

8. Captions. The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

9. City Council Members of the City Exempt from Personal Liability. No recourse under or upon any obligation, covenant or agreement of this Agreement or the 2010 Note or for any claim based thereon or otherwise in respect thereof, shall be had against any City Council members of the City, as such, of the City, past, present or future, either directly or through the City it being expressly understood (a) that no personal liability whatsoever shall attach to, or is or shall be incurred by, the City Council members of the City, as such, under or by reason of the obligations, covenants or agreements contained in this Agreement or implied therefrom, and (b) that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such City Council member of the City, as such, are waived and released as a condition of, and as a consideration for, the execution of this Agreement and the issuance of the 2010 Note, on the part of the City.

10. Board Members of the Community Redevelopment Agency Exempt from Personal Liability. No recourse under or upon any obligation, covenant or agreement of this Agreement or the 2010 Note or for any claim based thereon or otherwise in respect thereof, shall be had against any board members of the Community Redevelopment Agency, as such, of the Community Redevelopment Agency, past, present or future, either directly or through the Community Redevelopment Agency it being expressly understood (a) that no personal liability whatsoever shall attach to, or is or shall be incurred by, the board members of the Community Redevelopment Agency, as such, under or by reason of the obligations, covenants or agreements contained in this Agreement or implied therefrom, and (b) that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such board member of the Community Redevelopment Agency, as such, are waived and released as a condition of, and as a consideration for, the execution of this Agreement.

11. Obligations Limited. By execution of this Agreement, the Community Redevelopment Agency hereby consents to all the provisions of the Resolution. The obligation to pay to the City the CRA Obligations shall not be deemed to constitute a debt of the Community Redevelopment Agency or a pledge of the faith and credit of the Community Redevelopment Agency, but, subject to Section 4 hereof, such CRA Obligations shall be payable solely from the Tax Increment Revenues to be received by the Community Redevelopment Agency pursuant to the Redevelopment Act. The Community Redevelopment Agency has no taxing power.

12. Eligibility to Receive Tax Increment Revenues. The Community Redevelopment Agency shall comply with all applicable requirements set forth in the Redevelopment Act which are necessary in order to receive Tax Increment Revenues and shall take all lawful action necessary or required to continue to receive such Tax Increment Revenues so long as any Note issued under the Resolution are outstanding and shall not allow an impairment of its receipt of the Tax Increment Revenues to the detriment of the City.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and their signatures to be affixed hereto.

Date: _____, 2010

CITY OF NAPLES, FLORIDA

[Seal]

Mayor

ATTEST:

Approved as to Form and Legality:

City Clerk

City Attorney

[Seal]

THE COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF NAPLES,
FLORIDA

Chairman

ATTEST:

Secretary