

SECURITY AGREEMENT
(Deposit Account)

This SECURITY AGREEMENT (DEPOSIT ACCOUNT) (this "Agreement") is made as of April 20, 2016, by and between Plenary Properties Long Beach LLC, a limited liability company established under the laws of the State of Delaware (the "Pledgor"), and the City of Long Beach (the "Secured Party").

1. Grant of Security Interest. As security for any and all Obligations (as defined below), the Pledgor hereby irrevocably and unconditionally grants a security interest in and assigns and transfers the Deposit Accounts (as defined below) to the Secured Party.

2. Obligations. "Obligations" means all obligations of the Pledgor to the Secured Party, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with that certain Project Agreement for the Design, Construction, Financing, Operation, and Maintenance of the New Long Beach City Hall, New Main Library, New Port of Long Beach Headquarters Building and Revitalized Lincoln Park, dated April 20, 2016, among the Pledgor, the Secured Party and the City of Long Beach, acting by and through its Board of Harbor Commissioners (as amended, supplemented or otherwise modified from time to time, the "Project Agreement").

3. Deposit Account. For purposes of this Agreement, "Deposit Account" means (a) account number 247182019 certain deposit account styled in the name of Pledgor with U.S. Bank National Association ("Depository Bank"), and (b) account number 247182020 certain deposit account styled in the name of Pledgor with the Depository Bank, and in each case, any renewals or rollovers thereof, any proceeds thereof (including without limitation any interest thereon), any general intangibles and choses in action arising therefrom or related thereto, and any subaccounts presently existing or hereafter established for deposit reporting purposes and integrated with the applicable Deposit Account.

4. Remedies. Upon the happening of any Project Company Event of Default (as defined in the Project Agreement), the Secured Party may then exercise as to the Deposit Account all of its rights under that certain Blocked Account Control Agreement, dated as of the date hereof, by and among the Pledgor, the Secured Party and the Depository Bank with respect to accounts number 247182019 and 247182020 (the "Blocked Account Control Agreement"), and all of the rights, powers and remedies of an owner and all of the rights, powers and remedies of a secured party under the Uniform Commercial Code and other laws of the state where the Secured Party is located pursuant to its address below. The Secured Party may exercise any rights of setoff, without notice, against any funds in the Deposit Account.

5. No Other Security Interests. The Pledgor hereby represents and warrants to the Secured Party that it owns the Deposit Account free and clear of any and all liens, encumbrances, or interests of any third parties other than the security interest of the Secured Party.

6. Withdrawals. The Pledgor shall not withdraw funds from the Deposit Account without the Secured Party's prior written consent except as set forth in the Blocked Account Control Agreement.

7. Certificates. Upon the Secured Party's request, the Pledgor shall deliver any certificate evidencing the Deposit Account to the Secured Party, duly endorsed over to the Secured Party, as necessary.

8. Costs. All advances, charges, costs and expenses, including attorneys' fees, incurred or paid by the Secured Party in exercising any right, power or remedy conferred by this Agreement or in the enforcement thereof, shall become a part of the Obligations secured hereunder and shall be paid to the Secured Party by the Pledgor. To the extent permitted by law, such costs and attorneys' fees shall include, without limitation, the allocated cost of in-house counsel.

9. Transfer of Obligations. Upon the transfer of all or any part of the Obligations, the Secured Party may transfer all or any part of its interests hereunder and shall be fully discharged thereafter from all liability and responsibility with respect to such interests so transferred, and the transferee shall be vested with all the rights and powers of the Secured Party hereunder with respect to such interests so transferred.

10. Continuing Powers. Until all Obligations shall have been paid in full all rights, powers and remedies granted to the Secured Party hereunder shall continue to exist and may be exercised by the Secured Party at the time specified hereunder irrespective of the fact that the Obligations or any part thereof may have become barred by any statute of limitations, or that the liability of the Pledgor may have ceased.

11. Other Rights. The rights, powers and remedies given to the Secured Party by this Agreement shall be in addition to all rights, powers and remedies given to the Secured Party by virtue of any statute or rule of law. Any forbearance or failure or delay by the Secured Party in exercising any right, power or remedy hereunder shall not be deemed to be a waiver of such right, power or remedy, and any single or partial exercise of any right, power or remedy hereunder shall not preclude the further exercise thereof; and every right, power and remedy of the Secured Party shall continue in full force and effect until such right, power or remedy is specifically waived by an instrument in writing executed by the Secured Party.

12. UCC. References to "UCC" or "Uniform Commercial Code" in this Agreement shall mean the Uniform Commercial Code as in effect from time to time in the State of New York; provided that if by mandatory provisions of law, the perfection, the effect of perfection or non-perfection, or the priority of the security interests granted in this Agreement, as well as all other security interests created or assigned as additional security for the Obligations under the provisions of this Agreement, in any collateral is governed by the Uniform Commercial Code as in effect in any other jurisdiction, the "UCC" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions of this Agreement relating to such perfection, effect of perfection or non-perfection, or the priority of security interests. Any term used or defined in the UCC and not defined in this Agreement has the meaning given to the term in the UCC when used in this Agreement.

13. Singular and Plural. All words used herein in the plural shall be deemed to have been used in the singular where the context and construction so require, and the obligations and undertakings hereunder are joint and several.

14. Termination. This Agreement shall remain in full force and effect until terminated by the Secured Party and the Secured Party is hereby obligated to terminate this Agreement upon the payment and performance in full of the Obligations.

15. Notices. All notices requested hereunder or pertaining hereto shall be in writing, shall be deemed delivered and effective upon the earlier of (a) delivery or (b) refusal of the addressee to accept delivery or failure of delivery after at least one (1) attempt, in each case under this clause (b) as such events are recorded in the ordinary business records of the delivery entity, if such notice is sent by a nationally recognized express courier service, with all charges prepaid or charged to the sender's account, or by United States Mail, certified or registered, return receipt requested, and with all postage and other charges prepaid, in either case to the applicable addresses as set forth in this Agreement, or by facsimile, and shall be addressed as follows:

If to the Pledgor:

Plenary Properties Long Beach LLC
10100 Santa Monica Blvd., Suite 410
Los Angeles, California 90067
Attention: Stuart Marks
Email: stuart.marks@plenarygroup.com
Telephone No.: (424) 278-2175

If to the Secured Party:

Patrick H. West
Office of the City Manager
City of Long Beach
333 W. Ocean Blvd., 13th Floor
Long Beach, California 90802
Telephone No.: (562) 570-6916
Fax No.: (562) 570-7650

with a copy to:

Charles Parkin
Office of the City Attorney
City of Long Beach
333 W. Ocean Blvd., 11th Floor
Long Beach, California 90802
Telephone No.: (562) 570-2200
Fax No.: (562) 436-1579

or to each such party at such other addresses as such party may designate in a written notice to the other parties. Notices to any party shall be deemed effective if delivered pursuant to this Section notwithstanding the lack of delivery to or receipt by any other party specified in this Section.

16. Reserved.

17. Governing Law; Jurisdiction. This Agreement shall be governed by the laws of the State of California (without regarding to conflict of laws principles).

18. Jurisdiction. It is the express intention of the parties that all legal proceedings related to this Agreement or to any rights or any relationship between the parties arising

therefrom shall be solely and exclusively initiated and maintained in state or federal courts located in the County of Los Angeles, California except to the extent the Secured Party reasonably needs to file an action in another jurisdiction (i.e., to enforce a judgment or take a deposition). The Pledgor and the Secured Party each irrevocably consents to the jurisdiction of such courts in any such legal proceeding and waives any objection it may have to the laying of the jurisdiction of any such legal proceeding. The parties agree that the dispute resolution procedures under this Section exclusively govern claims under this Agreement, notwithstanding the California Government Claims Act (California Government Code Section 900 et seq.), Section 2.83.020 of the Municipal Code of the Secured Party or any requirement to first submit a claim against the Secured Party.

19. Severability. If any provision of this Agreement shall be invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby.


20. Entire Agreement. This Agreement represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

[The remainder of this page intentionally left blank; signature page immediately follows]

IN WITNESS WHEREOF, the parties have executed this Agreement by their authorized officers as of the date first written above.

Pledgor:

PLENARY PROPERTIES LONG BEACH LLC

By: 

Name: Paul Dunstan
Title: President

By: _____
Name: Stuart Marks
Title: Senior Vice President

Secured Party:

CITY OF LONG BEACH

By: _____
Name: Patrick West
Title: City Manager

APPROVED AS TO FORM
City Attorney


By: _____
Name:
Title:

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Pledgor:

PLENARY PROPERTIES LONG BEACH LLC

By: _____
Name: Paul Dunstan
Title: President

By:  _____
Name: Stuart Marks
Title: Senior Vice President

Secured Party:

CITY OF LONG BEACH

By: _____
Name: Patrick West
Title: City Manager

APPROVED AS TO FORM
City Attorney

By: _____
Name:
Title:

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Pledgor:

PLENARY PROPERTIES LONG BEACH LLC

By: _____
Name: Paul Dunstan
Title: President

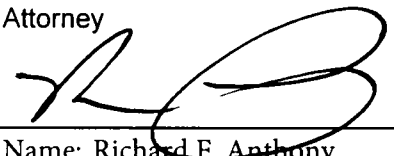
By: _____
Name: Stuart Marks
Title: Senior Vice President

Secured Party:

CITY OF LONG BEACH

By: 
Name: Patrick H. West
Title: City Manager

APPROVED AS TO FORM
City Attorney

By:  4.12.16
Name: Richard E. Anthony
Title: Deputy City Attorney