

# RESOLUTION NO. 87-050

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO  
ON DATE OF

July 28, 1987

THE APPROVAL OF A SECURITY AGREEMENT FOR RIVERVIEW PLAZA

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY  
OF SACRAMENTO:

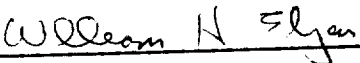
Section 1: \$1.5 million in securities shall be pledged to First Interstate Mortgage Company as collateral for the Riverview Plaza construction loan in accordance with the security agreement substantially in the form as attached as Exhibit "A".

Section 2: The Executive Director is hereby authorized to execute any and all agreements and documents necessary to consummate such pledge of collateral.

Section 3: The cost savings resulting from pledging the securities and not obtaining a Letter of Credit shall accrue to the project contingency.

  
CHAIR

ATTEST:

  
SECRETARY

0451D

(5)

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## SECURITY AGREEMENT

THIS SECURITY AGREEMENT made and entered into as of this \_\_\_\_\_ day of July, 1987 between the Redevelopment Agency of the City of Sacramento (the "Pledgor") and FIRST INTERSTATE MORTGAGE COMPANY, a California corporation ("FIMC").

RECITALS

- A. Pledgor has requested that FIMC loan to it the amount of \$7,040,000 to be evidenced by a promissory note ("Note") dated \_\_\_\_\_ in the amount of \$7,040,000 made by Borrower in favor of FIMC.
- B. The Note is to be secured by a Deed of Trust ("Deed of Trust") executed by the Borrower for the benefit of FIMC.
- C. The loan is to be disbursed in accordance with the terms of a proposed building loan agreement ("Building Loan Agreement") between the Borrower and FIMC.
- D. As a material inducement for FIMC to make the loan to the Borrower, Pledgor has agreed to pledge to FIMC the collateral described in Exhibit A as additional security for the repayment of the Note and other Obligations.

Terms

In consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency to which are hereby mutually acknowledged, the parties hereto agree as follows:

1. Grant of Security Interest. The Pledgor hereby pledges to FIMC and grants to FIMC a security interest in the collateral indicated in Exhibit A attached hereto and all interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for said Collateral and any additions thereto (all such property being referred to hereinafter as the "Pledged Collateral").
2. Security for Obligations. This Agreement secures all obligations of the Pledgor under this Agreement, and the obligations of the Borrower under the Note, the Deed of Trust and the Building Loan Agreement and any amendments or modifications thereof (all such obligations being the "Obligations").
3. Delivery of Pledged Collateral. All Pledged Collateral shall be delivered to, and held by FIMC pursuant hereto and shall be in suitable form for transfer by delivery or shall be accompanied by duly executed instruction transfer or assignment in blank, all in form and substance satisfactory to FIMC.

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4. Receipt of Fund. As long as no default has occurred under this Agreement or any of the Obligations, the Pledgor shall be entitled to receive any interest paid on the Pledged Collateral from time to time. Upon maturity of the Pledged Collateral, it will be reinvested subject to the mutual agreement of Pledgor and FIMC provided the Pledgor is not in default under the terms of the Obligations.
  
5. Representations and Warranties. The pledgor represents and warrants as follows:
  - (a) The Pledgor is the beneficial owner of the Pledged Collateral free and clear of any lien, security interest, option or other charge or encumbrance except for the security interest created by this Agreement and the pledged collateral may be used for the purposes set forth herein.
  
  - (b) Except to the extent notice may be required to be given to the issuer of the Pledge Collateral, the pledge of the Pledged Collateral pursuant to this Agreement creates a valid and perfected first priority security interest in the Pledged Collateral, securing the payment of the Obligations, and no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either (i) for the pledge by the Pledgor of the Pledged Collateral pursuant to this Agreement or for the execution, delivery or performance of this Agreement by the Pledgor; or (ii) for the exercise by FIMC of right provided for in this Agreement or the remedies in respect of the Pledged Collateral pursuant to this Agreement.
  
  - (c) This agreement will be a legal, valid and binding obligation of the Pledgor and will be enforceable against it in accordance with its terms, subject to applicable bankruptcy or similar laws affecting the enforcement of creditor's rights from time to time and the availability of specific performance or other injunctive relief or equitable remedies.
  
6. Further Assurances. The Pledgor agrees that at any time and from time to time, at the expense of the Pledgor, the Pledgor will promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or desirable, or that FIMC may reasonably request, in order to perfect and protect any security interest granted or confirmed hereby or to enable FIMC to exercise and enforce its rights and remedies hereunder with respect to any Pledged Collateral.
  
7. Payments. If Borrower fails to perform any of the Obligations, or if Pledgor fails to perform any of the terms of this Agreement, FIMC shall be entitled to receive and retain (a) any and all principal and interest paid in respect of the Pledged Collateral; (b) any and all instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Pledged Collateral; (c) any and all distributions paid or payable in cash in respect of any Pledged Collateral in connection with a partial or total liquidation or dissolution; and (d) cash or instruments paid, payable or otherwise distributed in redemption of, or in exchange for, any Pledged Collateral.

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8. Restoration of Collateral. If at any time the market value of the Pledged Collateral, as reasonably determined by FIMC, is less than \$\_\_\_\_\_ (the "Minimum Amount") then FIMC may require the deposit of additional collateral such that the market value as determined by FIMC of the Pledged Collateral together with such additional collateral shall equal or exceed the Minimum Amount.
9. Transfers and Modifications.
- (a) The Pledgor agrees that it will not (i) sell or otherwise dispose of, or grant any option with respect to, any of the Pledged collateral; or (ii) create or permit to exist any lien, security interest, or other charge or encumbrance upon or with respect to any of the Pledged Collateral, except for the security interest under this Agreement.
- (b) The Pledgor agrees that it will not in any way modify or amend the terms or conditions of, or extend the time for payment of principal or interest or otherwise release or waive any rights under the Pledged Collateral without in each case the prior written consent of FIMC and any such action without such consent shall be null and void.
10. Appointed Attorney-in-Fact. The Pledgor hereby appoints FIMC the attorney-in-fact, with full authority in the place and stead of FIMC and in the name of the Pledgor or otherwise, from time to time in FIMC's discretion to take any action and to execute any instrument which FIMC may deem necessary or advisable to accomplish the purposes of this Agreement, if Pledgor, after FIMC's request, fails to do so, including, without limitation, to receive, endorse and collect, after all instruments made payable to the Pledgor representing any interest payment or other distribution in respect of the Pledge collateral or any part thereof and to give full discharge for the same. This appointment shall be irrevocable and shall be effective only in the event the Pledgor fails to perform any obligation on a timely basis.
11. FIMC May Perform. If the Pledgor fails to perform any agreement contained herein, FIMC may itself perform, or cause performance of, such agreement, and the reasonable expenses of FIMC incurred in connection therewith shall be payable by the Pledgor under paragraph 15.
12. Reasonable Care. FIMC shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if the Pledged Collateral is accorded treatment customary for the safekeeping of negotiable instruments by financial institutions, it being understood that FIMC shall not have any responsibility for (i) ascertaining or taking action with respect to exchanges, maturities, tenders or other matters relative to any Pledged collateral, whether or not FIMC has or is deemed to have knowledge of such matters, or (ii) taking any necessary steps to preserve rights against any parties with respect to the Pledged Collateral. So long as an Event of Default, as defined in paragraph 13, has not occurred, FIMC agrees to cooperate with the Pledgor in taking any action required in subparagraphs (i) and (ii) above. In the event of any sale of all or any portion of the Pledged Collateral in accordance with the terms hereof FIMC shall have no liability to Pledgor for any investment loss arising from such sale or any failure to obtain a higher market price for the Pledged Collateral sold.

13. Remedies Upon Default. If Pledgor or Borrower fails to perform any of the Obligations (herein "Event of Default") and if such failure is continuing:
- (a) FIMC may exercise in respect of the Pledged Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of secured party on default under the Uniform Commercial Code (the "Code") in effect in the State of California at that time, and FIMC may also, without notice except as required by law, sell the Pledged Collateral or any part thereof at public or private sale, at any exchange, broker's board or at any of FIMC's offices or elsewhere, for cash, on credit or for further delivery, and upon such other terms as FIMC may deem commercially reasonable. FIMC shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given. FIMC may adjourn any public sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. FIMC may purchase the Pledged Collateral or any part thereof at any such public or private sale. In the event of any sale of all or any portion of the Pledged Collateral in accordance with the terms hereof FIMC shall have no liability to Pledgor for any investment loss arising from such sale or any failure to obtain a higher market price for the Pledged Collateral sold.
- (b) Any cash held by FIMC and all cash proceeds received by FIMC in respect of any sale of, collection from, or other realization upon all or any part of the Pledged Collateral may, in the discretion of FIMC, be held by FIMC as collateral for, and or then or at any time thereafter applied (after payment of any amounts payable to FIMC pursuant to Section 15) in whole or in part by FIMC against, all or any part of the Obligations in such order as FIMC shall elect. Any surplus of such cash or cash proceeds held by FIMC and remaining after payment in full of all the Obligations shall be paid over to the Pledgor or to whomsoever may be lawfully entitled to receive such surplus.
14. Cooperation in Sale. If FIMC shall determine to exercise its right to sell all or any of the Pledged Collateral pursuant to Section 13, the Pledgor agrees that, upon request of FIMC, the Pledgor will, at its own expense do or cause to be done all acts and things that may be necessary to make such sales of the Pledged Collateral or any part thereof valid and binding and in compliance with applicable law.
15. Expenses. The Pledgor will upon demand pay to FIMC the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, which FIMC may incur in connection with (i) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Pledged Collateral; (ii) the exercise or enforcement of any of the rights of FIMC hereunder; or (iii) the failure by the Pledgor to perform or observe any of the provisions hereof.
16. Security Interest Absolute. All rights of FIMC and security interest hereunder, and all obligation of the pledgor hereunder, shall be absolute and unconditional irrespective of:
- (a) any lack of validity or enforceability of any of the Obligations or any Agreement or instrument relating thereto;

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20. Governing Law: Terms. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

FIRST INTERSTATE MORTGAGE COMPANY

By: \_\_\_\_\_

Redevelopment Agency of the City  
OF SACRAMENTO

By: \_\_\_\_\_  
William H. Edgar, Executive Director

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