



California Fair Political Practices Commission

August 3, 1987

Honorable Pat S. Miranda
Councilmember, City of Irwindale
505 North Irwindale Avenue
Irwindale, CA 91706

Re: Your Request for Advice
Our File No. A-87-185

Dear Mr. Miranda:

We have received your letter requesting advice concerning your duties under the conflict of interest provisions of the Political Reform Act (the "Act").^{1/} This letter confirms the advice I provided to you in our telephone conversation of June 25, 1987. I advised you at that time that we cannot answer questions about statutes such as Section 1090, which are outside of the jurisdiction of the Fair Political Practices Commission. Therefore, this advice is limited to an interpretation of the conflict of interest provisions of the Act.^{2/}

QUESTION

Does the Act prevent you from leasing your real property to Irwindale Associates, a developer?

^{1/} Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Administrative Code Section 18000, et seq. All references to regulations are to Title 2, Division 6 of the California Administrative Code.

^{2/} In our telephone conversation, you informed me that you have sought assistance from Mr. Charles Martin, the City Attorney, regarding Section 1090. Your letter also indicates that you have sought opinions from the Attorney General's office and former Justice Cruz Reynoso, and that they informed you that they do not render advisory opinions.

CONCLUSION

The Act does not prohibit you from leasing your real property to Irwindale Associates. However, the lease may affect your ability to participate in future decisions of the city council concerning Irwindale Associates. In addition, you must disqualify yourself from any city council decisions which would materially affect your real property in a manner distinguishable from the effect on the public generally.

FACTS

You own real property located at the southeast corner of Irwindale Avenue and Arrow Highway, on which you operate a lunchstand. You have leased that property to Irwindale Associates. Irwindale Associates' purpose in leasing your property is to construct a commercial project with any of the following services: market, drug, home improvement, retail shops, financial institution branch offices, offices or fast food.

Your property is adjacent to property owned by the City of Irwindale. The city is in the process of selling the city property to Hopkins Development Company for a shopping center project.

In your letter, you state that you understand that Irwindale Associates and Hopkins Development would like to develop your property and the city property. In our telephone conversation, you indicated that the proposal is to develop the two parcels as part of the same or related projects.^{3/} In your letter, you state that you do not know if Irwindale Associates and Hopkins Development have a connection with each other. However, in our telephone conversation, you stated that a partner in Irwindale Associates may be connected with Hopkins Development but that you were not sure of the facts.

ANALYSIS

The Act prohibits any public official from making, participating in, or using his official position to influence

^{3/} Paragraph 8 of the lease between you and Irwindale Associates prohibits Irwindale Associates from constructing improvements on your property which straddle the boundary lines.

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any governmental decision in which he knows or has reason to know he has a financial interest. (Section 87100.) The Act does not apply to decisions made by officials in their private capacity which do not require the involvement of public agencies.

The lease between you and Irwindale Associates is a decision you made in your private capacity rather than as a public official. Therefore, the Act does not restrict your ability to enter into that transaction.

You should note, however, that by leasing your property to Irwindale Associates, you have created a financial relationship with Irwindale Associates which could affect your ability to participate in city council decisions that would affect Irwindale Associates. Because you lease the property to Irwindale Associates, Irwindale Associates is a source of income to you. Accordingly, you are required to disqualify yourself from participating in any future decision which would have a reasonably foreseeable material financial effect, distinguishable from the effect on the public generally, on Irwindale Associates. (Section 87103(c).) For example, if Irwindale Associates is one of the applicants for a project which comes before the city council, you would be required to refrain from participating in the decision to approve the project. (Regulation 18702.1(a)(1), copy enclosed.)

In addition, you are required to disqualify yourself from participating in any city council decision which would foreseeably and materially affect the real property which you have leased to Irwindale Associates. (Section 87103(b).) In your letter, you state that you have not participated in the city's decision concerning the sale of city property adjacent to your property to Hopkins Development for the shopping center project. We advise you to continue your disqualification from these decisions. (See In re Gillmor (1977) 3 FPPC Ops. 38; Regulation 18702(b)(2), copies enclosed.)

You have not informed us of any other decisions currently pending before the city council or the redevelopment agency which could affect your real property. The following is general guidance to assist you in determining whether you may participate in future decisions:

If the city council considers a decision which affects whether Irwindale Associates, Hopkins Development, or any other person may develop your real property, you must disqualify yourself from participating in that decision. (Regulation

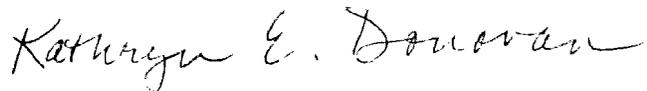
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18702.1(a)(3).) Furthermore, if the city council considers a decision which affects the development of real property near your property, you must disqualify yourself from participating in that decision if the effect on the value of your property would be material. Regulation 18702(b)(2) contains guidelines for determining whether the effect of a decision on the value of real property will be considered material. If you have a question concerning your ability to participate in a specific decision, please contact us for additional advice.

We emphasize that your potential disqualification from city decisions under the Act does not prevent you from leasing your property to Irwindale Associates. If you have any questions regarding this letter, please contact me at (916) 322-5901.

Sincerely,

Diane M. Griffiths
General Counsel



By: Kathryn E. Donovan
Counsel, Legal Division

DMG:KED:plh
Enclosures



F P B C
CITY OF IRWINDALE

JUN 29 10 58 AM '87
5050 NORTH IRWINDALE AVENUE • IRWINDALE, CALIFORNIA 91706
(818) 962-3381

June 25, 1987

Kathryn E. Donovan
Counsel
Legal Division
CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION
428 J. Street, Suite 800
Sacramento, CA 95814

Dear Ms. Donovan:

I am enclosing my letter of October 16, 1986 and the Lease Contract I signed with Irwindale Associates. Please note page 8, (20) Condition of Lease.

Hopkins Development Co. has negotiated with the City of Irwindale to buy the land east of my property. I understand Irwindale Associates and Hopkins Development Co. would like to develop my property and the City property. I don't know if Irwindale Associates and Hopkins Development have a connection with each other.

Please advise if you feel I would be in any violation. I have been abstaining from voting on all the Hopkins Development Co. issues that have come before the City Council.

Very truly yours,

Pat S. Miranda
Councilman
City of Irwindale
15829 Hidalgo St.
Irwindale, CA 91706



CITY - OF IRWINDALE

5050 NORTH IRWINDALE AVENUE • IRWINDALE, CALIFORNIA 91706
(818) 962-3381

October 16, 1986

Kathryn E. Donovan
Counsel
Legal Division
CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION
428 J Street, Suite 800
Sacramento, CA ~~95804-0807~~
95814

Re: A-86-231

Dear Ms. Donovan,

Thank you for your letter of August 6th explaining my authority to act with respect to the lease of my property with regard to F.P.P.C.

I requested Government Code 1090 opinions from the Attorney General, District Attorney, and Justice Reynoso; all responded by stating that they do not render advisory opinions.

I have now entered into a lease (enclosed) with an alternate tenant, whereby (§20) I am obligated to forward a copy to F.P.P.C so that I may rescind if F.P.P.C. objects within 90 days.

I believe this is even better than the Birtcher proposal in that this tenant has never (to my knowledge) been active in Irwindale.

I apologize for being so cautious, but I do not wish to get in trouble, and being a Councilman in a small but developing city can be dangerous.

Very truly yours,

Pat S. Miranda, Councilman

/cmd



California Fair Political Practices Commission

July 2, 1987

Pat S. Miranda, Councilman
15829 Hidalgo Street
Irwindale, Ca 91706

Re: 87-185

Dear Mr. Miranda:

Your letter requesting advice under the Political Reform Act was received on June 29, 1987 by the Fair Political Practices Commission. If you have any questions about your advice request, you may contact Kathryn Donovan, an attorney in the Legal Division, directly at (916) 322-5901.

We try to answer all advice requests promptly. Therefore, unless your request poses particularly complex legal questions, or more information is needed, you should expect a response within 21 working days if your request seeks formal written advice. If more information is needed, the person assigned to prepare a response to your request will contact you shortly to advise you as to information needed. If your request is for informal assistance, we will answer it as quickly as we can. (See Commission Regulation 18329 (2 Cal. Adm. Code Sec. 18329).)

You also should be aware that your letter and our response are public records which may be disclosed to the public upon receipt of a proper request for disclosure.

Very truly yours,

A handwritten signature in cursive script that reads "Diane M. Griffiths".

Diane M. Griffiths
General Counsel

DMG:jaj

00420 0 57.11 07

GROUND LEASE

PAT S. MIRANDA and MERCY J. MIRANDA,
husband and wife as joint tenants

"Landlord"

and

IRWINDALE ASSOCIATES

"Tenant"

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GROUND LEASE

THIS LEASE is made and entered into as of October 15, 1986, 1986, by and between PAT S. MIRANDA and MERCY J. MIRANDA, husband and wife as joint tenants, sometimes hereinafter referred to as "Landlord," and IRWINDALE ASSOCIATES, a California General Partnership, sometimes hereinafter referred to as "Tenant."

In consideration of the rents and covenants contained herein to be paid and performed by Tenant, Landlord hereby leases to Tenant the unimproved real property in the City of Irwindale, County of Los Angeles, State of California, consisting of approximately 10,000 square feet and more particularly shown on Exhibit "A" attached hereto and made a part hereof (hereinafter "Premises").

(1) TERM.

The term of this Lease shall be for fifty-five (55) years, commencing on the date of this Lease as set forth above (the "Commencement Date"). Landlord agrees to deliver possession of the Premises to Tenant no later than the date one hundred twenty (120) days following the Commencement Date.

(2) RENTAL.

(A) Tenant agrees to pay to Landlord on the first (1st) day of each calendar month during the full term of this Lease, as base minimum rental, the sum of Two Thousand Two Hundred Dollars (\$2,200.00) each lease month. Monthly rent for the first month or portion of it shall be paid upon the execution of this Lease. If the Commencement Date occurs on a day other than the first day of a calendar month, or the last day of the term occurs on a day other than the last day of a calendar month, then the rental for such fractional month shall be prorated on a daily basis according to a thirty (30) day calendar month. As additional consideration for the leasing of the Premises, Tenant agrees to pay to Landlord the sum of Five Thousand Dollars (\$5,000.00) upon execution of this Lease and an additional Twenty-Six Thousand Dollars (\$26,000.00) on the date one hundred twenty (120) days following the Commencement Date, provided that Landlord has delivered possession of the Premises within such one hundred twenty (120) day period.

(B) On the fifth (5th) anniversary of the Commencement Date and upon the expiration of every five (5) years thereafter during the term of this Lease, the base minimum rental provided in paragraph "(A)" above, shall be increased, non-cumulatively, for the next five (5) year period by an amount equal to the greater of: (i) the product of Three Hundred Dollars (\$300.00) times the number of five (5) year periods which have elapsed since the Commencement Date or (ii) an amount equal to the product of the base minimum rental provided in paragraph "(A)" above times the percentage increase in the most recent figure for

(3) REAL AND PERSONAL PROPERTY TAXES.

Tenant also agrees to pay, in addition to the minimum base rental, the following as the same become due:

(A) All real property taxes and special district assessments levied and assessed against the Premises and the improvements thereon during the term of this Lease for both land and improvements. Such taxes and assessments shall include but shall not be limited to all special district assessments included in the county real property tax bill, as well as all taxes levied and assessed by any municipality. The only exception to the obligation of Tenant to pay all such taxes and assessments shall be during the last ten (10) years of this Lease for special improvements constructed or to be constructed in the immediate vicinity of the Premises, such as streets, sewers, street lighting or other improvements benefitting only the area of the special improvement district in which the same are constructed (as distinguished from assessments levied for schools, hospitals, colleges, or other general area improvements). In the event that any such special improvement district assessment shall be levied or assessed against the Premises during the last ten (10) years of the Lease term, the same shall be allowed to go to bond, and Tenant shall pay only those installments of principal and interest on said bond that shall become due and payable during the term of this Lease. In the event that any such bond shall not have been fully paid and satisfied by the expiration of this Lease, Landlord shall assume all non-delinquent remaining installments of bond principal and interest after Tenant shall have surrendered possession of the Premises to Landlord.

(B) All taxes, assessments and special district levies levied against or upon any personal property of Tenant or upon any personal property placed in or upon the Premises by Tenant or with Tenant's permission and consent.

Landlord and Tenant agrees to prorate real property taxes and special district assessments and to make the necessary cash adjustment between themselves in order to effectuate such proration, it being their intention that Tenant will pay all such taxes and assessments attributable to the period commencing with the execution of the Lease and continuing through the term hereof and that Landlord shall pay only that portion of said taxes and assessments not attributable to the term of this Lease.

(4) UTILITIES.

Tenant agrees to pay all charges for gas, electricity, telephone, water, sewer service, trash collection and other utilities of any kind or nature which may be used by Tenant or furnished to the Premises during the term of this Lease.

(5) INSURANCE AND LIABILITY.

Landlord shall not be liable at any time for any loss, damage or injury to the property or person at any time occasioned by or arising out of any act or omission of Tenant or of any agent, employee, invitee or customer of Tenant or of anyone holding under Tenant or from the occupancy or use of the Premises

insurance but also for paying the cost of all premiums incurred in connection therewith.

(6) TENANT TO COMPLY WITH ALL LAWS.

Tenant shall not use or permit any other persons to use the Premises or any part thereof for any purpose injuring the reputation thereof or for any improper or offensive use or to constitute a nuisance; and Tenant shall, at all times during the Lease term, conform to and cause all persons using or occupying any part of the Premises to comply with all public laws, ordinances and regulations from time to time applicable thereto and to all operations thereon.

(7) ASSIGNMENT AND SUBLETTING.

(A) Tenant (if not in default) shall have the right to assign this Lease without consent of the Landlord. Tenant shall also have the right to sublet to any subtenants without the consent of Landlord for a period not extending beyond the term hereof. Landlord shall, at Tenant's request, accompanied by a true and correct copy of any assignment document or sublease, execute and deliver to any assignee or subtenant a nondisturbance agreement which shall assure such assignee or subtenant that, so long as such assignee or subtenant is not in default under the assignment or the sublease, the quiet possession of such assignee or subtenant will not be disturbed.

(B) In the event any sublease is entered into by Tenant and thereafter this Lease is terminated by Landlord, any subtenant shall, have the right to remain in possession of that portion of the Premises covered by such sublease for the term and at the rental set forth therein; provided such subtenant shall: (i) Pay to Landlord or his representative any rental becoming due under said sublease after any such termination; (ii) Within ten (10) days after receiving notice in writing from Landlord of the termination of this Lease, execute and deliver to Landlord hereunder a written instrument recognizing Landlord hereunder as Landlord under such sublease and agreeing to perform to Landlord. Upon delivery of such written instrument by such subtenant, Landlord hereunder shall thereby become and be deemed the successor in interest to the sublessor under such sublease.

(8) IMPROVEMENTS TO BE CONSTRUCTED BY TENANT/USE.

Tenant shall have the right to use the Premises for any lawful purpose other than an activity constituting a nuisance or an activity primarily involving the sale of sexually oriented material. Tenant acknowledges that it has entered into this Lease for the purpose of constructing or causing to be constructed on the Premises the following described improvements (which shall be the property of Tenant), together with the usual and necessary appurtenant on-site and off-site improvements required to service the same with street access, parking and utilities: a combination of market and/or drug and/or home improvement and/or other anchor tenants and/or retail shops and/or financial institution branch offices or the equivalent and/or offices, and/or fast-food services, ~~of the general configuration indicated on Exhibit "A" attached hereto and, by this reference, made a part hereof.~~ Tenant shall have the right, at its cost and expense, to construct, alter,

(9) COOPERATION BY LANDLORD WITH DEVELOPMENT.

(A) Landlord shall cooperate with Tenant in connection with the following which are to be at Tenant's sole cost and expense: (i) Making all applications desired by Tenant for use permits or variances; (ii) Subdividing or otherwise dividing (division of land) the Premises, including but not limited to, execution of tract maps and parcel maps; and (iii) Obtaining any and all other governmental permits, consents and/or approvals, including but not limited to grading and building permits, at any time during the term of this Lease required to allow Tenant to develop, redevelop and/or use the Premises in such manner as then desired by Tenant.

(B) It is mutually understood and acknowledged that Tenant may, from time to time, finance the construction of, and/or may obtain permanent financing on, the improvements constituting a portion of the Premises herein by means of a mortgage loan or loans and that before said loan(s) are approved and closed, a mortgage company must approve this Lease, and, in order to receive such approval, such lender may request to have this Lease amended or modified. Provided that the term hereof is not altered, Tenant's obligation to pay rent is not adversely affected thereby, and other material terms are not modified, Landlord agrees that it shall consent to, and immediately execute, any such amendment or modification of this Lease as may be reasonably requested by any said mortgage company.

(C) Provided Landlord receives just compensation, Landlord shall make any street or other dedications reasonably required by any governmental body, during the term of this Lease, in connection with the granting of any permit, consent or approval pertaining to the Premises during the Lease term, including but not limited to, the granting of conditional use variance, the installation of improvements and/or subdividing or otherwise dividing the Premises. Landlord further agrees to enter into agreements with and/or execute instruments in favor of public utility companies to grant said utility services and/or public roadway access to the Premises.

(10) MAINTENANCE, REPAIR AND INSURANCE.

Landlord shall have no obligation to maintain, repair, replace, remodel or insure any of the improvements to be constructed on the Premises by Tenant, and all such required maintenance, repair, replacement and remodeling shall be performed by Tenant from time to time at Tenant's discretion and at Tenant's cost and expense. Any insurance (other than the public liability and property damage insurance required to be maintained by Tenant pursuant to paragraph (5) above) obtained and maintained by Tenant, insuring the improvements on the Premises against damage by fire or other casualty, shall be paid for by Tenant, and Landlord shall have no obligation in connection therewith.

(11) REMEDIES UPON DEFAULT.

In the event of any breach of this Lease by Tenant which is not cured within the applicable cure period or if no cure period is specifically provided, within thirty (30) days following receipt of written notice from Landlord specifying the breach, Landlord's sole and exclusive remedy shall consist of retaking possession of the Premises.

(12) ENCUMBRANCE OF LEASEHOLD.

(A) Tenant shall not have the right to encumber in any way Landlord's fee simple title to the Premises, nor shall Landlord be obligated to subordinate his fee simple title to any encumbrance of Tenant's leasehold interest. However, Tenant shall have the right to encumber Tenant's leasehold interest in this Lease and in any improvements hereinafter constructed on the Premises, subject to the following conditions and limitations: (i) Any such encumbrance shall be in the form of a mortgage or deed of trust of Tenant's leasehold interest; (ii) The date of maturity of the note secured by such mortgage or deed of trust shall not be later than fifty (50) years from the date of commencement of the term of this Lease; (iii) The mortgagee or beneficiary under any such deed of trust shall agree in writing (such writing to be delivered to Landlord) to notify Landlord in the event of any default by Tenant under such mortgage or deed of trust or the note secured thereby; (iv) The payee of said note and the mortgagee or beneficiary under the deed of trust securing the note shall not be liable to perform Tenant's obligations under this Lease until it acquires Tenant's rights by foreclosure and after acquiring Tenant's rights by foreclosure, it shall be liable to perform Tenant's obligations only until it assigns or transfers the leasehold as permitted by this Lease.

(B) If Tenant, or Tenant's successors or assigns, shall encumber its leasehold interest in compliance with the provisions of this paragraph (12), then so long as any such mortgage or deed of trust shall remain unsatisfied of record, notwithstanding any other, provision of this Lease to the contrary, the following provisions shall apply for the benefit of such mortgagee or beneficiary:

(i) Landlord, upon serving upon Tenant of any notice of default pursuant to the provisions of this Lease, shall also serve a copy of such notice upon the holder of such mortgage, at the address provided for in paragraph (v) of this section, and no notice by Landlord to Tenant hereunder shall be deemed to have been duly given unless and until a copy thereof has been so served.

(ii) Any holder of such mortgage, in case Tenant shall be in default hereunder, shall, within the period and otherwise as herein provided, have the right to remedy such default, or cause the same to be remedied, and Landlord shall accept such performance by or at the instance of such holder as if the same had been made by Tenant.

(iii) Upon the occurrence of an event of default, other than an event of default due to a default in the payment of money, Landlord shall take no action to effect a termination of this Lease without first giving to the holder of such mortgage written notice thereof and thirty (30) days thereafter within which to either obtain possession of the mortgaged property (including possession by a receiver) or institute foreclosure proceedings or otherwise acquire Tenant's interest under this Lease.

(iv) In the event of the termination of this Lease prior to the expiration of the term, except by eminent domain, as provided in paragraph (13) hereof, Landlord shall serve upon the holder of such mortgage or deed of trust written notice

unfulfilled obligation of Tenant under this Lease which is reasonably susceptible of being performed by such Tenant. Upon the execution of such new lease, the tenant named therein shall pay any and all sums which would at the time of the execution thereof be due under this Lease but for such termination, and shall pay all expenses, including reasonable counsel fees, court costs and disbursements incurred by Landlord in connection with such defaults and termination, recovery of possession of the Premises, and the preparation, execution and delivery of such new lease. Effective upon the commencement of the term of any such new lease, all subleases shall be assigned and transferred without recourse by Landlord to the tenant under such new lease, and all monies on deposit with Landlord which Tenant would have been entitled to use but for the termination or expiration of this Lease may be used by the tenant under such new lease for the purposes of and in accordance with the provisions of such new lease. The provisions of this section shall inure only to the benefit of the holders of leasehold mortgages or deeds of trust which shall be, respectively, a first, second and third lien and the rights between such holders shall be exercised in the order of priority of the liens.

(v) Any notice or other communication which Landlord shall desire or is required to give to or serve upon the holder of a mortgage on this Lease shall be in writing and shall be served by registered mail, addressed to such holder at his address as set forth in such mortgage or in the last assignment thereof delivered to Landlord pursuant to this paragraph, or at such other address as shall be designated by such holder by notice in writing given to Landlord by registered mail. Any notice or other communication which the holder of a mortgage or deed of trust on this Lease shall desire or is required to give to or serve upon Landlord shall be deemed to have been duly given or served if sent in duplicate by registered mail addressed to Landlord at Landlord's addresses as set forth in paragraph (19) of this Lease or at such other addresses as shall be designated by Landlord by notice in writing given to such holder by registered mail.

(vi) No agreement between Landlord and Tenant modifying, cancelling or surrendering this Lease shall be effective without the prior written consent of the leasehold mortgagee or beneficiary.

(vii) No union of the interests of Landlord and Tenant herein shall result in a merger of this Lease in the fee interest.

(viii) If any leasehold mortgagee or beneficiary shall acquire title to Tenant's interest in this Lease, by foreclosure of a mortgage thereon or by assignment in lieu of foreclosure or by an assignment from a designee or wholly owned subsidiary corporation of such mortgagee or beneficiary, or under a new lease pursuant to this paragraph, such mortgagee or beneficiary may assign such lease and shall thereupon be released from liability for the performance or observance of the covenants and conditions in such lease contained on Tenant's part to be performed and observed from and after the date of such assignment.

(13) CONDEMNATION.

Landlord and Tenant agree that, should all or any

with any condemning authority in an attempt to effect a settlement outside of court of the amount of the award or compensation to be paid to Landlord and Tenant for their respective interests. In the event that any such taking by or conveyance to public authority causes a material impact on Tenant's activities on the Premises or makes it impossible or impracticable for Tenant to continue its activities on the leased premises, Tenant shall have the right to rescind this Lease, effective upon delivery of possession to such condemning authority, and after such time, Landlord and Tenant shall both be relieved from further obligation to the other thereafter accruing hereunder.

(14) ESTOPPEL CERTIFICATE.

At any time and from time to time within ten (10) days after request by either party, the other party shall execute, acknowledge and deliver to the requesting party, or to such recipient as the party shall direct, a statement certifying that this Lease is unmodified and in full force and effect or, if there have been modifications, that it is in full force and effect as modified in the manner specified in the statement. The statement shall also state the dates at which the rent and any other charges have been paid in advance.

(15) ATTORNEY'S FEES.

Landlord and Tenant hereby agree that, in the event that either party hereto shall at any time hereafter file any action in any court to enforce any of the terms and provisions of this Lease, there shall be awarded to the prevailing party in such action such sums as and for attorney's fees and costs as the court shall deem proper.

(16) COMPLETE AGREEMENT.

The parties hereto agree that this Lease contains a complete expression of the whole agreement between them and that there are no promises, representations, agreements, warranties or inducements other than those specifically set forth herein.

(17) BINDING EFFECT.

Subject to paragraph (10) hereof, the parties hereto agree that each and all the conditions, covenants and agreements shall, in accordance with the context, bind and inure to the benefit of not only the parties hereto but also their respective heirs, legatees, devisees, administrators, executors, successors and assigns and to any persons who may come into possession of the Premises or who may have any claim of right, title or interest therein or thereto or in or to any part thereof in any manner whatever; and the language of each provision herein shall, where necessary, be so construed as to carry out the intent and purpose of this paragraph.

(18) MEMORANDUM OF LEASE.

Landlord and Tenant agree that this Lease shall not be executed in recordable form, nor shall the same be recorded in the office of the county recorder in which the Premises are located, but that a memorandum hereof, setting forth the names of

for attorney's fees in connection with resolving the dispute referenced above up to a maximum amount of Four Thousand Dollars (\$4,000.00). Such amount shall only become due if and when the condition is satisfied.

(22) QUIET ENJOYMENT.

Landlord warrants to Tenant that Landlord owns title to the Premises and that Tenant shall have the quiet enjoyment of the Premises without hindrance on the part of Landlord. Landlord agrees to defend Tenant in the peaceful and quiet enjoyment of the Premises against and claims of any and all persons claiming by, through, under or against Landlord.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in the day and year first above written.

"Landlord"

"Tenant"



FKT S. MIRANDA

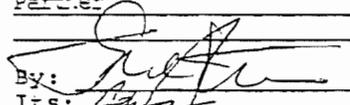


MERCY J. MIRANDA

IRVINDALE ASSOCIATES
105 Crescent Bay Drive, Suite H
Launa, CA 92651

By: Frederick J. Stemler

Partner

By: 

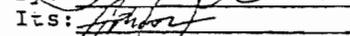
Its: 



EXHIBIT "A"

DESCRIPTION OF PREMISES

DESCRIPTION: THE LAND REFERRED TO HEREIN IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

PARCEL 1, IN THE CITY OF IRWINDALE, AS SHOWN ON MAP FILED IN BOOK 4 PAGES 58 THROUGH 61 INCLUSIVE OF OFFICIAL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION OF SAID LAND AS CONVEYED TO THE CITY OF IRWINDALE BY THAT CERTAIN FINAL ORDER OF CONDEMNATION RECORDED MAY 18, 1971 AS INSTRUMENT NO. 2673 OFFICIAL RECORDS, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

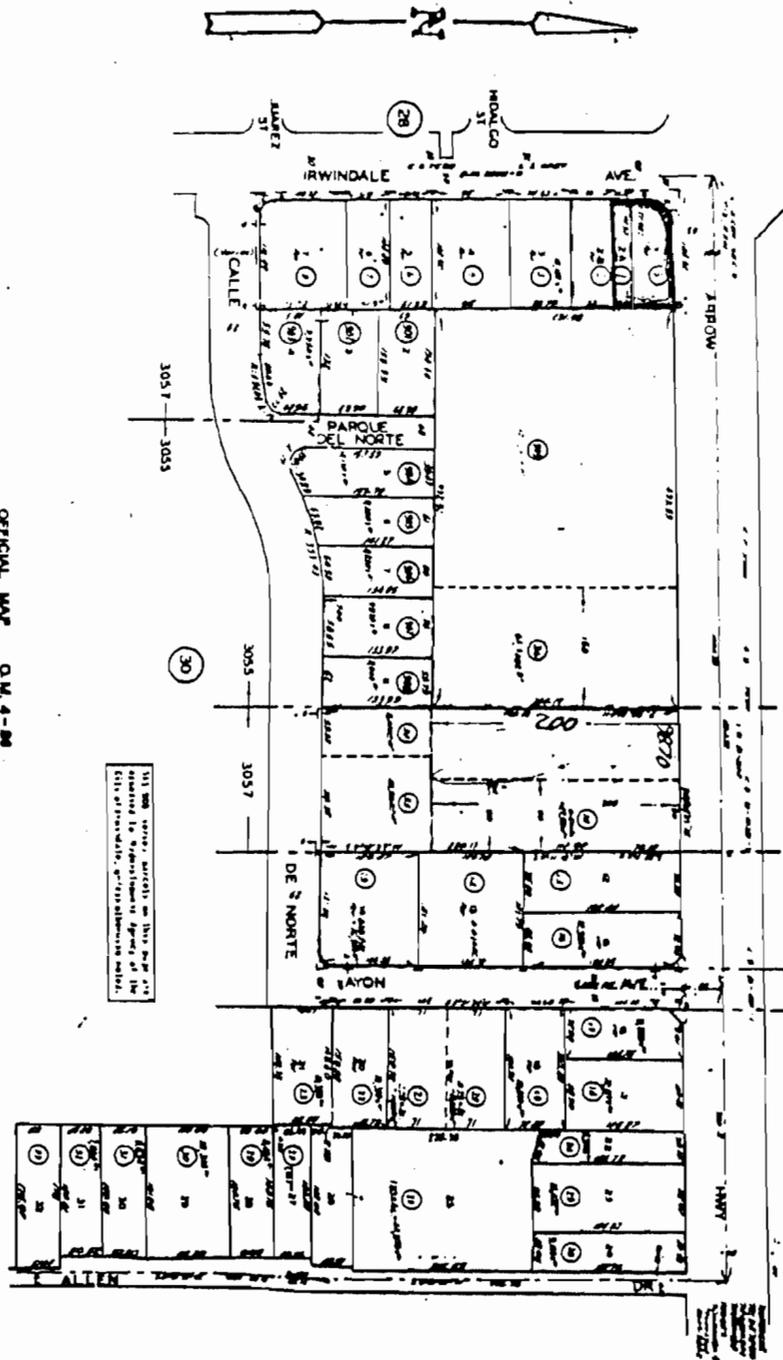
BEGINNING AT THE SOUTHWESTERLY CORNER OF SAID PARCEL 1; THENCE NORTHERLY ALONG THE WESTERLY LINE OF SAID PARCEL TO THE NORTHWESTERLY CORNER OF SAID PARCEL; THENCE EASTERLY ALONG THE NORTHERLY LINE OF SAID PARCEL TO THE NORTHEASTERLY CORNER OF SAID PARCEL; THENCE SOUTHERLY ALONG THE EASTERLY LINE OF SAID PARCEL TO THE SOUTHERLY LINE OF THE NORTHERLY 10 FEET OF SAID PARCEL; THENCE WESTERLY ALONG SAID SOUTHERLY LINE TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHEAST, HAVING A RADIUS OF 27 FEET, BEING TANGENT TO SAID SOUTHERLY LINE AND TANGENT TO THE EASTERLY LINE OF THE WESTERLY 10 FEET OF SAID PARCEL; THENCE SOUTHWESTERLY AND SOUTHERLY ALONG SAID CURVE TO SAID LAST MENTIONED EASTERLY LINE; THENCE SOUTHERLY ALONG SAID LAST MENTIONED EASTERLY LINE TO THE SOUTHERLY LINE OF SAID PARCEL; THENCE WESTERLY ALONG SAID LAST MENTIONED SOUTHERLY LINE TO THE POINT OF BEGINNING.

PARCEL 2:

PARCEL 2A, IN THE CITY OF IRWINDALE, AS SHOWN UPON A MAP FILED IN BOOK 4, PAGE 86 OFFICIAL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THE WESTERLY 10.00 FEET OF SAID ALND, AS CONVEYED TO THE CITY OF IRWINDALE BY THAT CERTAIN FINAL ORDER OF CONDEMNATION RECORDED NOVEMBER 29, 1972 AS INSTRUMENT NO. 3629 OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

OFFICIAL MAP - O.M. 4-58
 TRACT NO 2303 MIA 673-98-00



OFFICIAL MAP O.M. 4-58-61

IMPORTANT: This is not a Plat of Survey. It is furnished as a convenience to locate the land indicated hereon with reference to streets and other land. No liability is assumed by reason of reliance hereon.

To Landlord: PAT S. and MERCY J. MIRANDA
15829 Hidalgo Street
Irwindale, CA 91706

To Tenant: IRWINDALE ASSOCIATES
105 Crescent Bay Drive, Suite H
Laguna, CA 92651
Attn: Frederick J. Stemler

Either party hereto may from time to time by written notice to the other party designate a different address which shall be substituted for the one above specified. If any notice or other document is sent by registered or certified mail, as aforesaid, the same shall be deemed served or delivered forty-eight (48) hours after the mailing thereof as above provided.

(20) CONDITION TO LEASE.

Landlord and Tenant acknowledge that the disposition of the Premises pursuant to this Lease may be questioned by the Fair Political Practices Commission or by other authorities with regard to Section 1090 et. seq. of the California Government Code. Accordingly, as a condition subsequent to the execution of this Lease, Landlord, within ninety (90) days following the execution of this Lease, will forward this Lease to the proper authorities. If such authorities object to this Lease within such ninety (90) day period, this Lease shall be fully rescinded and all funds previously delivered to Landlord pursuant to any term of this Lease shall be fully and promptly refunded to Tenant.

(21) COVENANTS AND REPRESENTATIONS OF LANDLORD.

(A) Landlord shall covenant and warrant that: (i) Landlord shall remove all mechanics' and materialmen's liens and all monetary encumbrances within ninety (90) days following the Commencement Date and title and possession of the property shall be delivered free and clear of liens, either public or private; encumbrances of record; leases and/or tenancies, either written or oral; (ii) There are no latent or patent defects in the property; (iii) The Property is zoned C or higher commercial classification; (iv) There are no outstanding options or agreements to convey the Premises or rights of possession of the Premises, either written or oral.

(B) Landlord and Tenant acknowledge that there presently exists a dispute between Landlord and certain third parties regarding fee title ownership of a portion of the Premises described as Parcel 2A recorded in Book 4, Page 86, of Official Maps of Los Angeles County, California, and consisting of a strip of land approximately twenty-five feet (25') in width (the "Boundary Dispute"). Landlord, within ninety (90) days following the execution of this Lease, covenants and agrees as a condition subsequent to the execution of this Lease to fully resolve such dispute so as to clear such adverse claim of ownership from the title to the premises. Landlord's satisfaction of this condition as well as the satisfaction of the warranties regarding title