



AGENDA REPORT

Meeting Date: May 6, 2014
Item Number: D-2
To: Honorable Parking Authority
From: Brenda Lavender, Real Estate & Property Manager
Subject: CONSENT TO ASSIGNMENT AND SECOND AMENDMENT OF LEASE BY AND AMONG THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS (LANDLORD), STROUK GROUP INC (TENANT) AND SOUTHWEST WINE & SPIRITS, LLC (SUBTENANT) AT 447 N. CANON DRIVE

Attachments:

1. Consent to Assignment
2. Guaranty of Assignment
3. Second Amendment of Lease

RECOMMENDATION

It is recommended that the Parking Authority approve the Consent to Assignment and Guaranty of Assignment by and between the Parking Authority of The City of Beverly Hills as Landlord, Strouk Group Inc., dba Monsieur Marcel as Assignor and Southwest Wine & Spirits dba Wally's Wine & Spirits as Assignee; and Paul and Maurice Marciano As Guarantors. Copies of the agreements are on file with the City Clerk. This agreement consents to the assignment of the lease from Monsieur Marcel to Wally's Wine & Spirits.

INTRODUCTION

In September, 2011 the Parking Authority approved a lease with Monsieur Marcel at this location, and in February of 2013 Monsieur Marcel officially opened for business. Initially after the grand opening the restaurant portion of the location was well received, but the gourmet market portion has always struggled. Now the restaurant sales have slowed dramatically and overall sales are down for the location.

DISCUSSION

In December, 2013 Monsieur Marcel was approved to sublease approximately 1,500 rentable square feet to Southwest Wine & Spirits LLC, dba Wally's Wine & Spirits. This Assignment of the Lease would allow Wally's Wine & Spirits to take over the entire store and assume the lease responsibilities. Wally's would remodel the store (keeping the

kitchen area in tact) to create Wally's Vinoteca; a wine, gourmet food and dining emporium. The location will include all of the fine wines, spirits, specialty cheese, fresh bread, coffee, caviar and other specialty items that Wally's is known for. In addition the location will offer a full dining experience for lunch, dinner and special events.

Wally's would be responsible for all costs associated with the remodel and would pay rent during the construction period so that there is no loss in rent to the City. Wally's anticipates a construction period of 60-90 days after receipt of permits. Wally's will work with the Alcohol and Beverage Control Board to obtain any additional licenses required for the location. The planned operating hours for the store are 10 am to 11 pm.

The lease will be guaranteed by Paul and Maurice Marciano.

FISCAL IMPACT

The assignment of lease will not have a fiscal impact to the Parking Authority. There is no loss in revenue or out of pocket cost for the Parking Authority.

David Lightner, Deputy City Manager 

Approved By

Attachment 1

CONSENT TO ASSIGNMENT OF LEASE

The **PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS** (“**Landlord**”), as landlord under that certain Lease dated September 27, 2011 (entered into by the City of Beverly Hills, as landlord and predecessor-in-interest to Landlord) as amended by a First Amendment of Lease dated December 18, 2012 and a Consent to Sublease Agreement and Clarification of Lease Operating Hours dated December 17, 2013 (the “**Lease**”) with STROUK GROUP LLC, a California limited liability company, formerly known as, STROUK GROUP, INC., a California corporation, d/b/a “Monsieur Marcel” (“**Assignor**”), as tenant, **subject to and specifically conditioned upon the following terms and conditions**, hereby grants its consent to the assignment of the Lease described in that certain Assignment and Assumption Agreement entered into, or proposed to be entered into, by and between Assignor, as assignor, and SOUTHWEST WINE & SPIRITS, LLC, a California limited liability company, d/b/a “Wally’s Wine & Spirits”, as assignee (“**Assignee**”), a copy of the form of which is attached hereto as Exhibit “A” (the “**Assignment**”).

Capitalized terms used herein but not defined shall have the meanings ascribed thereto in the Lease. This Consent to Assignment of Lease (this “**Consent**”) may be executed in counterparts, each of which shall be considered an original but shall constitute one and the same document.

As conditions to the Consent, it is understood and agreed as follows:

1. **Conditions to Consent.** Landlord’s consent to the assignment of the Lease is hereby conditioned upon the occurrence of the following prior to or concurrently with Assignee’s and Assignor’s execution and delivery to Landlord of this Consent: (a) the execution and delivery to Landlord of (i) the Assignment; (ii) a Guaranty of Lease in the form attached hereto as Exhibit “B”; and (iii) a Second Amendment to Lease in the form attached hereto as Exhibit “C”; (b) delivery to Landlord of insurance certificate(s) showing that Assignee carries the insurance required under the Lease; and (c) the payment by Assignor or Assignee to Landlord of the sum of \$1,500 (i.e., the fee described in Section 20(c) of the Lease).
2. **Assignor’s Release.** Landlord acknowledges and agrees, because Assignee and Assignor are related parties, that Assignor shall be, and is, relieved of any liability under the Lease from and after the date of this Consent.
3. **Limited Consent.** This Consent does not and shall not be construed or implied to be a consent to any other matter for which Landlord’s consent is required under the Lease, including, without limitation, any alterations for which Landlord’s consent is required.
4. **Review of Lease.** Assignee hereby represents and warrants that it has reviewed the Lease and is familiar with the terms hereof.

[SIGNATURES APPEAR ON NEXT PAGE]

Dated: _____, 2014

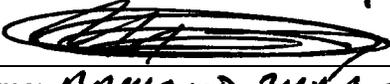
ASSIGNOR:

STROUK GROUP, LLC,
a California limited liability company,
formerly known as
Strouk Group, Inc., a California corporation

By: 
Print Name: STEPHANIE STROUK
Title: CEO

ASSIGNEE:

SOUTHWEST WINE & SPIRITS, LLC,
a California limited liability company

By: 
Print Name: ARMAND JURCIANO
Title: CEO

ATTEST:

Byron Pope, Secretary of the Board of
Directors

LANDLORD:

THE PARKING AUTHORITY OF THE CITY
OF BEVERLY HILLS

By: _____
Lili Bosse,
Chairman of the Board of Directors

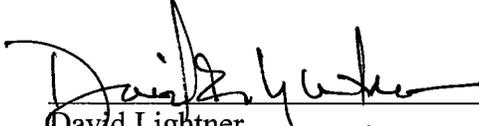
APPROVED AS TO FORM:



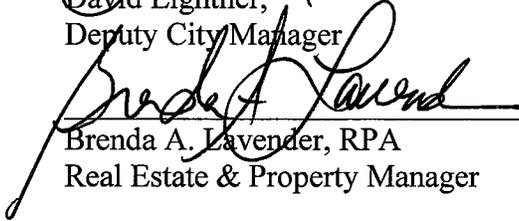
Laurence S. Wiener, Authority Counsel

APPROVED AS TO CONTENT:

Jeffrey Kolin, ICMA-CM,
Executive Director



David Lightner,
Deputy City Manager



Brenda A. Lavender, RPA
Real Estate & Property Manager

EXHIBIT "A"

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

(Attached.)

ASSIGNMENT AND ASSUMPTION AGREEMENT

This **ASSIGNMENT AND ASSUMPTION OF LEASE** (this “**Assignment**”), dated as of May 1, 2014 (the “**Effective Date**”), is made by and between **STROUK GROUP, LLC**, a California limited liability company (formerly known as Strouk Group Inc., a California corporation) (“**Assignor**”), and **SOUTHWEST WINE & SPIRITS, LLC**, a Delaware limited liability company (“**Assignee**”).

RECITALS

WHEREAS, Assignor and City of Beverly Hills, a municipal corporation (“**Landlord**”), are parties to that certain Lease dated September 27, 2011 (the “**Original Lease**”), as amended by that certain First Amendment of Lease dated December 18, 2012 (the “**First Amendment**”; the Original Lease as amended by the First Amendment is hereinafter referred to as the “**Lease**”); and

WHEREAS, pursuant to the Lease, Landlord has leased to Assignor certain retail space (the “**Premises**”) on the first floor of the building commonly known as 447 N. Canon Drive, Beverly Hills, California, and more particularly described in the Lease.

WHEREAS, Assignor desires to assign the Lease and all of its rights and obligations thereunder to Assignee and Assignee desires to accept such assignment and assume Assignor’s rights and obligations under the Lease, subject to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and in consideration of Ten and No/100ths Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, Assignor and Assignee hereby agree as follows:

1. **Assignment**. Effective from and after the Effective Date, but subject to the receipt of Landlord’s consent as required pursuant to Section 20 of the Lease, Assignor hereby assigns, conveys, transfers and sets over unto Assignee all of Assignor’s rights, title and interests in, to and under the Lease and the leasehold estate in the Premises created thereby, including, without limitation, all of Assignor’s rights, title and interests in, to and under the amount of Twenty Thousand Five Hundred and No/100ths Dollars (\$20,500.00) deposited with Landlord as the security deposit (the “**Security Deposit**”) under the Lease.

2. **Assumption**. Assignee does hereby accept and assume from Assignor all right, title and interest so assigned under Section 1 of this Assignment and hereby assumes and agrees to pay all sums and perform and fulfill all of the terms, covenants, conditions, and obligations required to be paid, performed and fulfilled by Assignor from and after the Effective Date, as tenant under the Lease.

3. **Assignee’s Indemnification of Assignor**. Assignee shall and does hereby indemnify Assignor against, and agrees to hold Assignor harmless of and from, all liabilities, obligations, actions, suits, proceedings or claims, and all losses, costs and expenses, including but not limited to reasonable attorneys’ fees, arising as a result of any act, omission or obligation

of Assignee arising or accruing with respect to the Lease and occurring or alleged to have occurred on or after the Effective Date.

4. **Assignor's Indemnification of Assignee.** Assignor shall and does hereby indemnify Assignee against, and agrees to hold Assignee harmless of and from, all liabilities, obligations, actions, suits, proceedings or claims, and all losses, costs and expenses, including but not limited to reasonable attorneys' fees, arising as a result of any act, omission or obligation of Assignor arising or accruing with respect to the Lease and occurring or alleged to have occurred prior to the Effective Date.

5. **No Prior Assignment.** Assignor represents that it has not previously assigned any of Assignor's rights, title and interests in, to and under the Lease and the leasehold estate in the Premises, including, without limitation, Assignor's rights, title and interests in, to or under the Security Deposit.

6. **Binding Effect.** This Assignment shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

7. **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of California, without reference to any choice of laws provision contained therein.

8. **Counterparts/Facsimiles.** This Assignment may be executed in any number of counterparts, each of which shall be deemed an original, and all of such counterparts shall constitute one and the same agreement. To facilitate execution of this Assignment, the parties may execute and exchange facsimile or electronic transmission (i.e., e-mail) counterparts of the signature pages and such counterparts shall serve as originals.

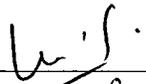
9. **Signing Authority.** Each individual executing this Assignment on behalf of Assignor and Assignee, respectively, represents and warrants that he or she is duly authorized to execute and deliver this Assignment on behalf of such party by all necessary corporate action on the part of such party.

[Signature Page Follows]

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment on the day and year first above written.

ASSIGNOR:

STROUK GROUP, LLC,
a California limited liability company

By: 
Name: STEPHANE STROUK.
Title: CEO.

ASSIGNEE:

SOUTHWEST WINE & SPIRITS, LLC,
a Delaware limited liability company

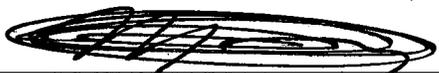
By: 
Name: ARMAND MARCIANO
Title: CEO

EXHIBIT "B"

FORM OF LEASE GUARANTY

(Attached.)

GUARANTY OF LEASE

THIS GUARANTY OF LEASE (“Guaranty”) is dated as of _____ (the “Effective Date”) and is made by MAURICE MARCIANO and PAUL MARCIANO, jointly and severally (“Guarantor”), in favor of THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS (“Landlord”), in connection with that certain Lease dated September 27, 2011 between the City of Beverly Hills and Strouk Group, Inc. (“MM”) as amended by a First Amendment of Lease dated December 18, 2012, a Consent to Sublease Agreement and Clarification of Lease Operating Hours dated December 17, 2013 and a Second Amendment of Lease dated substantially concurrently herewith (the “Lease”), which is being assigned by MM to Southwest Wine & Spirits, LLC, a California limited liability company (“Tenant”) concurrently herewith. As a material inducement to, and in consideration of, Landlord consenting to said assignment, Landlord having indicated that it would not give such consent without the execution of this Guaranty, Guarantor does hereby agree with Landlord as follows:

1. Guarantor does hereby unconditionally and irrevocably guarantee, as a primary obligor and not as a surety, and promise to perform and be liable for any and all obligations and liabilities of Tenant under the terms of the Lease arising from and after the Effective Date and prior to the second anniversary of the Effective Date.

2. Guarantor does hereby agree that, without the consent of Guarantor and without affecting any of the obligations of Guarantor hereunder: (a) any term, covenant or condition of the Lease may be hereafter amended, compromised, released or otherwise altered by Landlord and Tenant, and Guarantor does guarantee and promise to perform all the obligations of “Tenant” under the Lease as so amended, compromised, released or altered; (b) any guarantor of or party to the Lease may be released, substituted or added; (c) any right or remedy under the Lease may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; (d) Landlord or any other person acting on Landlord’s behalf may deal in any manner with Tenant, any guarantor, any party to the Lease or any other person; and (e) all or any part of the Premises or of the rights or liabilities of “Tenant” under the Lease may be sublet, assigned or assumed. This is a continuing guaranty.

3. Guarantor hereby waives and agrees not to assert or take advantage of (a) any right to require Landlord to proceed against Tenant or any other person or to pursue any other remedy before proceeding against Guarantor; (b) any right or defense that may arise by reason of the incapacity, lack of authority, death or disability of Tenant or any other person; and (c) any right or defense arising by reason of the absence, impairment, modification, limitation, destruction or cessation (in bankruptcy, by an election of remedies, or otherwise) of the liability of Tenant (other than any defense based on Landlord’s acts or omissions), of the subrogation rights of Guarantor or of the right of Guarantor to proceed against Tenant for reimbursement. Without in any manner limiting the generality of the foregoing, Guarantor hereby waives the benefits of the provisions of Sections 2809, 2810, 2819, 2845, 2849, 2850, 2899 and 3433 of the California Civil Code and any similar or analogous statutes of California or any other jurisdiction.

4. Guarantor hereby waives and agrees not to assert or take advantage of any right or defense based on the absence of any or all presentments, demands (including demands for

performance), notices (including notices of adverse change in the financial status of Tenant or other facts which increase the risk to Guarantor, notices of non-performance and notices of acceptance of this Guaranty) and protests of each and every kind.

5. Until all Tenant's obligations under the Lease are fully performed, Guarantor: (a) shall have no right of subrogation against Tenant by reason of any payments or acts of performance by Guarantor under this Guaranty; and (b) subordinates any liability or indebtedness of Tenant now or hereafter held by Guarantor to the obligations of Tenant under, arising out of or related to the Lease or Tenant's use or occupancy of the Premises.

6. The liability of Guarantor and all rights, powers and remedies of Landlord hereunder and under any other agreement now or at any time hereafter in force between Landlord and Guarantor relating to the Lease shall be cumulative and not alternative and such rights, powers and remedies shall be in addition to all rights, powers and remedies given to Landlord by law and/or in equity.

7. This Guaranty applies to, inures to the benefit of and binds all parties hereto, their heirs, devisees, legatees, executors, administrators, representatives, successors and assigns (including any purchaser at a judicial foreclosure or trustee's sale or a holder of a deed in lieu thereof). This Guaranty may be assigned by Landlord voluntarily or by operation of law.

8. Guarantor shall not, without the prior written consent of Landlord, commence, or join with any other person in commencing, any bankruptcy, reorganization or insolvency proceeding against Tenant. The obligations of Guarantor under this Guaranty shall not be altered, limited or affected by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Tenant, or by any defense which Tenant may have by reason of any order, decree or decision of any court or administrative body resulting from any such proceeding. Guarantor shall file in any bankruptcy or other proceeding in which the filing of claims is required or permitted by law all claims which Guarantor may have against Tenant relating to any indebtedness of Tenant to Guarantor and will assign to Landlord all rights of Guarantor thereunder. Landlord shall have the sole right to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Landlord the amount payable on such claim and, to the full extent necessary for that purpose, Guarantor hereby assigns to Landlord all of Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled; provided, however, that Guarantor's obligations hereunder shall not be satisfied except to the extent that Landlord receives cash by reason of any such payment or distribution. If Landlord receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty.

9. Guarantor shall, upon ten (10) days prior written notice from Landlord, provide Landlord with a current financial statement and financial statements of the two (2) years prior to the current financial statement year. Such statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Guarantor, shall be audited by an independent certified public accountant.

10. As a further material part of the consideration to Landlord to enter into the Lease with Tenant, Guarantor agrees: (a) the law of the State of California shall govern all questions with respect to the Guaranty; (b) any suit, action or proceeding arising directly or indirectly from the Guaranty, the Lease or the subject matter thereof shall be litigated only in courts located within the county and state in which the Premises is located; (c) Guarantor hereby irrevocably consents to the jurisdiction of any local, state or federal court located within the county and state in which the Premises is located; and (d) without limiting the generality of the foregoing, Guarantor hereby waives and agrees not to assert by way of motion, defense or otherwise in any suit, action or proceeding any claim that Guarantor is not personally subject to the jurisdiction of the above-named courts, that such suits, action or proceeding is brought in an inconvenient forum or that the venue of such action, suit or proceeding is improper.

11. This Guaranty shall constitute the entire agreement between Guarantor and the Landlord with respect to the subject matter hereof. No provision of this Guaranty or right of Landlord hereunder may be waived nor may any Guarantor be released from any obligation hereunder except by a writing duly executed by Landlord. Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective. The waiver or failure to enforce any provision of this Guaranty shall not operate as a waiver of any other breach of such provision or any other provisions hereof. Time is strictly of the essence under this Guaranty and any amendment, modification or revision hereof. If either party hereto participates in an action against the other party arising out of or in connection with this Guaranty, the prevailing party shall be entitled to have and recover from the other party reasonable attorneys' fees, collection costs and other costs incurred in and in preparation for the action. If there is more than one undersigned Guarantor, (a) the term "Guarantor", as used herein, shall include all of the undersigned; (b) each provision of this Guaranty shall be binding on each one of the undersigned, who shall be jointly and severally liable hereunder; and (c) Landlord shall have the right to join one or all of them in any proceeding or to proceed against them in any order.

12. Any notice, request, demand, instruction or other communication to be given to any party hereunder shall be in writing and shall be delivered in the manner provided in the Lease for delivery of notices and addressed to the party to be notified at the address set forth below, or to such other place as the party to be notified may from time to time designate by at least fifteen (15) days notice to the notifying party.

To Landlord:

The Parking Authority of the
City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: Executive Director

To Guarantor:

Executed as of _____, 2014.

MAURICE MARCIANO

PAUL MARCIANO

EXHIBIT "C"

FORM OF SECOND AMENDMENT TO LEASE

(Attached.)

RECORDING REQUESTED BY:
WHEN RECORDED RETURN TO:

The Parking Authority of the
City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: City Clerk

[Space Above For Recorder's Use Only]

The undersigned declare that this Second Amendment of Lease is exempt from Recording Fees pursuant to California Government Code Section 27383 and exempt from Documentary Transfer Tax pursuant to California Revenue and Taxation Code Section 11922.

SECOND AMENDMENT OF LEASE

This **SECOND AMENDMENT OF LEASE** (this "**Second Amendment**") is dated as of May 6, 2014, and is entered into by and between **THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS** ("**Landlord**"), and **SOUTHWEST WINE & SPIRITS, LLC**, a California limited liability company ("**Tenant**").

RECITALS

A. Tenant's predecessor-in-interest (Strouk Group, LLC, f/k/a Strouk Group, Inc. (the "**Original Tenant**")) and Landlord's predecessor-in-interest (the City of Beverly Hills) entered into that certain Lease dated September 27, 2011 which was amended by a First Amendment of Lease dated December 18, 2012 (as amended, the "**Lease**"), pursuant to which Landlord leased and demised to Tenant, and Tenant leased and accepted from Landlord, certain space in the building located in the City of Beverly Hills, County of Los Angeles, State of California, commonly known as 447 N. Canon Drive (the "**Property**"), as provided in the Lease; and

B. A Memorandum of Lease dated September 27, 2011 was recorded on December 16, 2011 as Document No. 20111710796 in the Official Records of Los Angeles County, California; and

C. Tenant and Landlord now desire to further amend the Lease as hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Tenant and Landlord agree as follows:

1. Permitted Use. As of May 1, 2014, Section 1(h) of the Lease shall be automatically deleted and the following substituted in lieu thereof:

(h) Permitted Use: Sales of wine, spirits, specialty cheese, fresh bread, coffee, caviar and similar products typically associated with a fine wine and spirits store, and a kitchen with lunch, dinner and bar service.

2. Continuous Operation; Hours. As of May 1, 2014, Section 7(b) of the Lease shall be automatically deleted and the following substituted in lieu thereof:

(b) Tenant shall continuously operate its business in the Premises from at least 10 a.m. through 11 p.m. on Sundays, Mondays, Tuesdays and Wednesdays, and from at least 10 a.m. to 1:30 a.m. on Thursdays, Fridays and Saturdays, subject to applicable laws, interruption by Landlord in connection with Landlord's exercise or performance of its obligations under this Lease, and other interruptions caused by events or circumstances beyond the control of Tenant (excluding the financial condition of Tenant and level of success of Tenant's business at the Premises).

3. Extension Option. Notwithstanding anything to the contrary contained in the last sentence of Section 3(c) of the Lease, Tenant shall have the continued right to exercise any and all extension options described in the Lease, notwithstanding the assignment of the Lease from the Original Tenant to Tenant; and for purposes of the last sentence of Section 3(c) of the Lease, Tenant shall be considered the original Tenant under the Lease.

4. Counterparts. This Second Amendment may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

5. Full Force and Effect. Notwithstanding anything to the contrary, and except as expressly provided herein, the Lease shall continue in full force and effect.

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the date first written above.

LANDLORD:

TENANT:

**THE PARKING AUTHORITY OF THE
CITY OF BEVERLY HILLS**

SOUTHWEST WINE & SPIRITS, LLC

By: _____
Lilli Bosse,
Chairman

By: _____
Print Name: _____
Title: _____

ATTEST:

_____(SEAL)
Byron Pope,
Clerk

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

Laurence S. Wiener
City Attorney

Jeffrey Kolin, ICMA-CM,
City Manager

David Lightner,
Deputy City Manager

Brenda A. Lavender, RPA
Real Estate & Property Manager

ACKNOWLEDGEMENT

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

ACKNOWLEDGEMENT

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

Attachment 2

GUARANTY OF LEASE

THIS GUARANTY OF LEASE (“Guaranty”) is dated as of May 6, 2014 (the “Effective Date”) and is made by MAURICE MARCIANO and PAUL MARCIANO, jointly and severally (“Guarantor”), in favor of THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS (“Landlord”), in connection with that certain Lease dated September 27, 2011 between the City of Beverly Hills and Strouk Group, Inc. (“MM”) as amended by a First Amendment of Lease dated December 18, 2012, a Consent to Sublease Agreement and Clarification of Lease Operating Hours dated December 17, 2013 and a Second Amendment of Lease dated substantially concurrently herewith (the “Lease”), which is being assigned by MM to Southwest Wine & Spirits, LLC, a California limited liability company (“Tenant”) concurrently herewith. As a material inducement to, and in consideration of, Landlord consenting to said assignment, Landlord having indicated that it would not give such consent without the execution of this Guaranty, Guarantor does hereby agree with Landlord as follows:

1. Guarantor does hereby unconditionally and irrevocably guarantee, as a primary obligor and not as a surety, and promise to perform and be liable for any and all obligations and liabilities of Tenant under the terms of the Lease arising from and after the Effective Date and prior to the second anniversary of the Effective Date.

2. Guarantor does hereby agree that, without the consent of Guarantor and without affecting any of the obligations of Guarantor hereunder: (a) any term, covenant or condition of the Lease may be hereafter amended, compromised, released or otherwise altered by Landlord and Tenant, and Guarantor does guarantee and promise to perform all the obligations of “Tenant” under the Lease as so amended, compromised, released or altered; (b) any guarantor of or party to the Lease may be released, substituted or added; (c) any right or remedy under the Lease may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; (d) Landlord or any other person acting on Landlord’s behalf may deal in any manner with Tenant, any guarantor, any party to the Lease or any other person; and (e) all or any part of the Premises or of the rights or liabilities of “Tenant” under the Lease may be sublet, assigned or assumed. This is a continuing guaranty.

3. Guarantor hereby waives and agrees not to assert or take advantage of (a) any right to require Landlord to proceed against Tenant or any other person or to pursue any other remedy before proceeding against Guarantor; (b) any right or defense that may arise by reason of the incapacity, lack of authority, death or disability of Tenant or any other person; and (c) any right or defense arising by reason of the absence, impairment, modification, limitation, destruction or cessation (in bankruptcy, by an election of remedies, or otherwise) of the liability of Tenant (other than any defense based on Landlord’s acts or omissions), of the subrogation rights of Guarantor or of the right of Guarantor to proceed against Tenant for reimbursement. Without in any manner limiting the generality of the foregoing, Guarantor hereby waives the benefits of the provisions of Sections 2809, 2810, 2819, 2845, 2849, 2850, 2899 and 3433 of the California Civil Code and any similar or analogous statutes of California or any other jurisdiction.

4. Guarantor hereby waives and agrees not to assert or take advantage of any right or defense based on the absence of any or all presentments, demands (including demands for

5. Until all Tenant's obligations under the Lease are fully performed, Guarantor: (a) shall have no right of subrogation against Tenant by reason of any payments or acts of performance by Guarantor under this Guaranty; and (b) subordinates any liability or indebtedness of Tenant now or hereafter held by Guarantor to the obligations of Tenant under, arising out of or related to the Lease or Tenant's use or occupancy of the Premises.

6. The liability of Guarantor and all rights, powers and remedies of Landlord hereunder and under any other agreement now or at any time hereafter in force between Landlord and Guarantor relating to the Lease shall be cumulative and not alternative and such rights, powers and remedies shall be in addition to all rights, powers and remedies given to Landlord by law and/or in equity.

7. This Guaranty applies to, inures to the benefit of and binds all parties hereto, their heirs, devisees, legatees, executors, administrators, representatives, successors and assigns (including any purchaser at a judicial foreclosure or trustee's sale or a holder of a deed in lieu thereof). This Guaranty may be assigned by Landlord voluntarily or by operation of law.

8. Guarantor shall not, without the prior written consent of Landlord, commence, or join with any other person in commencing, any bankruptcy, reorganization or insolvency proceeding against Tenant. The obligations of Guarantor under this Guaranty shall not be altered, limited or affected by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Tenant, or by any defense which Tenant may have by reason of any order, decree or decision of any court or administrative body resulting from any such proceeding. Guarantor shall file in any bankruptcy or other proceeding in which the filing of claims is required or permitted by law all claims which Guarantor may have against Tenant relating to any indebtedness of Tenant to Guarantor and will assign to Landlord all rights of Guarantor thereunder. Landlord shall have the sole right to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Landlord the amount payable on such claim and, to the full extent necessary for that purpose, Guarantor hereby assigns to Landlord all of Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled; provided, however, that Guarantor's obligations hereunder shall not be satisfied except to the extent that Landlord receives cash by reason of any such payment or distribution. If Landlord receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty.

9. Guarantor shall, upon ten (10) days prior written notice from Landlord, provide Landlord with a current financial statement and financial statements of the two (2) years prior to the current financial statement year. Such statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Guarantor, shall be audited by an independent certified public accountant.

10. As a further material part of the consideration to Landlord to enter into the Lease with Tenant, Guarantor agrees: (a) the law of the State of California shall govern all questions with respect to the Guaranty; (b) any suit, action or proceeding arising directly or indirectly from the Guaranty, the Lease or the subject matter thereof shall be litigated only in courts located within the county and state in which the Premises is located; (c) Guarantor hereby irrevocably consents to the jurisdiction of any local, state or federal court located within the county and state in which the Premises is located; and (d) without limiting the generality of the foregoing, Guarantor hereby waives and agrees not to assert by way of motion, defense or otherwise in any suit, action or proceeding any claim that Guarantor is not personally subject to the jurisdiction of

the above-named courts, that such suits, action or proceeding is brought in an inconvenient forum or that the venue of such action, suit or proceeding is improper.

11. This Guaranty shall constitute the entire agreement between Guarantor and the Landlord with respect to the subject matter hereof. No provision of this Guaranty or right of Landlord hereunder may be waived nor may any Guarantor be released from any obligation hereunder except by a writing duly executed by Landlord. Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective. The waiver or failure to enforce any provision of this Guaranty shall not operate as a waiver of any other breach of such provision or any other provisions hereof. Time is strictly of the essence under this Guaranty and any amendment, modification or revision hereof. If either party hereto participates in an action against the other party arising out of or in connection with this Guaranty, the prevailing party shall be entitled to have and recover from the other party reasonable attorneys' fees, collection costs and other costs incurred in and in preparation for the action. If there is more than one undersigned Guarantor, (a) the term "Guarantor", as used herein, shall include all of the undersigned; (b) each provision of this Guaranty shall be binding on each one of the undersigned, who shall be jointly and severally liable hereunder; and (c) Landlord shall have the right to join one or all of them in any proceeding or to proceed against them in any order.

12. Any notice, request, demand, instruction or other communication to be given to any party hereunder shall be in writing and shall be delivered in the manner provided in the Lease for delivery of notices and addressed to the party to be notified at the address set forth below, or to such other place as the party to be notified may from time to time designate by at least fifteen (15) days notice to the notifying party.

To Landlord:

The Parking Authority of the
City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: Executive Director

To Guarantor:

Southwest Nine & Spirits LLC
144 S. Beverly Dr., Ste. 600
Beverly Hills, CA 90212

Executed as of April 30th, 2014.



MAURICE MARCIANO

PAUL MARCIANO

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To Landlord:

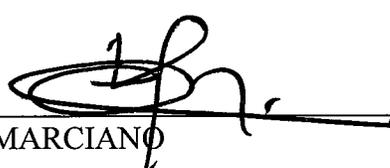
The Parking Authority of the
City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: Executive Director

To Guarantor:

Southwest Wine & Spirits LLC
144 S. BEVERLY DR. STE. 600
BEVERLY HILLS, CA 90212

Executed as of April 30th, 2014.

MAURICE MARCIANO



PAUL MARCIANO

Attachment 3

RECORDING REQUESTED BY:
WHEN RECORDED RETURN TO:

The Parking Authority of the
City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: City Clerk

[Space Above For Recorder's Use Only]

The undersigned declare that this Second Amendment of Lease is exempt from Recording Fees pursuant to California Government Code Section 27383 and exempt from Documentary Transfer Tax pursuant to California Revenue and Taxation Code Section 11922.

SECOND AMENDMENT OF LEASE

This **SECOND AMENDMENT OF LEASE** (this "**Second Amendment**") is dated as of May 6, 2014, and is entered into by and between **THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS** ("**Landlord**"), and **SOUTHWEST WINE & SPIRITS, LLC**, a California limited liability company ("**Tenant**").

RECITALS

A. Tenant's predecessor-in-interest (Strouk Group, LLC, f/k/a Strouk Group, Inc. (the "**Original Tenant**")) and Landlord's predecessor-in-interest (the City of Beverly Hills) entered into that certain Lease dated September 27, 2011 which was amended by a First Amendment of Lease dated December 18, 2012 (as amended, the "**Lease**"), pursuant to which Landlord leased and demised to Tenant, and Tenant leased and accepted from Landlord, certain space in the building located in the City of Beverly Hills, County of Los Angeles, State of California, commonly known as 447 N. Canon Drive (the "**Property**"), as provided in the Lease; and

B. A Memorandum of Lease dated September 27, 2011 was recorded on December 16, 2011 as Document No. 20111710796 in the Official Records of Los Angeles County, California; and

C. Tenant and Landlord now desire to further amend the Lease as hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Tenant and Landlord agree as follows:

1. Permitted Use. As of May 1, 2014, Section 1(h) of the Lease shall be automatically deleted and the following substituted in lieu thereof:

(h) Permitted Use: Sales of wine, spirits, specialty cheese, fresh bread, coffee, caviar and similar products typically associated with a fine wine and spirits store, and a kitchen with lunch, dinner and bar service.

2. Continuous Operation; Hours. As of May 1, 2014, Section 7(b) of the Lease shall be automatically deleted and the following substituted in lieu thereof:

(b) Tenant shall continuously operate its business in the Premises from at least 10 a.m. through 11 p.m. on Sundays, Mondays, Tuesdays and Wednesdays, and from at least 10 a.m. to 1:30 a.m. on Thursdays, Fridays and Saturdays, subject to applicable laws, interruption by Landlord in connection with Landlord's exercise or performance of its obligations under this Lease, and other interruptions caused by events or circumstances beyond the control of Tenant (excluding the financial condition of Tenant and level of success of Tenant's business at the Premises).

3. Extension Option. Notwithstanding anything to the contrary contained in the last sentence of Section 3(c) of the Lease, Tenant shall have the continued right to exercise any and all extension options described in the Lease, notwithstanding the assignment of the Lease from the Original Tenant to Tenant; and for purposes of the last sentence of Section 3(c) of the Lease, Tenant shall be considered the original Tenant under the Lease.

4. Counterparts. This Second Amendment may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

5. Full Force and Effect. Notwithstanding anything to the contrary, and except as expressly provided herein, the Lease shall continue in full force and effect.

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the date first written above.

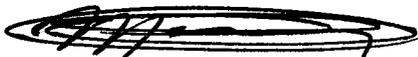
LANDLORD:

**THE PARKING AUTHORITY OF THE
CITY OF BEVERLY HILLS**

By: _____
Lilli Bosse,
Chairman

TENANT:

SOUTHWEST WINE & SPIRITS, LLC

By: 
Print Name: ARMAND MARCIA
Title: CEO

ATTEST:

_____(SEAL)
Byron Pope,
Clerk

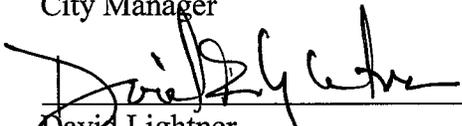
APPROVED AS TO FORM:



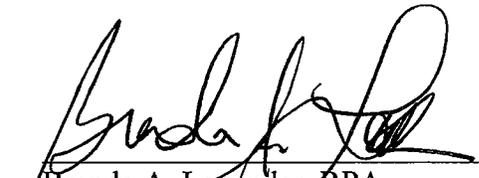
Laurence S. Wiener
City Attorney

APPROVED AS TO CONTENT:

Jeffrey Kolin, ICMA-CM,
City Manager



David Lightner,
Deputy City Manager



Brenda A. Lavender, RPA
Real Estate & Property Manager

ACKNOWLEDGEMENT

State of California)
County of Los Angeles)

On April 29, 2014, before me, Ronita Rabbani, Notary Public
(insert name and title of the officer)

Notary Public, personally appeared Armand Marciano,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same
in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature 

(Seal)

