

LICENSES AND CONSUMER SERVICES

LICENSE INSPECTOR'S REPORT

FILE: 11582

WARD: 10

APPLICANT: The Lakes Restaurant, Inc.

ADDRESS: 1400 West Lake Street

DBA: Tonic of Uptown

TYPE OF LICENSE: On Sale Liquor, Class B with Sunday Sales

DATE OF APPLICATION: February 11, 2005

INSPECTOR: Kenneth Ziegler

PURPOSE OF APPLICATION: The applicant seeks approval of a new corporate manager, a change of the assumed name and a new business plan.

NOTICE TO RESIDENTS: Notice to residents and property owners within 600 feet of the premise is not required.

NEW CORPORATE MANAGER

The new corporate manager will be idein, LLC, a Minnesota limited liability company. Idein, LLC is a wholly owned subsidiary of Parasole Restaurant Holdings, Inc. Parasole Restaurant Holdings, Inc. operates and holds on-sale liquor restaurant licenses, including Manny's, Chino Latino and Figlio, at various locations within the City of Minneapolis. Records indicate little, if any, concerns with the operations of these businesses.

The Management Agreement is dated February 9, 2005 and is between The Lakes Restaurant, Inc. (Owner) and idein, LLC (Manager). The agreement is for assistance in the development of an operating concept and operation of a restaurant to be known as "Stella's Fish Cafe" and "Prestige Oyster Bar" and to be located at 1400 West Lake Street. The term of the agreement is for five (5) years. Either party to the agreement may terminate it with 90 days written notice.

The Manager is to oversee the daily operations of the restaurant and shall have exclusive control of all aspects of the business, including any banquet business. The Manager is to be responsible for all personnel decisions, purchase of supplies, repairs and improvements, the establishment of rates and charges for food and drink and the maintenance of licenses.

The Owner is responsible for the payment of all utilities and services connected with the business, all other operating costs, the payment of employee wages and benefits, all taxes and

assessments, licensing fees, advertising, promotion and marketing costs and such other costs as the parties agree to. The Owner will maintain in full force in effect all insurance policies and will provide all accounting services.

The applicant plans to close the business no later than April 1, 2005. An approximate 6-week to 2-month remodeling/redecorating program will follow. The applicant intends to remove all sound, light and disc jockey equipment from the second floor "banquet" area that has proved a bone of contention in the past and to install a moveable wall to physically separate the space from the public portion of the premise. Because the stairway that is accessed through this space is a required emergency exit it cannot be permanently sealed off. The present "open to below" area located on the second floor will be filled in to an extent to provide for more dining space.

With the exception of redecorating, no physical changes are planned for the remainder of the premise.

ON-SITE MANAGER

The on-site manager will be Leonard Ghilani. Mr. Ghilani has been employed in the hospitality industry (Chi-Chi's, Einstein Bros., Buca and Parasole) for the past 27 years.

NEW BUSINESS PLAN

The new manager proposes to operate the business as a seafood and New Orleans inspired restaurant known as "Stella's Fish Cafe" and "Prestige Oyster Bar". While the menu is still in its development stage, the general concept is to have a variety of complete meal offerings in the moderate to high price range. A special grill menu will be developed for the rooftop area. An oyster bar will be operated on the first floor. Under a proposed ordinance amendment, establishments required to operate as a restaurant shall be required to have at least a minimum menu offering (4 entrees or other principal food items) available at all times of operation

Initially, the manager intends to open the business at 4:00 PM and operate until 2:00 AM. Currently, the manager operates two other restaurants in the Hennepin/Lake are, Chino Latino and Figlio. Figlio operates from 11:00 AM to 1:00 AM, and Chino Latino operates from 5:00 PM to 1:00 AM on weekdays and until 2:00 AM on weekends. Depending on customer demand, the manager may close Stella's/Prestige earlier than 2:00 AM although that probably won't be the case during the warm weather months when the rooftop area is open.

All staff will undergo alcohol server training from Loss Control Services.

There will be no sports sponsorships, amusement devices or charitable gambling.

The rooftop outdoor area will be operated on a daily basis. Although there is a bar structure located in the rooftop area, the manager acknowledges that, in accordance with conditions attached to the original license approval, the bar may only be used as a service bar and service of beverage alcohol is to be made only to patrons seated at tables. The manager is exploring the feasibility of installing sound mitigating, glass panels along the border of the rooftop.

The manager desires to retain the Class B license in order to accommodate a banquet business. The manager's representative states that they have a tremendous demand for banquets at their other two facilities in the area but are unable to take advantage of this because neither facility has that sort of space available. The existing second floor dance area will be used for this purpose. The manager has indicated a willingness to have a restriction on public dancing attached to the license and to make banquet contracts available for inspection by City officials at any reasonable time.

POLICE DEPARTMENT REVIEW

Upon completion of this report all supporting documents will be submitted to the Minneapolis Police License Division for their review.

Kenneth M Ziegler, Inspector
Licenses and Consumer Services