

February 6, 2008

**In the Matter of
Watermark Entertainment, LLC
DBA: Sgt Preston's
221 Cedar Avenue South
Minneapolis, MN 55454**

**Conditions on
License # L216-50077
On Sale Liquor Class B
with Sunday Sales, and
2 a.m. State Permit
Ward 2**

Your license, if granted, will be based on the following conditions:

- 1) Sgt. Preston's will be licensed as and will operate under the category of restaurant, as set forth in Minnesota Statute chapter 340A.404, and maintaining seating at all times for at least 50 guests and serving food for a substantial portion of the hours of operation. Entertainment shall be incidental to the primary purpose and function of Sgt. Preston's as a restaurant. In the event that Sgt. Preston's converts the use or advertises as a nightclub use, the City may require that a new business plan be submitted and that new conditions of license be effectuated.
- 2) The Dance floor will be a designated area not to exceed 205 square feet.
- 3) Music shall be limited to live bands no more than one time a week and DJs no more than three times a week with a combination of these events no more than four times a week.
- 4) The licensee will collect all litter within 100 feet of the exterior of the building housing the licensed premises on a daily basis.
- 5) Employees of the applicant shall receive alcohol server training from an approved provider at a minimum on a yearly basis. All new employees shall attend server training within 60 days of serving beverage alcohol.
- 6) Specialty beverages, for example the "fish bowl" will be limited to 30 percent alcohol content and 70 percent non alcohol content in an effort to address over service.
- 7) Noise from the establishment will be kept to a minimum by taking appropriate measures so as to not disturb residents or other businesses, consistent with the requirements of Chapter 389 of the Minneapolis Code of Ordinances and State Law. If three violations of Chapter 389 of the Minneapolis Code of Ordinances and/or State Law occur within a 2 year period, the Applicant would be limited to one less night of entertainment/music per week.
- 8) The business will not install payphones either inside or outside the establishment.
- 9) Follow all laws and rules of the City of Minneapolis and the State of Minnesota relating to operating an establishment with on sale beverage alcohol license.
- 10) Any patron under the age of 21 with any detectable presence of alcohol in their system shall be refused admittance into the establishment or as soon as alcohol is detected in the patron's system, escorted from the premises.
- 11) The licensee shall not advertise nor promote "18 plus/all ages" events on the premises. For purposes of this agreement, "18 plus/all ages" events shall be defined as an event that is advertised as an 18 plus/all ages event that offers live entertainment or a DJ in a nightclub type setting.
- 12) The applicant or designated representative shall regularly attend the Downtown Entertainment District Security Meetings (Bar Watch).

- 13) All persons seeking to gain entrance to the establishment who appear to be under the age of 21 shall be required to present legitimate identification as a condition of entrance except during private events that are not open to the public. No minors will be allowed to remain on the premises unless as otherwise allowed under State Statute 340A.503.
- 14) The applicant shall compile, maintain and share a "do not admit" list and any video surveillance system recordings with the local Precinct or any other official of the City of Minneapolis upon request to prevent reoccurrence of disturbances by known persons.
- 15) All IDs confiscated due to improper use by the patron or because the ID is counterfeit or otherwise invalid or defective, will be turned over to the First Police Precinct within 24 hours.
- 16) Sgt. Preston's at all times will keep an accurate occupancy count and immediately share such figures upon the request of any official or officer of the City of Minneapolis. Sgt. Preston's shall not let more patrons into the establishment than is legally allowed, with the occupancy number posted in plain sight near the main entrance of the establishment.
- 17) The applicant will schedule and maintain adequate security beyond closing time to assist with effective dispersal of crowds.
- 18) Outside speakers will not be allowed.
- 19) The patio area shall be restricted to the approved plan, including, that no tables or chairs shall be closer to the building than 10 feet and no tables and chairs shall be closer than six feet to any sidewalk obstruction along Washington Avenue South. The number of patrons on the patio should not exceed the number of seats. Noise coming from patrons in all outdoor areas will be managed consistent with the requirements of Chapter 389 of the Minneapolis Code of Ordinances.
- 20) The licensee shall provide food service in all outdoor areas during a substantial portion of the hours of operation. Food service may consist of less than the full menu, but shall at all times offer a substantial choice of main courses, other food items, and nonalcoholic beverages.
- 21) The city council may review the operation of any outdoor area in connection with the renewal of the on-sale license for the establishment or at any other time for good cause. Violation of the terms and conditions of this section shall be grounds for revocation, suspension, or refusal to renew the on-sale license for that portion of the licensed premises pertaining to the outside area.
- 22) The licensee is prohibited from serving any alcoholic malt beverage or non-alcoholic beverage in an original container manufactured from glass after 11:00 p.m. in the outdoor area. In addition to the prohibition on serving alcoholic malt beverages or non-alcoholic beverages in original containers manufactured from glass, the licensee shall not allow patrons to carry such beverage containers from an indoor area into an outdoor area.

I understand and agree that I have read and understand the conditions listed above. I agree with the conditions and I understand that failure on my part or the part of my company or employees to adhere to these conditions may be cause for future adverse licensing action including but not limited to: denial of the renewal of the license; denial of future expansion license requests; suspension; revocation; possible criminal prosecution and/or revocation of my business licenses.

These conditions take effect upon the signing of this agreement and will be in full force and effect for the duration of the license.

Watermark Entertainment, LLC
dba: Sgt. Preston's

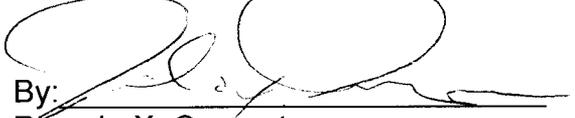
By: 

Title President/owner

Print Name: Mark Habben

Date: 2/6/2008

City of Minneapolis Office of
Licenses and Consumer Services

By: 

Ricardo X. Cervantes
Deputy Director

Date: 2/6/08