

May 26, 2005

TO: Mr. John Szerlag, City Manager

FROM: Charles Craft, Chief of Police
Gary Mayer, Police Captain
Thomas Gordon, Police Sergeant

SUBJECT: Agenda Item: Application to Transfer Ownership of a Class C Liquor License - Morton's of Chicago/Troy, LLC (888 W. Big Beaver Rd.)

MORTON'S OF CHICAGO/TROY, LLC (A DELAWARE LIMITED LIABILITY COMPANY), requests to transfer ownership of a 2004 Class C licensed business with official permit (food), located in escrow at 25938 Middlebelt, Farmington Hills, MI 48336, Oakland County, from Stearn & Company, L.L.C.; transfer location (governmental unit), (MCL 436.1531) to 888 W. Big Beaver Rd, Troy, MI 48084, Oakland County, and requests a new SDM license to be held in conjunction.

Present to answer questions from the Committee were Chris Baker, attorney for Morton's of Chicago, and Gray Jackson, regional manager. Plans have been submitted to the City to renovate and expand the existing first floor space at 888 West Big Beaver Road for Morton's Restaurant. This is an upscale steakhouse and will seat 236 patrons. They will be open daily from 5:30 p.m. to 11:00 p.m. for dinner only, and they anticipate a December 2005 opening. There are currently 65 Morton's locations in the United States. Their managers and employees receive TIPS training as well as an in-house employee alcohol awareness instruction course. In addition, their managers attend an eight-week training session. They maintain a zero tolerance liquor compliance policy and have only received three violations nationwide in the past three years.

The Liquor Advisory Committee heard this request at their May 9 meeting, and approved the requests. There are no disqualifying factors in the background checks of the Board of Directors, and the police department has no objection to this request.

TJG/tjg

1111 3-16-05

Michigan Department of Labor & Economic Growth
LIQUOR CONTROL COMMISSION
7150 Harris Drive
P.O. Box 30005
Lansing, Michigan 48909-7505

POLICE INVESTIGATION REQUEST
[Authorized by MCL 436.1201(4)]

To: TROY POLICE DEPARTMENT
CHIEF OF POLICE
500 WEST BIG BEAVER ROAD
TROY, MI 48084-5285

Date: March 8, 2005
REF#: 280550

Chief Law Enforcement Officer

Applicant:

MORTON'S OF CHICAGO/TROY, LLC (A DELAWARE LIMITED LIABILITY COMPANY) REQUESTS TO TRANSFER OWNERSHIP OF 2004 CLASS C LICENSED BUSINESS WITH OFFICIAL PERMIT (FOOD), LOCATED IN ESCROW AT 25938 MIDDLEBELT, FARMINGTON HILLS, MI 48336, OAKLAND COUNTY, FROM STEARN & COMPANY, L.L.C.; TRANSFER LOCATION (GOVERNMENTAL UNIT) (MCL 436.1531) TO 888 W. BIG BEAVER, TROY, MI 48084, OAKLAND COUNTY; AND REQUESTS A NEW SDM LICENSE TO BE HELD IN CONJUNCTION.

Please make an investigation of the application. If you do not believe that the applicants are qualified for licensing, give your reasons in detail. Complete the Police Inspection Report on Liquor License Request, LC-1800, or for Detroit police, the Detroit Police Investigation of License Request, LC-1802. If there is not enough room on the front of the form, you may use the back.

Forward your report and recommendations of the applicant to the Licensing Division.

If you have any questions, contact the Licensing Division at (517) 322-1400, after 10:00 a.m.

LC-1972 Rev. 9/17
4880-1658

sfs

POLICE INSPECTION REPORT ON LICENSE OR LICENSE REQUEST

Req ID # 280550

(Authorized by MCL 436.1217)

Michigan Department of Labor & Economic Growth
MICHIGAN LIQUOR CONTROL COMMISSION
7150 Harris Drive
P.O. Box 30005
Lansing, Michigan 48909-7505

Important: Please conduct your investigation as soon as possible and complete all four sections of this report. Return the completed report and fingerprint cards to the Commission.

BUSINESS NAME AND ADDRESS: (include zip code)

MORTON'S OF CHICAGO/TROY, LLC (A DELAWARE LIMITED LIABILITY COMPANY), 888 W. BIG BEAVER, TROY, MI 48084, OAKLAND COUNTY

REQUEST FOR:

REQUEST TO TRANSFER OWNERSHIP OF 2004 CLASS C LICENSED BUSINESS (IN ESCROW) WITH OFFICIAL PERMIT (FOOD) FROM STEARN & COMPANY, L.L.C.; TRANSFER LOCATION (GOVERNMENTAL UNIT) (MCL 436.1531) FROM 25938 MIDDLEBELT, FARMINGTON HILLS, MI 48336, OAKLAND COUNTY; AND REQUEST A NEW SDM LICENSE TO BE HELD IN CONJUNCTION.

Section 1. APPLICANT INFORMATION

APPLICANT #1: **NO FINGERPRINTS REQUIRED**
MORTON'S OF CHICAGO HOLDING, INC. (A DELAWARE CORPORATION) – MEMBER

APPLICANT #2:

HOME ADDRESS AND AREA CODE/PHONE NUMBER:
350 WEST HUBBARD STREET, SUITE 610
CHICAGO, IL 60610

HOME ADDRESS AND AREA CODE/PHONE NUMBER:

DATE OF BIRTH:
If the applicant is not a U.S. Citizen:
 Does the applicant have permanent Resident Alien status?
 Yes No
 Does the applicant have a Visa? Enter status:
Date fingerprinted:

DATE OF BIRTH:
If the applicant is not a U.S. Citizen:
 Does the applicant have permanent Resident Alien status?
 Yes No
 Does the applicant have a Visa? Enter status:
Date fingerprinted:

Attach the fingerprint card and \$30.00 for each card and mail to the Michigan Liquor Control Commission.

ARREST RECORD: Felony Misdemeanor
Enter record of all arrests & convictions (attach a signed and dated report if more space is needed)

ARREST RECORD: Felony Misdemeanor
Enter record of all arrests & convictions (attach a signed and dated report if more space is needed)

Section 2. Investigation of Business and Address to be Licensed

Does applicant intend to have dancing or entertainment?
 No Yes, complete LC-693N, Police Investigation Report: Dance/Entertainment Permit

Are gas pumps on the premises or directly adjacent? No Yes, explain relationship:

Section 3. Local and State Codes and Ordinances, and General Recommendations

Will the applicant's proposed location meet all appropriate state and local building, plumbing, zoning, fire, sanitation and health laws and ordinances, if this license is granted? Yes No

If you are recommending approval subject to certain conditions, list the conditions: (attach a signed and dated report if more space is needed)

Section 4. Recommendation

From your investigation:
1. Is this applicant qualified to conduct this business if licensed? Yes No
2. Is the proposed location satisfactory for this business? Yes No
3. Should the Commission grant this request? Yes No
4. If any of the above 3 questions were answered no, state your reasons: (Attach a signed and dated report if more space is needed)

Signature (Sheriff or Chief of Police) _____ Date _____

TROY POLICE DEPARTMENT

MM 3-16-05

Michigan Department of Labor & Economic Growth
LIQUOR CONTROL COMMISSION (MLCC)
7150 Harris Drive, P.O. Box 30005 - Lansing, Michigan 48909-7505

APPLICATION FOR OFFICIAL PERMIT FOR DIFFERENCE IN HOURS OF OPERATION
(Authorized by MAC R 436.1437)

Applicant or Licensee Name: MORTON'S OF CHICAGO/TROY, LLC (A DELAWARE LIMITED LIABILITY COMPANY)

Address: _____

Type of License: _____

The Commission is requested to grant an after hours permit for: (check boxes that apply)

- Operating our restaurant for the sale of food
- Operating night league bowling, tournaments or Sunday morning bowling
- Registering golfers
- Registering Skiers
- Registering Tennis Players
- Other: _____

During the Hours of:

Weekdays _____ A.M. to _____ A.M.

Sundays 11 A.M. to 12 NOON A.M.

It is understood that customers shall not be on the licensed premises for any activity other than the requested activity.

* Licensee or Applicant Signatures: _____

LOCAL LAW ENFORCEMENT RECOMMENDATION

* To Law Enforcement Agency:

This application is for official permits allowing the after hours operations indicated above. Please enter your recommendations below and return one signed copy to the Commission. Thank you.

- Recommended. Comments: _____
- Recommended except for _____ permit.
- Not Recommended

Signature and Title _____ Date: _____

CORPORATE STRUCTURE

Morton's of Chicago/Troy LLC
(Applicant)

John T. Bettin—President/Asst. Treasurer/Asst. Secretary/Director
 Thomas J. Baldwin—Exec. VP/CFO/Treasurer/Secretary/Director
 E. Nicholas Wagner—Assistant Secretary

Morton's of Chicago Holding Inc.
(Delaware Corporation)

John T. Bettin—President/Asst. Treasurer/Asst. Secretary/Director
 Thomas J. Baldwin—Exec. VP/CFO/Treasurer/Secretary/Director
 E. Nicholas Wagner—Assistant Secretary

Morton's of Chicago, Inc.
(Illinois Corporation)

John T. Bettin—President/Asst. Treasurer/Asst. Secretary/Director
 Thomas J. Baldwin—Exec. VP/CFO/Treasurer/Secretary/Director
 E. Nicholas Wagner—Assistant Secretary

Porterhouse, Inc.
(Delaware Corporation)

Allen J. Bernstein—Chairman/Director
 Thomas J. Baldwin— Exec. VP/CFO/Treasurer/Secretary/Director

Morton's Restaurant Group, Inc.
(Delaware Corporation)

Allen J. Bernstein—CEO/President/Director
 Thomas J. Baldwin—Exec. VP/CFO/Treasurer/Secretary/Director

Morton's Holding Company, Inc.
(Delaware Corporation)

Allen J. Bernstein—CEO/President/Director
 Thomas J. Baldwin—Exec. VP/CFO/Treasurer/Secretary/Director

Morton's Holdings LLC
(Delaware LLC)

Castle Harlan Partners III, LP—65.19%
 Laurel Crown Capital, LLC:Series One-LC/Morton's—17.69%
 Allen J. Bernstein—3.48%
 Thomas J. Baldwin—0.28%
 Klaus W. Fritsch—0.11%
 David B. Pittaway—0.05%
 Employee Members—13.2% (see attached list)

Officers: Allen J. Bernstein--President/CEO/Treasurer
 Thomas J. Baldwin—Vice President/Secretary

65.19%

17.69%

Castle Harlan Partners III LP—65.19%
(Delaware LP)

GP: Castle Harlan Associates III, L.P.
 LP: See list annexed hereto

Laurel Crown Capital, LLC:Series One-LC/Morton's—17.69%
(Delaware LLC)

Laurel Crown Management LLC (Delaware LLC-Managing Member)—0.1%
 Laurence Paul (member, manager)—33-1/3%
 Stephen Paul (member, manager)—33-1/3%
 Karen Zimmer (member, manager)—33-1/3%

The Louis Berkman Company(Ohio Corporation)—99.9%
 Louis Berkman—Stockholder (61.512%)/President/Treasurer/Director
 Donna Paul—Stockholder (38.488%)
 Robert Paul—Exec. Vice President/Asst Sec./Asst. Treas/Director
 Scott Stevens—Vice President-Finance
 Linda Pirkle--Director

Castle Harlan Associates III, L.P.
(Delaware Limited Partnership)

GP: Castle Harlan Partners III, GP, Inc.
 LP: See list annexed hereto

Castle Harlan Partners III, GP, Inc.
(Delaware Corporation)

John K. Castle—Stockholder (200 sh)/Director/Chairman/CEO
 Leonard M. Harlan—Stockholder (100 sh)/Director/President
 Howard Weiss—Treasurer
 David Pittaway—Secretary

AGREEMENT REGARDING LIQUOR LICENSE REQUEST

This Agreement, made this day of April, 2005, by and between the CITY OF TROY, MICHIGAN, a municipal corporation, with offices located at 500 W. Big Beaver Road, Troy, Michigan, 48084, hereinafter known as THE CITY, and MORTON'S OF CHICAGO/TROY, LLC whose address is 888 W. Big Beaver Rd., the Applicant, hereinafter known as APPLICANT.

1. The City Council of the City of Troy, for and in consideration of the following covenants and conditions, agrees to recommend to the Michigan Liquor Control Commission Approval of the request to transfer a Class C licensed business, to be held in conjunction with a new SDM license, at 888 W. Big Beaver Rd., Troy, by MORTON'S OF CHICAGO/TROY, LLC.
2. In consideration of the City of Troy's recommendation for approval of the request, the applicant hereby agrees that:
 - (a) It has read and is aware of the provisions of City of Troy Ordinances, Chapter No. 67, Chapter No. 68 and Chapter No. 98, and agrees that it shall be deemed to have knowledge of any subsequent amendments to said Chapters which may become effective during the term of this agreement.
 - (b) It has read and is in receipt of copies of the provisions of the City of Troy, City Council Resolution No. 93-1028 regarding Entertainment Permits, and agrees that it shall be deemed to have knowledge of any subsequent amendments to the Resolution which may become effective during the term of this agreement.
 - (c) It agrees to observe and comply with all laws, statutes, ordinances, rules, regulations or resolutions of the United States government, State of Michigan, and the City of Troy, or any department or agency of the governmental entities, as well as the rules and regulations of the Michigan Liquor Control Commission as they pertain to the operation of a liquor licensed business in the City of Troy.
 - (d) It agrees to immediately require all employees who serve/sell alcohol to attend a recognized alcohol awareness program, and forward the names of each certified employee to the Troy Police Department. The alcohol awareness program must either be recognized by the Troy Police Department (i.e. TIPS,TAMS), or the program must be reviewed by the Troy Police Department to insure that the program is comparable to the recognized programs.
3. Applicant agrees that the recommendation for Approval agreed upon by the City Council is not a property right and is approved upon the express and continuing condition that no violation as set forth in paragraph 2 of this agreement shall occur.
4. Applicant agrees that the recommendation for Approval agreed upon by the City Council is approved upon the express and continuing condition that the physical characteristics (including but not limited to the inside layout, building design and engineering, seating capacity, parking space allocations, fire exits, and other physical attributes); and also the nature and type of business intended to be conducted remain virtually the same.
5. Applicant agrees that upon such violation, after full investigation and an opportunity for said applicant to be heard, upon a finding by the City Council that a violation as set forth in paragraph 2 of this agreement has occurred, the City Council shall have just cause for revocation of said recommendation for approval.


Authorized Representative

MORTON'S OF CHICAGO/TROY, LLC

Witnesses:
Marie Schilling



Subscribed and sworn to before me
this 19th day of April, 2005

Maria G. Carmona

Notary Public, Maria G. Carmona
County, DuPage
My commission expires: 6-9-2005

CITY OF TROY

By: _____
Louise Schilling, Mayor

By: _____
Tonni Bartholomew, City Clerk

Witnesses:

Subscribed and sworn to before me
this _____ day of _____, 200 _____

Notary Public, Oakland
County, Michigan
My commission expires:

A regular meeting of the Liquor Advisory Committee was held on Monday, May 9, 2005 in Conference Room D of Troy City Hall, 500 West Big Beaver Road. Chairman Max K. Ehlert called the meeting to order at 7:00 p.m.

ROLL CALL:

PRESENT: Max K. Ehlert, Chairman
W. Stan Godlewski
Patrick C. Hall
Bohdan L. Ukrainec
Carolyn Glosby, Assistant City Attorney
Captain Dane Slater
Pat Gladysz

ABSENT: Henry W. Allemon
Alex Bennett
James R. Peard

Resolution to Excuse Committee Members Allemon, Bennett, and Peard

Resolution #LC2005-05-013
Moved by Hall
Seconded by Godlewski

RESOLVED, that the absence of Committee members Allemon, Bennett, and Peard at the Liquor Advisory Committee meeting of May 9, 2005 BE EXCUSED.

Yes: 4
No: None
Absent: Allemon, Bennett, and Peard

Resolution to Approve Minutes of April 11, 2005 Meeting

Resolution #LC2005-05-014
Moved by Ukrainec
Seconded by Hall

RESOLVED, that the Minutes of the April 11, 2005 meeting of the Liquor Advisory Committee be approved.

Yes: 4
No: None
Absent: Allemon, Bennett, and Peard

Agenda Items

1. **MORTON'S OF CHICAGO/TROY, LLC (A DELAWARE LIMITED LIABILITY COMPANY)**, requests to transfer ownership of a 2004 Class C licensed business with official permit (food), located in escrow at 25938 Middlebelt, Farmington Hills, MI 48336, Oakland County, from Stearn & Company, L.L.C.; transfer location (governmental unit), (MCL 436.1531) to 888 W. Big Beaver Rd, Troy, MI 48084, Oakland County, and requests a new SDM license to be held in conjunction. [MLCC REQ ID# 280550]

Present to answer questions from the Committee were Chris Baker, attorney for Morton's of Chicago, and Gray Jackson, regional manager.

Plans have been submitted to the City to renovate and expand the existing first floor space at 888 West Big Beaver Road for Morton's Restaurant. This is an upscale steakhouse and will seat 236 patrons. They will be open daily from 5:30 p.m. to 11:00 p.m. for dinner only. They anticipate a December 2005 opening. There are 65 Morton's locations in the United States. Their managers and employees receive TIPS training as well as an in-house employee alcohol awareness instruction course. In addition, their managers attend an eight-week training session. They maintain a zero tolerance liquor compliance policy and have only received three violations nationwide in the past three years.

Resolution #LC2005-05-015
Moved by Hall
Seconded by Ukrainec

RESOLVED, that MORTON'S OF CHICAGO/TROY, LLC (A DELAWARE LIMITED LIABILITY COMPANY), be allowed to transfer ownership of a 2004 Class C licensed business with official permit (food), located in escrow at 25938 Middlebelt, Farmington Hills, MI 48336, Oakland County, from Stearn & Company, L.L.C.; transfer location (governmental unit), (MCL 436.1531) to 888 W. Big Beaver Rd, Troy, MI 48084, Oakland County, and requests a new SDM license to be held in conjunction.

Yes: 4
No: None
Absent: Allemon, Bennett, and Peard

The meeting adjourned at 7:25 p.m.

Max K. Ehlert, Chairman

Patricia A. Gladysz, Office Assistant II

(2) The fees provided in this act for the various types of licenses shall not be prorated for a portion of the effective period of the license.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998.

436.1527 Special license for nonprofit charitable organization; issuance; nontransferable; fee; auction.

Sec. 527. (1) The commission may issue a special license to a nonprofit charitable organization that is exempt from the payment of taxes under the internal revenue code for the purpose of allowing the organization to sell, at auction, wine donated to the organization.

(2) A special license issued pursuant to subsection (1) is not transferable. The organization applying for the special license shall pay the fee required under section 525(1)(r).

(3) An auction permitted under subsection (1) may occur upon premises which are otherwise licensed under this act to allow the sale of alcoholic liquor for consumption on the licensed premises.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998.

436.1529 Transfer of license or interest in license; notice of transfer of stock in licensed corporation or licensed limited partnership; investigation to ensure compliance; approval; transfer fee; inspection fee.

Sec. 529. (1) A license or an interest in a license shall not be transferred from 1 person to another without the prior approval of the commission. For purposes of this section, the transfer in the aggregate to another person during any single licensing year of more than 10% of the outstanding stock of a licensed corporation or more than 10% of the total interest in a licensed limited partnership shall be considered to be a transfer requiring the prior approval of the commission.

(2) Not later than July 1 of each year, each privately held licensed corporation and each licensed limited partnership shall notify the commission as to whether any of the shares of stock in the corporation, or interest in the limited partnership, have been transferred during the preceding licensing year. The commission may investigate the transfer of any number of shares of stock in a licensed corporation, or any amount of interest in a licensed limited partnership, for the purpose of ensuring compliance with this act and the rules promulgated under this act.

(3) Except as otherwise provided in subdivisions (a) through (f), upon approval by the commission of a transfer subject to subsection (1), there shall be paid to the commission a transfer fee equal to the fee provided in this act for the class of license being transferred. A transfer fee shall not be prorated for a portion of the effective period of the license. If a person holding more than 1 license or more than 1 interest in a license at more than 1 location, but in the name of a single legal entity, transfers all of the licenses or interests in licenses simultaneously to another single legal entity, the transfers shall be considered 1 transfer for purposes of determining a transfer fee, payable in an amount equal to the highest license fee provided in this act for any of the licenses, or interests in licenses, being transferred. A transfer fee shall not be required in regard to any of the following:

(a) The transfer, in the aggregate, of less than 50% of the outstanding shares of stock in a licensed corporation or less than 50% of the total interest in a licensed limited partnership during any licensing year.

(b) The exchange of the assets of a licensed sole proprietorship, licensed general partnership, or licensed limited partnership for all outstanding shares of stock in a corporation in which either the sole proprietor, all members of the general partnership, or all members of the limited

partnership are the only stockholders of that corporation. An exchange under this subdivision shall not be considered an application for a license for the purposes of section 501.

(c) The transfer of the interest in a licensed business of a deceased licensee, a deceased stockholder, or a deceased member of a general or limited partnership to the deceased person's spouse or children.

(d) The removal of a member of a firm, a stockholder, a member of a general partnership or limited partnership, or association of licensees from a license.

(e) The addition to a license of the spouse, son, daughter, or parent of any of the following:

(i) A licensed sole proprietor.

(ii) A stockholder in a licensed corporation.

(iii) A member of a licensed general partnership, licensed limited partnership, or other licensed association.

(f) The occurrence of any of the following events:

(i) A corporate stock split of a licensed corporation.

(ii) The issuance to a stockholder of a licensed corporation of previously unissued stock as compensation for services performed.

(iii) The redemption by a licensed corporation of its own stock.

(4) A nonrefundable inspection fee of \$70.00 shall be paid to the commission by an applicant or licensee at the time of filing any of the following:

(a) An application for a new license or permit.

(b) A request for approval of a transfer of ownership or location of a license.

(c) A request for approval to increase or decrease the size of the licensed premises, or to add a bar.

(d) A request for approval of the transfer in any licensing year of any of the shares of stock in a licensed corporation from 1 person to another, or any part of the total interest in a licensed limited partnership from 1 person to another.

(5) An inspection fee shall be returned to the person by whom it was paid if the purpose of the inspection was to inspect the physical premises of the licensee, and the inspection was not actually conducted. An inspection fee shall not be required for any of the following:

(a) The issuance or transfer of a special license, salesperson license, limited alcohol buyer license, corporate salesperson license, hospital permit, military permit, or Sunday sale of spirits permit.

(b) The issuance of a new permit, or the transfer of an existing permit, if the permit is issued or transferred simultaneously with the issuance or transfer of a license or an interest in a license.

(c) The issuance of authorized but previously unissued corporate stock to an existing stockholder of a licensed corporation.

(d) The transfer from a corporation to an existing stockholder of any of the corporation's stock that is owned by the corporation itself.

(6) All inspection fees collected under this section shall be deposited in the special fund in section 543 for carrying out of the licensing and enforcement provisions of this act.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998.

436.1531 Public licenses and resort licenses; on-premise escrowed licenses; limitations and quotas; additional licenses for certain establishments; license for certain events at public university; economic development factors; exceptions as to certain veterans and airports; special state census of local governmental unit; rules; availability of transferable licenses held in escrow; on-premise escrowed or quota license; issuance of available licenses; hotels; definitions.