

Lincoln



Nebraska's Capital City

July 18, 2001

Mayor Wesely and City Council  
City of Lincoln  
City County Building  
Lincoln, NE

Mayor Wesely and Members of the City Council:

An investigation has been made regarding the application of The Watering Hole, 1321 'O' Street. The Watering Hole is requesting an addition to their current liquor license I49599.

The area requested is the basement, which is approximately 22 x 150. The new license will read, Entire main floor of a two story building approximately 25 x 120, including basement area approximately 22 x 150.

The area requested is for additional alcohol storage.

For Council's information, the owners of the business remain the same, and background information on the owners is on file.

If this application is approved, it should be with the understanding that it conforms to all the rules and regulations of Lincoln, Lancaster County and the State of Nebraska.

THOMAS K. CASADY, Chief of Police



Police Department  
575 South 10th Street / Lincoln, Nebraska 68508 / Phone: 402-441-7204 / Fax: 402-441-8492 / Website: [www.ci.lincoln.ne.us](http://www.ci.lincoln.ne.us)

A nationally accredited law enforcement agency



# STATE OF NEBRASKA

*Russ*

*Set date: 7-23-01*  
*PH: 8-13-01*



**Mike Johanns**  
Governor

78731  
78

July 13, 2001

**NEBRASKA LIQUOR CONTROL COMMISSION**  
**Forrest D. Chapman**  
Executive Director  
301 Centennial Mall South, 5th Floor  
P.O. Box 95046  
Lincoln, Nebraska 68509-5046  
Phone (402) 471-2571  
Fax (402) 471-2814  
TRS USER 800 833-7352 (TTY)

City Clerk of Lincoln  
City/County Building  
555 S 10 Street  
Lincoln, NE 68508

RE: Addition to Premise for License I #49599

Dear City/County Clerk:

The licensee Bugeater Investments, Inc DBA The Watering Hole with license I #49599 located at 1321 O Street, Lincoln, NE 68509 (Lancaster County) has requested an addition to their current premise. The addition is for the basement, which is an area approx 22 x 150. The new description for the licensed area will be read as follows: Entire main floor of two story building approx 25 x 120, including basement area approx 22 x 150.

Please present this addition to premise request to the Council for consideration and return the results to the Nebraska Liquor Control Commission office. If you should have any questions, please feel free to give me a call at (402) 471-4881.

Sincerely,

*Jackie B. Matulka*

Jackie B. Matulka  
Licensing Division

Enclosure  
pc: file

**Rhonda R. Flower**  
Commissioner

**Bob Logsdon**  
Chairman

**R.L. (Dick) Coyne**  
Commissioner

*An Equal Opportunity/Affirmative Action Employer*

PLEASE COMPLETE AND RETURN TO:  
NE LIQUOR CONTROL COMMISSION  
PO BOX 95046  
LINCOLN, NE 68509-5046

RECEIVED

JUL 12 2001

NEBRASKA LIQUOR  
CONTROL COMMISSION

**FEE OF \$45.00 REQUIRED**

LICENSEE'S NAME: BUGEATER INVESTMENTS, INC  
TRADE NAME: THE WATERING HOLE  
PREMISE ADDRESS: 1321 O STREET  
CITY/COUNTY: LINCOLN / LANCASTER  
TELEPHONE: 402-438-3054  
LICENSE NUMBER: I#49599

**PLEASE CHECK ONE OF THE FOLLOW**

- ADDITION TO LICENSED PREMISE OR RECONSTRUCTION
- DELETION TO LICENSED PREMISE
- RECONSTRUCTION
- CHANGE OF LOCATION  
TO: \_\_\_\_\_  
FROM: \_\_\_\_\_

IN ORDER TO CLARIFY YOUR CHANGES, AN ATTACHED EXPLANATION IS ALWAYS WELCOME.

PLEASE INCLUDE A SKETCH OF THE PROPOSED AREA TO BE LICENSED. (8 1/2 x 11 PAPER - BLUEPRINTS NOT ACCEPTED)  
INDICATE THE DIMENSIONS OF THE AREA TO BE LICENSED AND THE DIRECTION 'NORTH' ON THE SKETCH.

A COPY OF A LEASE OR DEED DEMONSTRATING OWNERSHIP MUST BE SUBMITTED AT THIS TIME.


**AFFIDAVIT**

THE ABOVE REFERENCE REQUEST, AS FILED, WILL COMPLY WITH THE RULES AND REGULATIONS OF THE NEBRASKA LIQUOR CONTROL ACT.

David L. Walker McFarland  
SIGNATURE OF LICENSEE

SUBSCRIBED IN MY PRESENCE AND FIRST DULY SWORN TO BEFORE ME ON THIS 20 DAY OF June, 2001.

Carol Ann Myhal  
NOTARY PUBLIC'S SIGNATURE & SEAL

 Notary Public - State Of Nevada  
COUNTY OF CLARK  
CAROLANN MYHAL  
My Appointment Expires  
November 4, 2003  
No. 99-39119-1

FORM 35-4179



1321 "O" Street  
Lincoln, NE 68508  
July 12, 2001

NE Liquor Control Commission  
PO Box 95046  
Lincoln, NE 68509-5046

Dear Sirs:

Enclosed is an application for an addition to our licensed premises, adding an additional cooler for beer in the full basement. Also enclosed is a sketch of the basement area where the new cooler will be placed. The existing area for juice and pop storage will be moved a little to the east as shown on the drawing. The new cooler will be directly under the existing bar area on first floor & new taps will be installed.

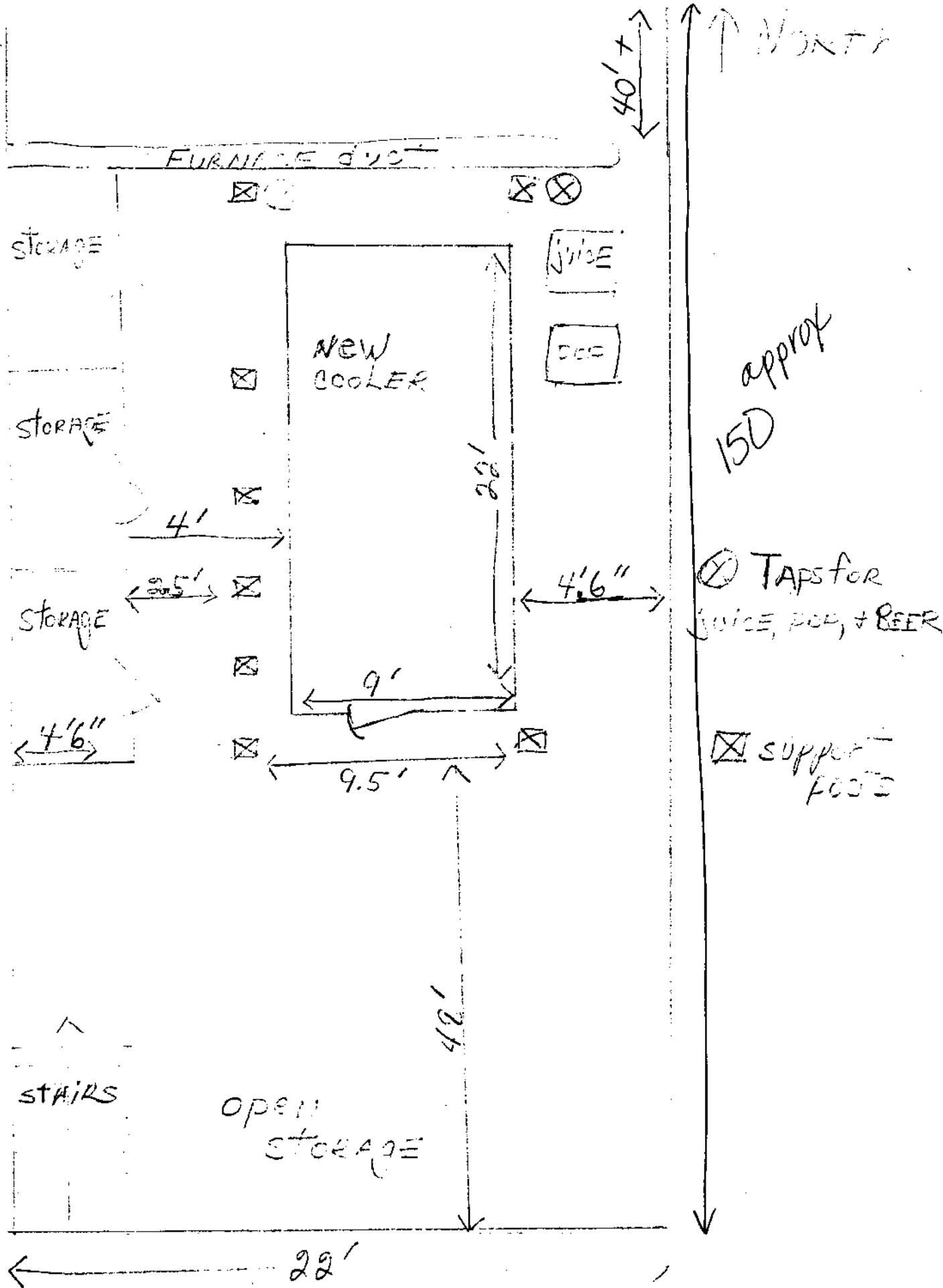
The Watering Hole has only one rather small beer cooler located between the kitchen and bar. This cooler is just not large enough to store and cool the amount of beer we sell, requiring us to have more than one delivery on busy days. The only other cooler we have is located behind the kitchen and used only for food. There is absolutely no space on the main floor where we could put a 2<sup>nd</sup> beer cooler, without losing a lot of seating area in the restaurant.

If you need any further information, please do call us. A copy of our lease is also enclosed.

Sincerely,

Evelyn M. McFarland  
Corporate Manager

Enclosures



Sketch of basement area of The Watering Hole, 1321 "O" St., request for addition to the licensed premises for additional cooler.

**GERALD M. BATLINER, CPA**  
1800 ST. JAMES ROAD  
LINCOLN, NE 68506  
(402) 489-5168

June 27, 2001

Brian McFarland  
Bugeaters Inc.  
Watering Hole  
1321 "O" St.  
Lincoln, NE 68508

Dear Brian:

The use of the basement at the above captioned address by the Watering Hole is included as part of the leased premises. Please provide me with a copy of the plans and a cost estimate regarding the installation of additional coolers. I will also want lien releases from all contactors.

Sincerely,

Jerry M. Batliner, Trustee  
Henry Kohn Trust



**REAL ESTATE LEASE**

This Lease Agreement (this "Lease") is dated October 01, 2000, by and between Henry Kohn Trust ("Landlord"), and Bugeaters Investments, Inc, a Nevada Corporation, Bryan A. McFarland and Anita K. Holdren, Husband and Wife("Tenant"). The parties agree as follows:

**PREMISES.** Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant approximately 3000 square feet (the "Premises") located at 1321 "O" ST., Lincoln, NE 68508. The Premises being a portion of the real estate legally described as:

Lots 7&8 Block 58 original plat of Lincoln, Lincoln, Lancaster County, Nebraska

**TERM.** The lease term will begin on October 01, 2000 and will terminate on September 30, 2003.

**OPTION TO RENEW.** This lease may be renewed at the expiration of the original lease term for an additional five (5) year term. Notice of tenant's intent to renew the lease term shall be in writing to the Landlord 90 days prior to the date of the expiration of the original lease term. The new lease payment shall not increase by more than 10% of the original lease payment except when the Landlord presents evidence to the Tennant that the increase in real estate taxes and property insurance increases during the original lease period are in excess of 10% of the original lease payment (\$1350). If said increases in the real estate taxes and property insurance are in excess of the aforementioned 10%, the lease payment for the renewal period shall increase by the pro-rated amount, based on square footage rented, of increase in the real estate taxes and property insurance.

**LEASE PAYMENTS.** Tenant shall pay to Landlord monthly installments of \$1,350.00, payable in advance on the first day of each month, for a total lease payment of \$48,600.00. Lease payments shall be made to the Landlord at 1800 St. James Rd., Lincoln, NE 68506, which address may be changed from time to time by the Landlord.

**POSSESSION.** Tenant shall be entitled to possession on the first day of the term of this Lease, and shall yield possession to Landlord on the last day of the term of this Lease, unless otherwise agreed by both parties in writing. At the expiration of the term, Tenant shall remove its goods and effects and peaceably yield up the Premises to Landlord in as good a condition as when delivered to Tenant, ordinary wear and tear excepted.

**USE OF PREMISES.** Tenant may use the Premises only for Bar & Restaraunt. The Premises may be used for any other purpose only with the prior written consent of Landlord, which shall not be unreasonably withheld. Tenant shall notify Landlord of any anticipated extended absence from the Premises not later than the first day of the extended absence.

**PROPERTY INSURANCE.** Landlord and Tenant shall each maintain appropriate insurance for their respective interests in the Premises and property located on the Premises. Landlord shall be named as an additional insured in such policies. Tenant shall deliver appropriate evidence to

Landlord as proof that adequate insurance is in force issued by companies reasonably satisfactory to Landlord. Landlord shall receive advance written notice from the insurer prior to any termination of such insurance policies. Tenant shall also maintain any other insurance which Landlord may reasonably require for the protection of Landlord's interest in the Premises. Tenant is responsible for maintaining casualty insurance on its own property.

**LIABILITY INSURANCE.** Tenant shall maintain liability insurance on the Premises in a total aggregate sum of at least \$1,000,000.00. Tenant shall deliver appropriate evidence to Landlord as proof that adequate insurance is in force issued by companies reasonably satisfactory to Landlord. Landlord shall receive advance written notice from the insurer prior to any termination of such insurance policies.

#### **MAINTENANCE.**

Landlord's obligations for maintenance shall include:

- the roof, outside walls, and other structural parts of the building
- the sewer, water pipes, and other matters related to plumbing
- the electrical wiring
- the air conditioning system

Tenant's obligations for maintenance shall include:

- the parking lot, driveways, and sidewalks, including snow and ice removal
- all other items of maintenance not specifically delegated to Landlord under this Lease.

**UTILITIES AND SERVICES.** Tenant shall be responsible for all utilities and services incurred in connection with the Premises.

**TAXES.** Taxes attributable to the Premises or the use of the Premises shall be allocated as follows:

**REAL ESTATE TAXES.** Landlord shall pay all real estate taxes and assessments for the Premises.

**PERSONAL TAXES.** Tenant shall pay all personal taxes and any other charges which may be levied against the Premises and which are attributable to Tenant's use of the Premises, along with all sales and/or use taxes (if any) that may be due in connection with lease payments.

**DESTRUCTION OR CONDEMNATION OF PREMISES.** If the Premises are partially destroyed by fire or other casualty to an extent that prevents the conducting of Tenant's use of the Premises in a normal manner, and if the damage is reasonably repairable within sixty days after the occurrence of the destruction, and if the cost of repair is less than \$200,000.00, Landlord shall repair the Premises and a just proportion of the lease payments shall abate during the period of the repair according to the extent to which the Premises have been rendered untenable. However, if the damage is not repairable within sixty days, or if the cost of repair is \$200,000.00 or more, or if Landlord is prevented from repairing the damage by forces beyond Landlord's



control, or if the property is condemned, this Lease shall terminate upon twenty days' written notice of such event or condition by either party and any unearned rent paid in advance by Tenant shall be apportioned and refunded to it. Tenant shall give Landlord immediate notice of any damage to the Premises.

**DEFAULTS.** Tenant shall be in default of this Lease if Tenant fails to fulfill any lease obligation or term by which Tenant is bound. Subject to any governing provisions of law to the contrary, if Tenant fails to cure any financial obligation within 15 days (or any other obligation within 30 days) after written notice of such default is provided by Landlord to Tenant, Landlord may take possession of the Premises without further notice (to the extent permitted by law), and without prejudicing Landlord's rights to damages. In the alternative, Landlord may elect to cure any default and the cost of such action shall be added to Tenant's financial obligations under this Lease. Tenant shall pay all costs, damages, and expenses (including reasonable attorney fees and expenses) suffered by Landlord by reason of Tenant's defaults. All sums of money or charges required to be paid by Tenant under this Lease shall be additional rent, whether or not such sums or charges are designated as "additional rent". The rights provided by this paragraph are cumulative in nature and are in addition to any other rights afforded by law.

**LATE PAYMENTS.** For each payment that is not paid within 15 days after its due date, Tenant shall pay a late fee equal to 15.00 % of the required payment.

**HOLDOVER.** If Tenant maintains possession of the Premises for any period after the termination of this Lease ("Holdover Period"), Tenant shall pay to Landlord lease payment(s) during the Holdover Period at a rate equal to the most recent rate preceding the Holdover Period. Such holdover shall constitute a month-to-month extension of this Lease.

**CUMULATIVE RIGHTS.** The rights of the parties under this Lease are cumulative, and shall not be construed as exclusive unless otherwise required by law.

**NON-SUFFICIENT FUNDS.** Tenant shall be charged \$25.00 for each check that is returned to Landlord for lack of sufficient funds.

**REMODELING OR STRUCTURAL IMPROVEMENTS.** Tenant shall have the obligation to conduct any construction or remodeling (at Tenant's expense) that may be required to use the Premises as specified above. Tenant may also construct such fixtures on the Premises (at Tenant's expense) that appropriately facilitate its use for such purposes. Such construction shall be undertaken and such fixtures may be erected only with the prior written consent of the Landlord which shall not be unreasonably withheld. Tenant shall not install awnings or advertisements on any part of the Premises without Landlord's prior written consent. At the end of the lease term, Tenant shall be entitled to remove (or at the request of Landlord shall remove) such fixtures, and shall restore the Premises to substantially the same condition of the Premises at the commencement of this Lease.

**ACCESS BY LANDLORD TO PREMISES.** Subject to Tenant's consent (which shall not be unreasonably withheld), Landlord shall have the right to enter the Premises to make inspections, provide necessary services, or show the unit to prospective buyers, mortgagees, tenants or workers. However, Landlord does not assume any liability for the care or supervision of the

Premises. As provided by law, in the case of an emergency, Landlord may enter the Premises without Tenant's consent. During the last three months of this Lease, or any extension of this Lease, Landlord shall be allowed to display the usual "To Let" signs and show the Premises to prospective tenants.

**INDEMNITY REGARDING USE OF PREMISES.** To the extent permitted by law, Tenant agrees to indemnify, hold harmless, and defend Landlord from and against any and all losses, claims, liabilities, and expenses, including reasonable attorney fees, if any, which Landlord may suffer or incur in connection with Tenant's possession, use or misuse of the Premises, except Landlord's act or negligence.

**DANGEROUS MATERIALS.** Tenant shall not keep or have on the Premises any article or thing of a dangerous, flammable, or explosive character that might substantially increase the danger of fire on the Premises, or that might be considered hazardous by a responsible insurance company, unless the prior written consent of Landlord is obtained and proof of adequate insurance protection is provided by Tenant to Landlord.

**COMPLIANCE WITH REGULATIONS.** Tenant shall promptly comply with all laws, ordinances, requirements and regulations of the federal, state, county, municipal and other authorities, and the fire insurance underwriters. However, Tenant shall not by this provision be required to make alterations to the exterior of the building or alterations of a structural nature.

**MECHANICS LIENS.** Neither the Tenant nor anyone claiming through the Tenant shall have the right to file mechanics liens or any other kind of lien on the Premises and the filing of this Lease constitutes notice that such liens are invalid. Further, Tenant agrees to (1) give actual advance notice to any contractors, subcontractors or suppliers of goods, labor, or services that such liens will not be valid, and (2) take whatever additional steps that are necessary in order to keep the premises free of all liens resulting from construction done by or for the Tenant.

**ASSIGNABILITY/SUBLETTING.** Tenant may not assign or sublease any interest in the Premises, nor effect a change in the majority ownership of the Tenant (from the ownership existing at the inception of this lease), nor assign, mortgage or pledge this Lease, without the prior written consent of Landlord, which shall not be unreasonably withheld. The landlord expressly agrees to the assignment of this lease by Tenant to Bernhard H. Sand after a 30 day notice of said assignment to Landlord.

**NOTICE.** Notices under this Lease shall not be deemed valid unless given or served in writing and forwarded by mail, postage prepaid, addressed as follows:

**LANDLORD:**

Henry Kohn Trust  
1800 St. James Rd.  
Lincoln, NE 68506

**TENANT:**

Bugeaters Investments, Inc  
1321 "O" Street  
Lincoln, NE 68508

**TENANT:**

Bryan A. McFarland  
210 Rice Lane  
Davis, CA 95616

**TENANT:**

Anita K. Holden  
210 Rice Lane  
Davis, CA 95616

Such addresses may be changed from time to time by either party by providing notice as set forth above. Notices mailed in accordance with the above provisions shall be deemed received on the third day after posting.

**GOVERNING LAW.** This Lease shall be construed in accordance with the laws of the State of Nebraska.


**ENTIRE AGREEMENT/AMENDMENT.** This Lease Agreement contains the entire agreement of the parties and there are no other promises, conditions, understandings or other agreements, whether oral or written, relating to the subject matter of this Lease. This Lease may be modified or amended in writing, if the writing is signed by the party obligated under the amendment.

**SEVERABILITY.** If any portion of this Lease shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Lease is invalid or unenforceable, but that by limiting such provision, it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

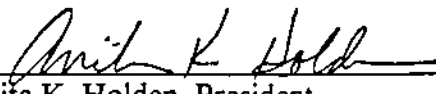
**WAIVER.** The failure of either party to enforce any provisions of this Lease shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease.

**BINDING EFFECT.** The provisions of this Lease shall be binding upon and inure to the benefit of both parties and their respective legal representatives, successors and assigns.

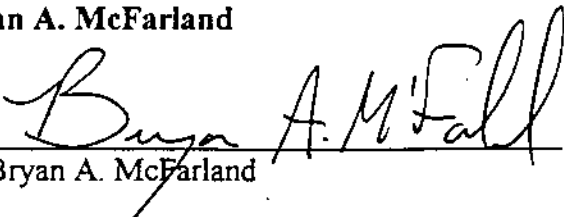
**LANDLORD:**  
Henry Kohn Trust

By:  Date: 9-18-00  
Gerald M. Batliner,  
Trustee

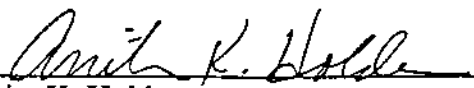
**TENANT:**  
Bugeater Investments, Inc.

By:  Date: 9/15/00  
Anita K. Holden, President

**TENANT:**  
Bryan A. McFarland

By:  Date: 9/15/00  
Bryan A. McFarland

**TENANT:**  
Anita K. Holden

By:  Date: 9/15/00  
Anita K. Holden

6

1321 "O" Street  
Lincoln, NE 68508  
July 12, 2001

NE Liquor Control Commission  
PO Box 95046  
Lincoln, NE 68509-5046

Dear Sirs:

Enclosed is an application for an addition to our licensed premises, adding an additional cooler for beer in the full basement. Also enclosed is a sketch of the basement area where the new cooler will be placed. The existing area for juice and pop storage will be moved a little to the east as shown on the drawing. The new cooler will be directly under the existing bar area on first floor & new taps will be installed.

The Watering Hole has only one rather small beer cooler located between the kitchen and bar. This cooler is just not large enough to store and cool the amount of beer we sell, requiring us to have more than one delivery on busy days. The only other cooler we have is located behind the kitchen and used only for food. There is absolutely no space on the main floor where we could put a 2<sup>nd</sup> beer cooler, without losing a lot of seating area in the restaurant.

If you need any further information, please do call us. A copy of our lease is also enclosed.

Sincerely,



Evelyn M. McFarland  
Corporate Manager

Enclosures

The use of the basement at the above captioned address by the Watering Hole is included as part of the leased premises. Please provide me with a copy of the plans and a cost estimate regarding the installation of additional coolers. I will also want lein releases

**GERALD M. BATLINER, CPA**  
1800 ST. JAMES ROAD  
LINCOLN, NE 68506  
(402) 489-5168

June 27, 2001

Brian McFarland  
Bugeaters Inc.  
Watering Hole  
1321 "O" St.  
Lincoln, NE 68508

Dear Brian:

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Sincerely,

Jerry M. Batliner, Trustee  
Henry Kohn Trust