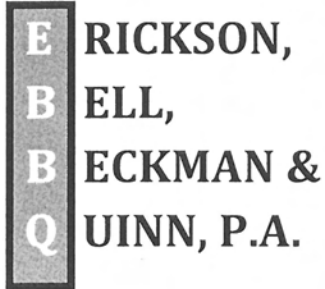


Date: 7/12/10

Item: 12.b



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James C. Erickson, Sr.
Caroline Bell Beckman
Charles R. Bartholdi
Kari L. Quinn
Mark F. Gaughan
James C. Erickson, Jr.

Robert C. Bell – *of counsel*

MEMORANDUM

TO: Mayor Klausing and Members of the City Council

FROM: Mark F. Gaughan

DATE: July 8, 2010

**RE: City of Roseville v. Ryan Twin Lakes Limited Partnership
Our File No: 1011-00190-1**

Mayor Klausing and Members of the City Council:

As you know, in August 2009 the City of Roseville initiated a lawsuit against Ryan Twin Lakes Limited Partnership and Ryan Builders, Inc. (Court File No. 62-CV-09-10379) regarding a dispute over a 1997 Development Agreement and financing plan entered into between the City and Ryan Twin Lakes Limited Partnership (“Ryan”). The agreement called for Ryan to commercially develop a portion of the Twin Lakes district (the so-called “Centre Point Project”) with financing for the project supported in large part by tax-increment financing. In essence, the litigation alleges that Ryan owes the City of Roseville a sum of \$93,574.00 under the governing contracts. In response, Ryan has alleged counterclaims against the City alleging that this sum is not due under the contracts and, in fact, the City owes unpaid sums to Ryan. (The exact amount of the purported unpaid sums have not been determined, although Ryan asserts that the figure exceeds the \$93,574.00 the City seeks from Ryan.)

On June 23, 2010, the City engaged in a court-mandated mediation with Ryan representatives. Finance Director Miller, City Manager Malinen, and myself represented the City at the mediation. A retired Hennepin County district court judge served as mediator. At a June 28, 2010, closed executive session of the Roseville City Council (held during the regular City Council meeting upon prior public notice), I presented a confidential update of the litigation and shared the results of the mediation process.

Before the Council now is a copy of a Settlement Agreement and General Release. Counsel for Ryan has approved and consented to the form of this document, as well as a Stipulation of Dismissal with Prejudice (referenced as Exhibit A to the Agreement). These documents set forth

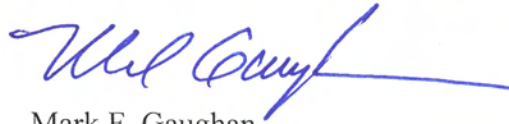
that all parties will forever cease whatever legal claims they have, or may have, against each other arising out of the Centre Point Project. Ryan will submit a lump sum payment of \$60,000.00 to the City of Roseville within seven (7) days of execution of the documents. The City will pay no money to Ryan. As is customary in such mediated settlements, the settlement implies no admission of wrongdoing on the part of either party in the face of an allegations contained in the litigation.

Should the Council approve the terms of the settlement of claims, the necessary formal copies of the documents will be available for execution by Mayor Klausing, City Manager Malinen, and our office at the conclusion of the Council meeting on Monday, July 12, 2010.

Thank you for your attention to this matter.

Sincerely,

ERICKSON, BELL, BECKMAN & QUINN, P.A.



Mark F. Gaughan

SETTLEMENT AGREEMENT AND GENERAL RELEASE

THIS AGREEMENT is made and entered into by Plaintiff City of Roseville and Defendants Ryan Twin Lakes Limited Partnership and Ryan Builders, Inc., as of the dates of signature for the parties.

WHEREAS, Plaintiff and Defendants (“Parties”) entered into certain contractual agreements in 1997 involving the development of certain property within the City of Roseville and the financing thereof;

WHEREAS, Plaintiff has asserted certain claims against Defendants arising out of said contractual relationship in the form of a lawsuit captioned as *City of Roseville v. Ryan Twin Lakes Limited Partnership and Ryan Builders, Inc.*, State of Minnesota, Ramsey County, Court File No. 62-CV-09-10379;

WHEREAS, Defendants deny Plaintiff’s claims and deny they are liable to Plaintiff;

WHEREAS, Defendants have asserted certain counterclaims against Plaintiff in the above-recited litigation;

WHEREAS, Plaintiff and Defendants desire to fully compromise and settle all existing and potential disputes the parties may have and to avoid the expense and uncertainty of further litigation;

NOW THEREFORE, in consideration of the promises and covenants hereinafter contained, and intending to be legally bound hereby, Plaintiff and Defendants agree as follows:

1. Settlement Amount. In consideration for and full settlement of all claims any party may have against any other party, and in order to avoid the uncertainties and costs of further litigation, Defendants will pay and deliver to Plaintiff Sixty Thousand and No/100 Dollars (\$60,000.00) within seven (7) days of the execution of this agreement by a draft check made payable to “City of Roseville.” Plaintiff will make no monetary payment whatsoever to Defendants.

2. Release of Claims. The measure of payments made pursuant to this Agreement will compensate all parties for and extinguish all claims they have had or may have against any other party as further set forth below:

(a) General Release. In exchange for the above-described consideration, the sufficiency of which is hereby acknowledged, the parties, as well as their affiliates, heirs, assigns, executors, administrators and agents, hereby release and discharge all other parties as well as all current and former affiliates, shareholders, partners, members, employees, directors, executors, administrators, agents, insurers, heirs and assigns from any and all claims, demands, damages, actions, attorneys’ fees, losses, causes of action or suits of any kind or nature, known or unknown, which exist to date, arising out of or relating in any way to the parties’ contractual relationship as described and contained within the above-recited litigation,

including, but not limited to any federal, state, city, or local laws, rules, regulations and/or guidelines, constitutions, ordinances, public policy, contract or tort laws, or any other claim for alleged breach of contract, defamation, discrimination, any claim arising under the common law, or any other action, in law or in equity or otherwise, based upon any action or inaction occurring up to and including the date of the complete execution of this Settlement Agreement and Release. The parties hereby agree that the Release set forth in this paragraph is a general release and waive and assume the risk of any and all claims for damages which exist as of this date but of which they do not know, whether through ignorance, error, oversight, negligence, or otherwise, and which, if known, would materially affect their decision to enter this Release.

(b) Dismissal of Pending Action. The parties intend as part of this Settlement Agreement and General Release to dismiss their pending action against each other, with prejudice, each party to bear its own costs, disbursements, and attorneys' fees. The parties agree not to institute any further claim against each other for damages or losses of any kind or nature arising out of conduct alleged in the above-recited litigation or relating to their contractual relationship described therein, by lawsuit, by charge, or otherwise. Counsel for Plaintiff and Defendants shall execute a Stipulation of Dismissal in the form attached hereto as Exhibit A after Defendants have made all payments to Plaintiff as set forth in paragraph 1 above.

3. Governing Law and Interpretation. This Settlement Agreement and General Release represents the complete understanding of the parties and shall be interpreted in accordance with the laws of the State of Minnesota without regard to its conflict of laws provision. Should any provision of this Settlement Agreement and General Release be declared illegal or unenforceable by any court of competent jurisdiction and cannot be modified to be enforceable, excluding the general release language, such provision shall immediately become null and void, leaving the remainder of this Settlement Agreement and General Release in full force and effect. However, if any portion of the general release language were ruled to be unenforceable for any reason, Plaintiff shall return the consideration paid hereunder to the Defendants.

4. Nonadmission of Wrongdoing. The parties acknowledge that neither this Settlement Agreement and General Release nor the furnishing of the consideration for this Release shall be deemed or construed at any time for any purpose as an admission by any party of any liability or unlawful conduct of any kind.

5. Amendment. This Settlement Agreement and General Release may not be modified, altered or changed except upon express written consent of all Parties wherein specific reference is made to this Settlement Agreement and General Release.

6. Representation of the Parties. The parties specifically acknowledge that they have retained and consulted with legal counsel throughout the above-recited litigation and the negotiation upon which this Settlement Agreement and General Release is created.

FOR THE CITY OF ROSEVILLE:

Dated: _____, 2010.

Craig D. Klausning
Mayor

Dated: _____, 2010.

William J. Malinen
City Manager

AS TO FORM:

Dated: _____, 2010.

Mark F. Gaughan (320729)
City Attorney
Erickson, Bell, Beckman & Quinn, P.A.
110 Rosedale Tower
1700 West Highway 36
Roseville, MN 55113
(651) 223-4999

FOR RYAN TWIN LAKES LIMITED PARTNERSHIP:

Dated: _____, 2010.

Its:

AS TO FORM:

Dated: _____, 2010.

Corey J. Ayling (_____)
McGrann Shea Carnival Straughn & Lamb,
Chtd.
2600 U.S. Bancorp Center
800 Nicollet Mall
Minneapolis, MN 55402
(612) 338-2525

*ATTORNEYS FOR DEFENDANT
RYAN TWIN LAKES L.P.*

FOR RYAN BUILDERS, INC.:

Dated: _____, 2010.

Its:

AS TO FORM:

Dated: _____, 2010.

Corey J. Ayling (_____)
McGrann Shea Carnival Straughn & Lamb,
Chtd.
2600 U.S. Bancorp Center
800 Nicollet Mall
Minneapolis, MN 55402
(612) 338-2525

*ATTORNEYS FOR DEFENDANT
RYAN BUILDERS, INC.*