

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF DAKOTA

FIRST JUDICIAL DISTRICT

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Court File No. 19HA-CV-18-2021

Town of Waterford, a duly organized  
Minnesota Township,

Plaintiff,

vs.

**ORDER FOR SUMMARY JUDGMENT,  
JUDGMENT AND MEMORANDUM**

City of Northfield, a Municipal  
Corporation,

Defendant.

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The above-entitled matter came before the Honorable Arlene M. Asencio Perkkio, Judge of District Court, for motion hearing on September 20, 2018, at the Dakota County Judicial Center in Hastings, Minnesota. Plaintiff was represented by Michael C. Couri of Couri & Ruppe, P.L.L.P. Defendant was represented by Robert Scott of Flaherty & Hood, P.A. This matter is before the Court on Plaintiff's motion for partial summary judgment and Defendant's motion for judgment on the pleadings or, alternatively, summary judgment. Now, therefore, based upon the Complaint and documents referenced therein and attached thereto, together with the arguments of counsel, the Court makes the following:

**ORDER**

1. Defendant City of Northfield's motion for summary judgment is **GRANTED**.
2. Plaintiff Waterford Township's Complaint is **DISMISSED WITH PREJUDICE**.
3. The 1980 Joint Resolution for Orderly Annexation between the parties that is the subject of this action is hereby declared to be of no further or continuing legal force or effect.
4. Defendant City of Northfield is awarded its reasonable costs and disbursements.
5. All other motions not addressed herein are **DENIED**.

6. The attached Memorandum is incorporated by reference herein.

**LET JUDGMENT BE ENTERED ACCORDINGLY.**

**BY THE COURT:**

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**Arlene M. Asencio Perkkio  
Judge of District Court**

## MEMORANDUM

“The district court’s function on a motion for summary judgment is not to decide issues of fact, but solely to determine whether genuine factual issues exist.” *DLH, Inc. v. Russ*, 566 N.W.2d 60, 70 (Minn. 1997). Accordingly, a district court should not make factual findings or weigh evidence relevant to disputed facts in deciding a summary-judgment motion. *Id.*; *see also Hoyt Props., Inc. v. Prod. Res. Group, L.L.C.*, 736 N.W.2d 313, 320 (Minn.2007) (“Weighing the evidence and assessing credibility on summary judgment is error.”). Nevertheless, given the unique issues in this case and the paucity of apposite law, the Court believes it is appropriate to make this Memorandum to clarify the basis of the Court’s decision. *See Gresser v. Hotzler*, 604 N.W.2d 379, 383 (Minn. Ct. App. 2000) (“[a] district court’s listing of uncontroverted facts for explanatory purposes [on a summary judgment motion] is permissible even though the findings are not accorded the deference an appellate court is required to give findings made [in actions tried without a jury]”); *Steinbilber v. Prairie Pine Mut. Ins. Co.*, 533 N.W.2d 92, 93 at fn. 1 (Minn. Ct. App. 1995) (noting “district courts commonly include an attached memorandum with a summary judgment order... [as w]ithout that memorandum, a reviewing court is left to speculate as to the district court’s reasoning”).

### I. Undisputed Material Facts

On April 21, 1980, Plaintiff Waterford Township (hereinafter “Waterford”) and Defendant City of Northfield (hereinafter “Northfield”) entered into a contract titled “Joint Resolution to be Presented to the Minnesota Municipal Board as to the Orderly Annexation by the City of Northfield and Township of Waterford” (hereinafter “Joint Resolution”). (Compl., ¶ 5 and Amended Ex. A<sup>1</sup>.) Pursuant to the terms of the Joint Resolution, Waterford agreed to the orderly annexation of 20 acres of property (the “Sheldahl property”) from Waterford into Northfield. (Compl., ¶ 6 and

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<sup>1</sup> On November 12, 2018, Waterford filed amended Exhibits A and H after being notified by the Court that the originals attached to the Complaint were missing one or more pages due to a scanning error.

Amended Ex. A, ¶ I.) In exchange, Northfield agreed to annually share with Waterford set proportions of tax revenues received from the Sheldahl property pursuant to Section III(c) of the Joint Resolution, which states:

III. In the annexation within the orderly annexation area the parties agree to the following division of financial obligations:

(c) It is the intent of both the parties to provide payment of \$675 to Waterford Township or a variable amount set forth in the following paragraph:

The City of Northfield will reimburse the Township of Waterford on an amount based on a mill rate of 1.902 for twenty acres which yields an amount of \$675 per year which is agreed upon by both parties. This amount is based on the amount of taxes paid in 1980 on an adjacent piece of property. If the Waterford Township mill rate increases, then the amount that the Township will receive will be in direct proportion to the increase in the mill rate. Example: If the mill rate increases to four (4) mills then the formula for the amount paid would be 1.902 mill rate is to \$675 as four (4) mills is to x for the amount to be paid. In the event that the Minnesota Legislature fails to enact legislation which would allow Northfield to make these payments, the parties hereto agree that they will seek other methods to make these payments.

(Compl., ¶ 6 and Amended Ex. A, ¶ III(c).)

As another condition of the annexation, Northfield agreed to the restriction of future annexation set forth in the Joint Resolution at Section III(e), which provides:

The City of Northfield and Waterford Township recognize that in order for Waterford Township to survive as a township and a viable unit of government, Waterford Township must be very selective in its annexation policies. Waterford Township is in fact the smallest township adjoining the City of Northfield. The township is less than 15 sections in size. Therefore, the City of Northfield and Waterford Township agree there will be no future annexation in Waterford Township without the agreement of the City of Northfield Council and the Waterford Town Board.

(Compl., Amended Ex. A, ¶ III(e).)

On August 27, 1980, following hearing, the Minnesota Municipal Board (later succeeded by the Office of Administrative Hearings) issued Findings of Fact, Conclusions of Law, and Order

annexing the Sheldahl property from Waterford into Northfield pursuant to the Joint Resolution.<sup>2</sup> (Compl., ¶ 10 and Ex. C.)

Because there was no existing legal authority permitting tax reimbursement payments to a township pursuant to an annexation agreement, the parties sought and received special legislation authorizing such payments under Section III(c) of the Joint Resolution. (Compl., ¶ 11 and Amended Ex. A, ¶ III(c), Ex. E.) The Special Legislation provides in pertinent part:

If the City of Northfield agrees with the town of Waterford that a part of the town may be annexed to the city in an orderly annexation proceeding pursuant to Minnesota Statutes, Chapter 414, the city may agree as a condition of the annexation that it will pay an annual sum of money to the town. The sum may vary according to agreed conditions.

(Compl., Ex. E.) The Special Legislation went into effect on August 12, 1981. (Compl., ¶ 12, 13 and Exs. F, G.)

Northfield made the required tax reimbursement payments to Waterford from 1981 through 2010. (Compl., ¶ 14.)

On October 5, 2010, Northfield adopted Resolution 2010-079 titled “A Resolution by the Mayor and City Council of the City of Northfield, Minnesota Notifying Waterford Township of Expiration of 1980 Joint Resolution and Tax Reimbursement Payments.” (Compl., ¶ 15 and Amended Ex. H.) Resolution 2010-079 states Northfield’s opinion the Joint Resolution is no longer in force and effect. (Compl., ¶ 16 and Amended Ex. H.) In accordance with that opinion, Northfield ceased making tax reimbursement payments to Waterford and has made no payments since 2010. (Compl., ¶ 17.)

Waterford commenced this action asserting Northfield breached the Joint Resolution by ceasing the tax reimbursement payments where the Joint Resolution was intended to be a perpetual,

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<sup>2</sup> On January 20, 1981, the Minnesota Municipal Board issued amended Findings and Order to correct a clerical error in the legal description of the annexed property. (Compl., ¶ 10 and Ex. D.)

never-ending contract. Waterford now moves for partial summary judgment requesting an order finding Northfield in breach of the Joint Resolution.

Northfield moves for judgment on the pleadings or, alternatively, summary judgment, requesting, in part, an order declaring the Joint Resolution to be indefinite, rather than perpetual, in duration and of no further legal effect due to Northfield's proper termination of the agreement.

The threshold issue is whether the Joint Resolution is of perpetual or indefinite duration. The parties agree this issue is ripe for summary judgment. The parties further agree a determination the Joint Resolution is indefinite in duration would be dispositive of the case, as Waterford does not dispute Northfield's claim it properly terminated the agreement under those circumstances.<sup>3</sup>

## II. Analysis

Summary judgment is appropriately granted when “the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that either party is entitled to a judgment as a matter of law.” Minn. R. Civ. P. 56.03. A genuine issue of fact exists if reasonable persons might draw different conclusions based on the evidence. *DLH, Inc.*, 566 N.W.2d at 70. No genuine issue of material fact exists “when the nonmoving party presents evidence which merely creates a metaphysical doubt as to a factual issue and which is not sufficiently probative with respect to an essential element of the nonmoving party's case to permit reasonable persons to draw different conclusions.” *Id.* at 71. The party moving for summary judgment has the burden of proof, and the court must resolve all doubts and factual inferences against the moving party. *Nord v. Herreid*, 305

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<sup>3</sup> Because Waterford's concession on this issue is outside the pleadings, the Court addresses Northfield's motion under the summary-judgment standard. *See* Minn. R. Civ. P. 12.03 (“[i]f, on [a motion for judgment on the pleadings], matters outside the pleadings are presented to and not excluded by the court, the motion shall be treated as one for summary judgment”); *Heilman v. Courtney*, 906 N.W.2d 521, 524 (Minn. Ct. App. 2017) (reviewing the district court's granting judgment on the pleadings under a summary-judgment standard where the district court looked beyond the pleadings by relying on the parties' stipulated timeline).

N.W.2d 337, 339 (Minn. 1981). Summary judgment is a “blunt instrument” which should be employed “only where it is perfectly clear that no issue of fact is involved.” *Poplinski v. Gislason*, 397 N.W.2d 412, 414 (Minn. Ct. App. 1986) (quoting *Donnay v. Boulware*, 275 Minn. 37, 45, 144 N.W.2d 711, 716 (1966)), *pet. for rev. denied* (Minn. Feb. 18, 1987).

When interpreting a contract, a court examines its language to determine the parties’ intent. *Savela v. City of Duluth*, 806 N.W.2d 793, 796 (Minn. 2011). [W]hen a contractual provision is clear and unambiguous, courts should not rewrite, modify, or limit its effect by a strained construction.” *Valspar Refinish, Inc. v. Gaylord’s, Inc.*, 764 N.W.2d 359, 364–65 (Minn. 2009). Rather, unambiguous contract language is given its plain meaning. *Savela*, 806 N.W.2d at 796–97 (Minn. 2011).

A written contract “is ambiguous if it is reasonably susceptible [to] more than one interpretation based on its language alone.” *In re petitions of Zabradka*, 472 N.W.2d 153, 155 (Minn. Ct. App. 1991), *review denied* (Minn. Aug. 29, 1991) (citation omitted). Whether a contract is ambiguous or reasonably susceptible to more than one interpretation is a question of law. *Blackburn, Nickels & Smith, Inc. v. Erickson*, 366 N.W.2d 640, 643–44 (Minn. Ct. App. 1985), *review denied* (Minn. June 24, 1985).

Generally, when contract language is ambiguous, summary judgment is inappropriate, and contract interpretation becomes a question of fact for a jury. *Hickman v. SAFECO Ins. Co. of Am.*, 695 N.W.2d 365, 369 (Minn. 2005). But when the language of a contract is ambiguous as to durational terms, or where a contract is silent as to duration or termination, the court must construe it against perpetual duration. *See Glacial Plains Cooperative v. Chippewa Valley Ethanol Company, LLLP*, 912 N.W.2d 233, 236 (Minn. 2018) (“contracts of perpetual duration are disfavored as a matter of public policy; thus, while we will enforce a contract that unambiguously expresses an intent to be of perpetual duration, we construe ambiguous language regarding duration against perpetual duration”)

(citations omitted); *see also Benson Cooperative Creamery Ass'n v. First Dist. Ass'n*, 151 N.W.2d 422, 426 (Minn.1967).

Here, the Joint Resolution does not clearly and directly express intent as to its duration. The Joint Resolution contains no provision regarding when, how, or even if, it can be terminated. The only language suggesting a durational term is found in Section III(e), where it states “there will be no future annexation in Waterford” absent Waterford’s consent. Waterford asserts this language compels only one reasonable interpretation: Northfield is forever prohibited from annexing Waterford property without Waterford’s consent, and is eternally obligated to make tax reimbursement payments to Waterford. The Court disagrees, as “no future annexation” can reasonably be interpreted to mean “no future annexation during the life of this agreement” or “no future annexation forever, in perpetuity.” Hence, the Joint Resolution is ambiguous with respect to duration.

Because there is no definite duration expressed in the Joint Resolution, the Court must construe it against perpetual duration. The Joint Resolution, being indefinite in duration, is terminable by either party upon reasonable notice after passage of a reasonable amount of time. *Hayes v. Northwood Panelboard Co.*, 415 N.W.2d 687, 691 (Minn. Ct. App. 1987) (“[a] contract having no definite duration term, expressed or implied, is terminable by either party at will upon reasonable notice”) (citing *Benson Cooperative Creamery Association v. First District Association*, 276 Minn. 520, 151 N.W.2d 422, 426 (1967)); *see also Rosenberg v. Heritage Renovations, LLC*, 685 N.W.2d 320, 326 (Minn. 2004) (“Because there is no definite date in the contract or even an event from which one could reasonably determine a definite date, ... the district court could properly conclude that the lack of a specific termination date rendered the [contract] terminable at will.”).

In this case, Waterford does not dispute that Northfield provided reasonable notice after a reasonable amount of time before ceasing the tax reimbursement payments. That being the case,

Northfield cannot be held in breach of the Joint Resolution and is entitled to summary judgment dismissing Waterford's Complaint.