

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF DAKOTA

FIRST JUDICIAL DISTRICT

Coalition for Responsible Data Center Development,
Drea Doffing, Brian Haskin, Gary Johnson,
Cathy Johnson, Mark Pearson, Terrie Pearson,
Catherine Peregrino, and Jeff Schettler,

Court File No.: 19HA-CV-24-5838

Case Type: Civil Other/Misc.

Plaintiffs,

**CITY OF FARMINGTON'S
MEMORANDUM OF LAW
IN SUPPORT OF ITS MOTION
TO DISMISS IN LIEU OF AN ANSWER
PURSUANT TO MINN. R. CIV. P. 12.02**

v.

City of Farmington,

Defendant.

The Defendant City of the Farmington (“City”) submits the following memorandum of law in support of its motion in lieu of an answer to the Amended Complaint in this matter pursuant to Minn. R. Civ. P. 12.02:

INTRODUCTION

Plaintiffs’ claims in the Amended Complaint attempt to assert contract rights of Castle Rock Township (“Township”) under an Orderly Annexation Agreement (“OAA”) with the City. The Township is not a party to this case and none of the individual plaintiffs has any official role with the Township. The Township has sued the City and other parties (including MNLCO Farmington, LLC, MNLCO Farmington Two, LLC, Ind. Sch. Dist. 192, and Bryce and Carrol Olson) in a separate lawsuit asserting that the City has breached the OAA. Neither the coalition nor any of the individual plaintiffs in this case are parties or intended third-party beneficiaries to the OAA. Consequently, they have no standing to assert the rights they claim.

Plaintiffs' claims should be dismissed in their entirety without delay.

ARGUMENT

Minn. R. Civ. P. 12.02 states, in relevant part:

Every defense, in law or fact, to a claim for relief in any pleading, whether a claim, counterclaim, cross-claim, or third-party claim, shall be asserted in the responsive pleading thereto if one is required, except that the following defenses may at the option of the pleader be made by motion:

(a) lack of jurisdiction over the subject matter;

...

A motion making any of these defenses shall be made before pleading if a further pleading is permitted. No defense or objection is waived by being joined with one or more defenses or objections in a responsive pleading or motion.

The City brings this motion under Minn. R. Civ. P. 12.02(a) to dismiss Plaintiffs' Amended Complaint in lieu of an answer because Plaintiffs do not have standing in this matter to assert rights that belong to the Township.

Plaintiffs' claims are based entirely on the allegation that the City has breached the OAA. Count I claims a breach of that contract. See Amended Complaint, pp. 9-10. Count II seeks declaratory judgment that the City violated the OAA when it rezoned the subject property¹ without the Township's consent. Id., pp. 10-11. Count III addresses judicial review of zoning decisions, again solely in reference to the requirements of the OAA. Id., p. 11. Plaintiffs are not parties to the contract they seek to enforce, which runs between the City and the Township. As noted above, the Township has commenced a separately lawsuit. However, Plaintiffs claim that they are intended

¹ To be clear, the allegations refer to real property in which none of the individual defendants or the coalition claim any ownership or other legal interest.

third party beneficiaries under the OAA as residents of the City or of the Township. See Amended Complaint, ¶ 46.

A party must have a sufficient stake in a justiciable controversy to seek relief from a court. Sierra Club v. Morton, 405 U.S. 727, 731–32 (1972). Standing is a jurisdictional doctrine. In re Custody of D.T.R., 796 N.W.2d 509, 512 (Minn. 2011). Minnesota law requires that a party have standing before a court can exercise jurisdiction. Id. at 513. Standing to bring an action can be conferred in two ways: either plaintiffs have suffered some “injury-in-fact” or they are the beneficiary of some legislative enactment granting standing. Enright v. Lehmann, 735 N.W.2d 326, 329 (Minn. 2007). To demonstrate an injury-in-fact, the plaintiff must show “a concrete and particularized invasion of a legally protected interest.” In re Custody of D.T.R., 796 N.W.2d at 513 (citing Lujan v. Defenders of Wildlife, 504 U.S. 555, 560 (1992)).

Generally, one who is not a party to a contract has no rights under the contract, but a third party “may enforce a promise made for his benefit even though he is a stranger both to the contract and the consideration.” N. Nat'l Bank of Bemidji v. N. Minn. Nat'l Bank of Duluth, 70 N.W.2d 118, 123 (Minn. 1955). “[T]he contractual right which third-party beneficiaries acquire under the doctrine is to enforce a promise made for their benefit which they otherwise would not be able to enforce.” Id. Minnesota courts have adopted the Restatement (Second) of Contracts § 302 (1981) to determine whether a beneficiary of a promise is an intended beneficiary with legal rights under a contract or merely an incidental beneficiary with no legal rights. See Caldas v. Affordable Granite & Stone, Inc., 820 N.W.2d 826, 832 (Minn. 2012) (superseded by statute on other grounds as explained in Hall v. City of Plainview, 954 N.W.2d 254, 270-71 (Minn. 2021)).

To determine whether there is an intent to benefit a third party in a government contract, courts look at whether the contract provides a remedy for enforcement of the promise by the third

party. Caldas, 820 N.W.2d at 832-33 (citing 9 J. Murray, Corbin on Contracts § 45.6 (rev. ed. 2007)). Courts recognize the general proposition that residents are not intended third-party beneficiaries to government contracts despite the fact that such contracts are usually intended to benefit the public in some way. Caldas, 820 N.W.2d at 834 (citing Speleos v. BAC Home Loans Serv., L.P., 755 F. Supp.2d 304, 310 (D. Mass. 2010)). Because complications would arise from private enforcement of government contracts by members of the general public, courts require a showing that the parties clearly intended that third parties be permitted to enforce the contract. Caldas, 820 N.W.2d at 834 (citing Edwards v. Aurora Loan Servs., LLC, 791 F. Supp.2d 144, 151 (D.D.C. 2011)).

The OAA here contains no such provision. The OAA reflects the desires of the City and the Town and sets forth the process they intend to follow, how expenses will be managed, and how tax revenues will be shared. Aff. of Justin L. Templin, February 14, 2025, Ex. A. The OAA contains dispute resolution processes including negotiation, mediation, and adjudication. Id. The OAA calls for an annual meeting, specifies how changes can be made to its terms, and includes a merger clause. Id. Nothing in the OAA mentions or suggests any right of enforcement by individual residents of either entity. There is no provision in the OAA that shows the parties “clearly intended that third parties be permitted to enforce the contract.” Caldas, 820 N.W.2d at 834. Without such a provision, Plaintiffs are merely incidental beneficiaries to the OAA with no legal rights to enforce its terms.

Plaintiffs’ claims should be dismissed.

CONCLUSION

Plaintiffs’ claims rely entirely on the idea that they are intended third-party beneficiaries to the OAA between the City and the Town. But under the unambiguous terms of the OAA and clear

Minnesota law, they are not. Thus, Plaintiffs lack standing and their claims should be dismissed without further proceedings.

ACKNOWLEDGEMENT

The undersigned counsel, as attorney for the City of Farmington, acknowledges that sanctions may be imposed under Minn. Stat. § 549.211.

Dated: February 14, 2025

/s/ Justin L. Templin

Justin L. Templin (#0305807)

Niklaus M. Svendsen (#0504497)

HOFF BARRY, P.A.

100 Prairie Center Drive, Suite 200

Eden Prairie, MN 55344

952.746.2700

jtemplin@hoffbarry.com

nsvendsen@hoffbarry.com

Attorneys for the City of Farmington