



**League of Minnesota Cities  
Insurance Trust**

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June 8, 2007

Chuck Bethel  
Labor Relations Attorney  
City of Maplewood  
1830 East County Road B  
Maplewood, MN 55109

Dear Mr. Bethel:

This is a follow-up to the correspondence from Mr. Kantrud dated May 30, 2007, and from yourself dated June 1 and June 8, all relating to the renewal of coverage for the City of Maplewood for the coming year.

It is extremely important to understand that LMCIT views Maplewood as a city in which the risk of future liability claims is significantly greater than in the typical LMCIT member city. As indicated in our earlier correspondence, that evaluation is based on several factors: the unusual number of liability claims the city has experienced in the past year; the specific nature of those claims, and the actions and decisions by city officials which led up to those claims; and the generally contentious atmosphere in Maplewood both among city officials and among some members of the public.

Based on the comments in the May 30 and June 1 letters, it appears that city officials may not fully understand LMCIT's concerns and the reasons for those concerns. Perhaps reviewing one example – and I would stress that this is just one example – will make it more clear.

A series of liability claims arose from the city's reorganization activities in 2006. Those claims might very well have been defensible but for some specific actions and comments by city officials. These include publishing a budget document that explicitly linked the reorganization to unionization activities; and comments by council members in the press regarding the job performance of the individuals involved. Those actions and comments unfortunately created grounds upon which the terminated employees would be able to allege and to argue to a jury that the reorganization was a pretext to terminate specific employees for other reasons unrelated to reorganization.

Because of that, it was necessary to pursue a negotiated settlement of those claims rather than risk a trial. Two of those claims have been settled, for a total of \$93,250 in damages. The third has not yet settled, though we're hopeful that it may be settled shortly. I believe that you are aware of the dollar amounts that were discussed for possible settlement of that claim during the recent mediation session. In addition, the legal costs on these claims will add at least another \$150,000 to \$200,000 in costs.

In light of this situation, it is both surprising and troubling to read in a communication from the city that "implying that the city is not following the law, cannot get along, and doesn't ask for help when it should is just not consistent with the record." As you note, it's certainly possible that litigation might have resulted from the reorganization in any event. But to put it bluntly, had city officials sought and followed the advice of legal counsel prior to taking the actions noted above, it would have been much easier to defend legal challenges arising from the reorganization; the cost to defend that challenge would have been much less than it is; and we would in all likelihood not be faced with paying out the very substantial dollar amounts we're now looking at to resolve the resulting claims.

It is equally surprising and troubling to read that the city's legal counsel "[doesn't] see how the current claims are or can be tied to the LMCIT's concerns." It is similarly surprising to see the reorganization characterized as a situation in which the city sought and followed good legal advice – with no apparent recognition of how the city officials' actions and comments affected the defensibility of those claims.

In short, the May 30 and June 1 correspondence create the impression that the Maplewood city officials do not recognize the problems that their actions have created. If so, that would be a very serious concern from LMCIT's standpoint.

Your follow-up letter of June 8 is certainly helpful in providing some reassurance on this point. But in light of the concerns the city's previous correspondence raises, the LMCIT Board will need to again review this situation before we can offer renewal coverage to the City of Maplewood. Based on the assurances in your June 8 letter, the staff recommendation will be that the city be offered a renewal on the terms outlined in Mr. Wozniak's May 14 letter. However, I will stress that I cannot guarantee that the Board will agree to do so, or that more restrictive terms and conditions will not be required, or even that any renewal at all will be offered.

Finally, let me reiterate that LMCIT is committed to providing whatever help we can to the city to address these issues and to reduce the city's risks. But to do so, there also needs to be a recognition of the issues and a commitment to addressing them on the city's side as well.

Sincerely,

Peter Tritz  
LMCIT Administrator