



Council Agenda Item 25-0408R

MEETING DATE: May 12, 2025

SUBJECT/TITLE: RESOLUTION APPROVING SETTLEMENT IN THE MATTER OF ANDREW HABHEGGER AND KELSEY HABHEGGER V. CITY OF DULUTH, IN THE AMOUNT OF \$33,000.00 PURSUANT TO THE TERMS OF THE SETTLEMENT AGREEMENT.

SUBMITTED BY: City Attorney's Office

RECOMMENDATION: Approve.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION: N/A

PREVIOUS COUNCIL ACTION: N/A

BACKGROUND: Plaintiffs sued the City of Duluth in United States District Court for the District of Minnesota, alleging the City violated two Bankruptcy court orders and invaded Plaintiffs' privacy related to their Chapter 7 Bankruptcy case. Plaintiffs' claims included a request for damages and attorneys fees. The City denied all liability. The Parties, in order to avoid the costs, burdens, and uncertainties of litigation, negotiated a settlement concerning the lawsuit and any potential future action arising from the facts and circumstances alleged in the lawsuit. Under the terms of the settlement, the Plaintiffs agree to dismiss the lawsuit with prejudice in exchange for payment of \$33,000.00 total plus forgiveness of their current arrears for their active utility account with Comfort Systems. A portion of this settlement will cover Plaintiffs' attorneys' fees. There is no admission of liability or wrongdoing by any Party, and all Parties understand that this settlement is a mutual agreement to resolve a doubtful and disputed claim.

BUDGET/FISCAL IMPACT: \$33,000.00 from the Self-Insured Liability Fund; to be repaid from Enterprise Fund.

OPTIONS: N/A

NECESSARY ACTION: Approve settlement Agreement

ATTACHMENTS: Exhibit 1, Settlement Agreement