



2004 to December 8, 2005 for the purposes of assisting the City in its negotiations with Hennepin Theatre Trust, Hennepin Theatre Group, and Clear Channel Entertainment for operation, booking and disposition of the Orpheum, State and Pantages Theatres. The Agreement contains standard conflict of interest language that “the firm shall not represent any current or future clients in any matter if such representation is or may be adverse to the City ...”

In April, the City Council approved a term sheet which will guide the creation of a lease-and -option -to -buy for the three Theatres on Hennepin Avenue as well as the refunding and reissuance of certain bonds secured by the Theatres. Those transactions are currently expected to close in September and October of this year.

One of the Theatres which the City owns and intends to lease is the Pantages. The Pantages is part of a larger building complex (the “Property”) which includes the Stimson Building. The Property has a single legal description. The City has filed an Application for Land Registration with Hennepin County District Court with the intention of creating separate Torrens titles for the Pantages and Stimson Building.

As part of this application to the District Court, the City named various parties who have one interest or another in the property, including F-Troop, LLC, a Minnesota limited liability company. That company apparently owns a vendee’s interest in the land and buildings directly behind the Pantages and Stimson Building, including the establishment known as First Avenue.

L. J. Rotman of the Firm has represented F-Troop, LLC, for many years. Attempts to negotiate a resolution of F-Troop’s interest in the Application for Land Registration have not been successful. The principal claim of dispute in the Application between the City and F-Troop, LLC is the ownership status of the back wall of the Stimson Building and the Pantages Theatre. If Mr. Rotman of the Firm files an Answer and Counterclaim with respect to the City’s Application, this will create a conflict of interest between the Firm and the City. The Firm could continue to represent the City only if the City grants a waiver under the Rules of Professional Responsibility and the City’s legal services agreement. Alternatively, the Firm could avoid this conflict of interest by having another law firm represent F-Troop, LLC in the Application for Land Registration. This approach has been frequently used by other law firms that perform contractual legal services for the City.

Mr. Barrett, on behalf of his Firm, is asking the City Council to waive the conflict of interest. Mr. Barrett believes that the resolution of the disputed title, on the one hand, and the proposal to lease the properties and refund the bonds on the other, are different matters and that the City can complete the Lease and bond refunding and reissuance even as the legal dispute with respect to the Property continues. Mr. Barret would agree to take not part in the litigation over the property and would not share any privileged details of his representation of the City with respect to the Theatres with anyone in his Firm. Mr. Barrett has concluded that the representation by the Firm of F-Troop, LLC would not adversely affect his relationship with the City and that the Firm’s representation of the City would not be adversely affected if the waiver were granted.

The City Attorney’s Office recommends that the City Council not waive the conflict of interest. The Firm, on behalf of F-Troop, LLC, will be taking a position directly adverse to the City under the Rules of Professional Responsibility and its Agreement with the City. This recommendation is in conformity with past City practices and policy when directly adverse conflict situations have arisen.