

*This opinion is nonprecedential except as provided by
Minn. R. Civ. App. P. 136.01, subd. 1(c).*

**STATE OF MINNESOTA
IN COURT OF APPEALS
A22-1384**

Sawmill Golf Club, Inc.,
Appellant,

vs.

Bruce A. Ramsden, et al.,
Respondents.

Filed May 22, 2023
Affirmed; motion to correct clerical errors granted and motion to strike denied
Bjorkman, Judge

Washington County District Court
File No. 82-CV-19-6199

Mark W. Vyvyan, Melissa R. Hodge, Fredrikson & Byron, P.A., Minneapolis, Minnesota
(for appellant)

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Considered and decided by Frisch, Presiding Judge; Bjorkman, Judge; and Jesson,
Judge.

NONPRECEDENTIAL OPINION

BJORKMAN, Judge

Appellant challenges the denial, following a court trial, of its claims that respondents breached a duty to negotiate in good faith the terms to purchase land that it leases from respondents. Appellant argues that respondents owed a good-faith duty under

the contract between the parties and the common law and that the district court erred by determining that respondents did not breach that duty. We affirm.

FACTS

Respondents Bruce and Barbara Ramsden, a married couple in their 80s, own land in Washington County, including a five-acre parcel where their home is situated (the home parcel) and a much larger parcel that appellant Sawmill Golf Club, Inc. has leased from the Ramsdens since 2001 for purposes of operating an 18-hole golf course (the leased property). In relevant part, the lease provides that if the Ramsdens elect to sell the leased property or the home parcel, or both, Sawmill has the exclusive right to purchase the land for “fair market value” in a cash sale. If Sawmill exercises that right, the lease requires Sawmill and the Ramsdens to “meet and negotiate in good faith in an effort to agree upon the fair market value” of the land to be sold. If they “are unable to agree upon the fair market value” within 60 days, either party may request an appraisal.

In May 2008, the parties executed an addendum to the lease. It explains that the lease grants Sawmill the “exclusive right to purchase” the Ramsdens’ property and provides the “mechanism for determining the price” but does not specify a timeline for such a sale or require the Ramsdens to sell. The addendum changes that, granting Sawmill “an option to purchase the property at any time after 12/31/2013,” with the purchase option extending to “both the leased land and the . . . home parcel and corresponding outlots.” And the addendum changes the nature of the transaction from a cash sale to a contract for deed, providing: “Terms and Conditions for the Contract for Deed will be determined by the Ramsdens at the time of sale.”

In October 2018, Sawmill told the Ramsdens that it was electing to purchase “the property.” The parties discussed terms of a sale. Sawmill offered to purchase the leased property for approximately \$1,600,000, which the Ramsdens rejected. Neither party obtained an appraisal at that time. The parties also disagreed about whether the sale would include the home parcel, the length of the contract for deed, the interest rate, and other terms. In particular, the Ramsdens requested payment in the form of monthly installments for the rest of their lives plus six months, which Sawmill rejected on the ground that it could lead to Sawmill paying “more than the value of the land.”

In December 2019, Sawmill initiated this action, alleging that the Ramsdens breached the lease and addendum “by their failure to negotiate in good faith and offer the sale of the Property based on the fair market value.” Sawmill sought (1) specific performance of the lease and addendum in the form of an order requiring the Ramsdens to consult with an appraiser and “negotiat[e] in good faith” an offer to sell the property, and (2) money damages for delay.¹ Over the next year, while the litigation proceeded, the parties continued negotiating the terms of a sale and both retained appraisers to value the leased property and the home parcel. At some point, the parties agreed to a purchase price of \$1,600,000 for the leased property but never memorialized the agreement in writing. Sawmill continued to reject the Ramsdens’ other sale terms and conditions.

¹ The Ramsdens asserted counterclaims, which the district court denied. They filed a notice of related appeal challenging that decision but later agreed to dismiss those claims. We then dismissed the related appeal.

Over the course of a three-day trial in October 2021, the parties presented evidence of their disagreements regarding appraisal obligations, sale price, and other terms of a contract for deed. In particular, Sawmill’s president testified to concerns that the Ramsdens’ insistence on monthly payments for their lifetimes plus six months would affect the purchase price; Bruce Ramsden testified that the requested term was merely a means of ensuring consistent income for their lifetimes—as the lease arrangement did—and that payments would cease if Sawmill paid the full price before their deaths. He emphasized that such an outcome is unlikely given the Ramsdens’ advanced age.

The district court dismissed Sawmill’s claims, reasoning that the addendum grants the Ramsdens the exclusive right to “set the terms and conditions of the sale” and Sawmill failed to establish that they breached the lease or addendum by failing to “negotiate in good faith.” Sawmill moved for amended findings, particularly urging the district court to amend its decision to “find that the Ramsdens breached their common law duty of good faith and fair dealing” in negotiating the terms and conditions of the sale. The district court denied the motion.

Sawmill appeals.

DECISION

I. The Ramsdens have an express contractual duty to negotiate fair market value in good faith but no such duty with respect to other terms and conditions of the sale.

Contract interpretation presents a question of law, which we review de novo. *Glacier Park Iron Ore Props., LLC v. U.S. Steel Corp.*, 961 N.W.2d 766, 769 (Minn. 2021). The purpose of contract interpretation is to enforce the parties’ intent. *Travertine Corp. v.*

Lexington-Silverwood, 683 N.W.2d 267, 271 (Minn. 2004). To discern that intent, we look to the language of the contract as a whole, harmonizing all of its clauses, *Trebelhorn v. Agrawal*, 905 N.W.2d 237, 242 (Minn. App. 2017), and “giv[ing] all of its provisions meaning,” *Minn. Jud. Branch v. Teamsters Loc. 320*, 971 N.W.2d 82, 88 (Minn. App. 2022) (quotation omitted). When the parties modify the contract, the resulting contract consists of the new terms and all old terms not changed by the new ones. *Knight v. McGinity*, 868 N.W.2d 298, 301 (Minn. App. 2015). If the language of the whole contract is unambiguous, “the plain and ordinary meaning of the contract language controls.” *Linn v. BCBSM, Inc.*, 905 N.W.2d 497, 504 (Minn. 2018) (quotation omitted).

The parties’ contract consists of the addendum and all portions of the lease not changed by the addendum.² The only reference to good faith appears in the lease, which provides that, in the event of a sale, the parties “shall meet and negotiate in good faith in an effort to agree upon the fair market value” of the land to be sold. The addendum does not expressly reiterate this good-faith language but recognizes that the lease provides the “mechanism for determining the price.” And because the addendum replaces the lease’s cash-sale terms with a contract for deed, it adds: “Terms and Conditions for the Contract for Deed will be determined by the Ramsdens at the time of sale.”

The parties dispute the scope of the Ramsdens’ good-faith duty under these provisions. Sawmill construes the lease language broadly as imposing a duty to conduct all sale negotiations in “mutual good faith” and, by extension, an obligation to determine

² The parties litigated the enforceability of the addendum but do not challenge the district court’s determination that it is an enforceable modification of the parties’ contract.

all terms and conditions of a sale in good faith. The Ramsdens urge a narrower interpretation that requires good faith only in negotiating fair market value. We agree with the narrower interpretation for two reasons.

First, that interpretation best accounts for the language of the lease. It refers to a duty to negotiate in good faith in a specific context: “in an effort to agree upon the fair market value.” To read this provision as imposing a duty to conduct *all* sale negotiations in good faith would require us to ignore the reference to fair market value. Because we must give all contract terms meaning, *Minn. Jud. Branch*, 971 N.W.2d at 88, we decline to do so.

Second, the narrower interpretation best accounts for the addendum’s language. The addendum recognizes that a contract for deed will require determination of “price” and other “[t]erms and [c]onditions.” But it treats the two concepts differently. With respect to price, the addendum states that the original lease controls, meaning that the parties must negotiate fair market value in good faith and may consult an appraiser if they do not reach an agreement. With respect to other terms and conditions, the addendum provides simply that they “will be determined by the Ramsdens at the time of sale.” It requires neither good faith nor even negotiation. So even if the lease is interpreted to require the parties to conduct all sales negotiations in good faith, that requirement does not constrain the Ramsdens’ discretion in “determin[ing]” the terms and conditions of the contract for deed.

In sum, the plain language of the lease and addendum establishes that the parties have an express contractual good-faith duty with respect to a sale. But the duty applies

only to negotiation of the property's fair market value not to the determination of the other sale terms and conditions.

II. The record supports the district court's finding that the Ramsdens did not breach their duty to negotiate the property's fair market value in good faith.

"Findings of fact, whether based on oral or documentary evidence, shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge the credibility of the witnesses." Minn. R. Civ. P. 52.01. In reviewing for clear error, we do not reweigh the evidence but "view the evidence in a light favorable to the findings." *In re Civ. Commitment of Kenney*, 963 N.W.2d 214, 221 (Minn. 2021). Unless we are "left with a definite and firm conviction that a mistake has been committed," the district court's factual findings stand. *Id.*

Sawmill challenges the district court's finding that the Ramsdens did not breach their duty to negotiate in good faith. Sawmill argues that the record evidence "conclusively demonstrates" that the Ramsdens breached this duty because (1) their emails to Sawmill in October 2018 showed reluctance to sell the property, (2) they failed to obtain an appraisal before this litigation, (3) their request for payment over the rest of their lives plus six months amounted to an "indeterminate" purchase price and therefore was "unreasonable," and (4) they repeatedly changed the terms they offered to Sawmill.

The district court considered all of Sawmill's arguments as to what the evidence established and simply rejected them. It found no bad faith in the Ramsdens' lack of urgency in obtaining an appraisal because they were not required to do so and, in fact, Sawmill could have obtained an appraisal as early as December 1, 2018. The court also

found that, despite delays and disagreements, the Ramsdens did engage in negotiations as to both fair market value and other contract terms, responding to Sawmill's rejections with updated offers and ultimately agreeing to a specific purchase price. And it found that their request for payment of that price over their lifetimes may have been "undesirable" to Sawmill but was within their rights under the terms of the addendum, not indicative of bad faith. Because we discern ample record support for all of these factual determinations, we conclude the district court did not clearly err by finding that the Ramsdens did not breach a duty to negotiate in good faith.

III. The district court did not err by declining to grant Sawmill relief based on the implied covenant of good faith and fair dealing.

Under Minnesota law, every contract includes "an implied covenant of good faith and fair dealing," which prohibits one party from "unjustifiably hinder[ing]" the other's performance under the contract. *In re Hennepin Cnty. 1986 Recycling Bond Litig.*, 540 N.W.2d 494, 502 (Minn. 1995). A claim for breach of the implied good-faith covenant is an alternative to, not a subset of, a claim for breach of an express good-faith covenant, but the two claims may be based on the same underlying conduct. *Columbia Cas. Co. v. 3M Co.*, 814 N.W.2d 33, 37 (Minn. App. 2012); *see also Recycling Bond Litig.*, 540 N.W.2d at 503 (explaining that a claim for breach of the implied covenant "assumes that the parties did not expressly articulate the covenant allegedly breached").

Sawmill argues that the implied covenant constrains the Ramsdens' discretion in setting terms and conditions of the contract for deed and the district court erred by not granting it relief based on the Ramsdens' insistence on an "unreasonable" lifetime-payment

term. We disagree. Sawmill never pleaded a violation of the implied covenant. Its complaint does not reference the implied covenant or even allege that the Ramsdens were constrained in any way when determining the terms and conditions of the contract for deed. Sawmill never sought to amend its complaint to assert an implied-covenant claim. And while Sawmill referenced the implied covenant repeatedly—before, during, and after trial—it never presented an argument specific to the implied covenant. Instead, Sawmill merged its arguments about the covenant with its contract arguments; it does so again in this appeal. Even if we concluded that Sawmill stated an implied-covenant claim in district court, the record defeats it because that claim is based on the same conduct that the district court found did not establish a breach of the contractual duty to negotiate in good faith. On this record, we discern no error by the district court in declining to grant Sawmill relief based on the implied covenant.

IV. The Ramsdens’ motion to correct clerical errors is granted, but their motion to strike portions of Sawmill’s reply brief is denied.

Shortly before oral argument, the Ramsdens moved to correct two clerical errors in their brief and to strike portions of Sawmill’s reply brief. Because both errors in the Ramsdens’ brief appear to be simple editing oversights and Sawmill does not oppose the corrections, we grant the motion. But we are not persuaded to strike any of Sawmill’s reply brief. A reply brief may address “new matter” only if raised in the respondent’s brief, Minn. R. Civ. App. P. 128.02, subd. 3, and we may strike matter in a reply brief that exceeds this limitation, *Wood v. Diamonds Sports Bar & Grill, Inc.*, 654 N.W.2d 704, 707 (Minn. App. 2002), *rev. denied* (Minn. Feb. 26, 2003). The Ramsdens contend Sawmill

improperly raised new matter in its reply brief by (1) asserting that it had no duty to obtain an appraisal and there was no value in doing so, and (2) claiming that the Ramsdens opposed a sale and delayed negotiations. We disagree. Both Sawmill's opening brief and the Ramsdens' brief address the parties' right or obligation to seek an appraisal, and both address the Ramsdens' conduct during various stages of negotiations. We therefore conclude that the reply brief comports with rule 128.02 in addressing these matters and deny the motion to strike.³

Affirmed; motion to correct clerical errors granted, motion to strike denied.

³ The Ramsdens also contend Sawmill's descriptions of their conduct in the reply brief are false. But they identify no authority for striking statements in a brief on that basis. And we observe that they had ample opportunity to address claimed falsehoods during oral argument.