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January 15, 2026

Guy W. Norris
Norris & Norris, P.A.
Via email only: gnorris@norrisattorneys.com

RE: Paul Dyal and the City of Lake City, Florida

Dear Guy,

As we discussed, I have been engaged by Paul Dyal (“Mr. Dyal”), former manager of the City of Lake City (the “City”), to explore ways Mr. Dyal and the City might put to rest the lingering dispute following his resignation as city manager in October of 2023.

We are both familiar with the circumstances underlying the dispute. Mr. Dyal was interim city manager pursuant to City Resolution No. 2021-194. He served in that capacity until he was formally appointed as city manager via Resolution No. 2023-001 on January 3, 2023.

An “Employment Agreement for Management Services Between the City of Lake City, Florida, and Paul Dyal” (“Contract”) was attached to and approved by Resolution No. 2023001. The Contract was prepared by the City’s attorney; approved by the City Council; and executed by the City’s mayor, clerk, and Mr. Dyal on about January 11, 2023.

On September 19, 2023, Mr. Dyal submitted his letter of resignation to the City, resigning his position as City Manager and as Executive Director of Utilities effective 5:01 PM on October 19, 2023. On September 26, 2023, the City Council met in special session to discuss Resolution No. 2023-112 which, if adopted, would formally accept Mr. Dyal’s resignation. The City Council voted to table the item at that time, encouraging Mr. Dyal to reconsider. On October 2, 2023, however, the City Council removed the resolution from the table and by unanimous vote accepted Mr. Dyal’s resignation effective October 19, 2023, at 5:01 PM.

As provided by the Contract, thirty days elapsed between Mr. Dyal’s notice and the effective date of his resignation.

Resolution 2023-112 specifically notes that Mr. Dyal entered into an employment agreement. It does not, however, mention or authorize any further action by the mayor with respect to the City’s further performance of that employment agreement post-separation. This is significant because the Contract, when it was negotiated, presented to the City Council in January of 2023, and signed that same month, included an Appendix 1 titled “Separation of

Employment and General Release" ("Separation Agreement"). The Separation Agreement as presented in January and approved by the City Council did call for certain post-separation obligations, such as payment of severance, payment of accrued benefits, return of City property from Dyal, the exchange of certain releases and waivers, the exchange of non-disparagement agreements, and the making of certain warranties and representations as between Mr. Dyal and the City.

Although such actions were not expressly authorized by the resolution, the mayor, the City's attorney, and clerk, each executed the Separation Agreement and thereafter the City performed under it, including payments of severance and other sums to Mr. Dyal.

These payments are now the subject of significant scrutiny by the City Council and public.

The City Council referred the matter of the validity of the Separation Agreement to the Cavendish law firm, resulting in initial and amended legal opinions totaling 30 pages. The opinions concluded, for more than one reason, that the City Council had not properly authorized payment to Mr. Dyal because the Separation Agreement, while approved in template form in January of 2023, was not formally approved with all requisite information in October of 2023. The opinion pointed out that as an Appendix to the Contract, the Separation Agreement had provisions in conflict with the Contract itself, which raised questions about how and whether the City Council could have approved the substantive provisions of the Separation Agreement in January of 2023 while acknowledging it could have approved an inconsistent agreement in October of 2023.

It is my understanding that you have been engaged to determine what options, if any, the City has for pursuing recovery of the payments from Mr. Dyal that were paid to him under the Separation Agreement.

As a threshold matter, Mr. Dyal wants nothing more than for this matter to be concluded as soon as possible. He served the City of Lake City for many, many years. He remains proud of his service to the City over his long career and is deeply troubled by the stain this has caused to his personal and professional reputation. Mr. Dyal continues to pursue other public sector employment, but the uncertainty created by this ongoing controversy has made finding new employment exceedingly difficult in an already-competitive job market.

It is with this in mind that we approach the City to initiate discussions before more time and money are needlessly expended.

Mr. Dyal was an employee of the City who at the time of his resignation was working under a contract he did not prepare. While he did negotiate his terms to the best of his ability, it is important to keep in mind that he put his trust in the mayor (who is also a licensed attorney) and the city attorney to get the technical details of the Contract and Separation Agreement correct. While Mr. Dyal is not ignorant as to how contracts work or how governmental authority can sometimes flow through its executive or legislative bodies, it is noteworthy that it took a very highly regarded attorney with more than 25 years of legal experience 30 pages to adequately explain why the mayor, city attorney, and clerk were acting *ultra vires*, or outside their authority, when they signed the Separation Agreement and the City subsequently performed pursuant to it.

I feel confident a jury of Mr. Dyal's peers, if asked to consider his execution of the Separation Agreement, will be sympathetic to Mr. Dyal's reliance upon the signatures of three City officials when he signed the Separation Agreement and accepted payment under it.

I am aware of no evidence that Mr. Dyal did or said anything to improperly induce the City's officials to execute the Separation Agreement. After the City Council formally accepted his written resignation, effective after 30 days as required by the Contract, Mr. Dyal worked with the City's legal counsel, mayor, and clerk and completed what he believed to be the final steps of his separation under the Contract. Mr. Dyal surrendered the City's property, gave his releases and waivers, gave his non-disparagement agreement, and made warranties and representations to the City as the Contract called for under Appendix 1. In exchange, he reasonably and in good faith expected to be paid severance and accrued benefits on the terms set forth in the Separation Agreement.

We simply do not believe, if this matter is put before a jury, that a jury is likely to find that Mr. Dyal committed, or caused the commission of, any act or omission that brought about the allegedly mistaken exercise of authority by the City. Mr. Dyal participated in good faith and dealt with individuals who reasonably appeared to be vested with the authority to act as agents for the City. These were the same people he had negotiated the initial Contract with, the same people who drafted the Contract and Separation Agreement, and the same people who he had worked with for months as city manager.

For Mr. Dyal's part, he entered into a contract he intended to have enforced against him and after a bargained-for exchange. It does not follow that the consequence of the City's failure to comply with technicalities attendant to the exercise of its power to form contracts should give rise to adverse action against Mr. Dyal.

Notwithstanding our confidence that Mr. Dyal would not be held accountable for the City's mistaken exercise of its power by its mayor and others, Mr. Dyal understands the practicality of settlement and the value of finality settlement can bring. He has authorized me to extend an offer of exchanging mutual general releases as to any and all claims under the Contract, Separation Agreement, or any other matter.

Please contact me as soon as you have an opportunity to review this matter with your client. I previously shared with you that I am optimistic that we can bring this matter to a final resolution. I remain so and look forward to working with you and the City in the coming weeks to bring this matter to an end.

Sincerely

Joel F. Foreman

CC: Mr. Dyal via email