

*This opinion is nonprecedential except as provided by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
A22-0864**

Ryan Lynch,
Appellant,

vs.

Condominiums of Buena Vista, Inc.,
Respondent.

**Filed February 27, 2023
Affirmed
Bryan, Judge**

Olmsted County District Court
File No. 55-CV-20-6939

Justice Ericson Lindell, Greenstein Sellers PLLC, Minneapolis, Minnesota (for appellant)

Janine M. Loetscher, James C. Kovacs, Bassford Remele, P.A., Minneapolis, Minnesota
(for respondent)

Considered and decided by Bryan, Presiding Judge; Ross, Judge; and Larkin, Judge.

NONPRECEDENTIAL OPINION

BRYAN, Judge

In this appeal from the district court's order compelling arbitration and its subsequent order confirming the arbitration award, appellant argues that the district court erred for the following two reasons: (1) appellant's claims are beyond the scope of the arbitration clause in the parties' prior settlement agreement; and (2) the arbitrator

incorrectly interpreted the release language of the settlement agreement. Because appellant's claims were arbitrable and the arbitrator did not exceed his authority, we affirm.

FACTS

In May 2019, appellant Ryan Lynch, a unit owner and member of respondent Condominiums of Buena Vista, Inc. (the association), initiated a civil lawsuit against the association (the prior action) claiming, among other things, that the association violated its governing documents when it entered into a design and construction contract to address moisture damage. The parties settled the prior action in July 2020. In December 2020, Lynch sued the association again. Pursuant to the parties' settlement agreement in the prior action, the district court ordered the parties to arbitrate the dispute, and the arbitrator determined that Lynch's new claims were barred by the release language in the settlement agreement. The district court subsequently denied Lynch's motion to vacate the arbitration award, and Lynch appeals. Given the issues raised, we summarize the claims in the prior action, the terms of the parties' settlement agreement, and the claims in the present action. These facts are undisputed.

Over the past several years, the association has faced several structural issues affecting its condominium building—most notably, water leaks and moisture intrusion. In September 2018, the association entered into a contract with Widseth Smith Nolting (WSN) to provide architectural and engineering services to address these issues. The contract provided that WSN would provide design services, prepare construction specifications, and assist the association with finding a contractor. Lynch, along with other Buena Vista owners, objected to the WSN contract. In May 2019, these owners, including

Lynch, initiated the prior action against the association and named board members, seeking injunctive relief to halt the WSN contract and asserting various statutory violations by the association. These owners alleged that the association signed the WSN contract without considering other bids, without disclosing personal relationships between the association board and a contractor working with WSN, and without following provisions of the association's bylaws related to meetings, solicitation of bids, and assessments. These owners also alleged that the board members had conflicts of interest and had harassed unit owners that opposed the project.

The parties entered mediation and ultimately reached a settlement in July 2020. The settlement agreement provided that the association would pay each plaintiff a specified amount and that the plaintiffs would dismiss their claims and dissolve a temporary restraining order they had obtained. The parties also agreed to the following relevant terms:

3. Defendants agree to operate the Buena Vista HOA in a manner consistent with its governing documents and applicable law

4. . . . Plaintiffs . . . agree not to appeal or re-litigate any of the Plaintiffs' Claims that were or could have been asserted in the Action that was previously dismissed

5. Plaintiffs, for themselves and their successors and assigns and anybody attempting to claim through them, fully and forever release and discharge Defendants . . . of and from all claims . . . arising from or related to the Plaintiffs' Claims that were asserted or reasonably could have been asserted in the Action [(the release clause)]

. . . .

8. Plaintiffs affirm that as of the Effective Date, other than the Plaintiffs' Claims, they know of no existing act or omission that may constitute a claim or cause of action against

Defendants, or any violation of the HOA's governance documents

9. Plaintiffs agree not to interfere with or delay engineering consultant Widseth Smith Nolting in the execution of its engineering services or repair recommendations as set forth in the WSN contract signed and approved by the Board as of the Effective Date

. . . .

14. Plaintiffs and Defendants agree to appoint Mark Heley of Heley, Duncan, & Melander [(the arbitrator)] as their binding arbitrator in the event a dispute arises regarding the terms of the agreement.

Shortly before final execution of the settlement agreement, at the parties' request, the arbitrator stated that paragraph 9 does not "restrict the Plaintiffs' rights with regard to any new WSN contracts or amendments" and only "applies to contracts in place as of the effective date of the agreement."

After the settlement agreement, the association moved forward with further discussions regarding repairs. In September 2020, the association's board gave notice of a special meeting of association members to be held in October. The agenda items included requests by the board to obtain and accept a bid for a construction manager and to proceed with a garage waterproofing project in 2021. The association held the special meeting and announced that a majority of association members had voted in favor of the requests.

Lynch believed that the board held the special meeting in violation of the association's declaration and bylaws because it was held without proper notice, there was not a quorum present, and the association changed the agenda items without notice. In December 2020, Lynch filed the action that is the subject of this appeal as well as a new

request for a temporary restraining order. He asserted the following four claims: (1) the association's decision to engage WSN violated the association's governing documents (with a request for injunctive relief); (2) a request for declaratory judgment based on the alleged violations in count 1; (3) the association violated its governing documents and Minnesota law by failing to maintain adequate reserves for repairs; and (4) the association committed fraud by misrepresenting or not disclosing the existence of structural problems to Lynch before Lynch purchased his unit.

The association moved to compel arbitration of Lynch's claims and to dismiss or stay the claims. The district court granted the motion to compel arbitration, concluding that Lynch's present claims "arise broadly from the terms of" the settlement agreement and were therefore arbitrable. The district court also discussed the motion to dismiss, opining that Lynch's claims were likely barred by the release clause in the settlement agreement, but it did not rule on the motion because it referred the matter to arbitration.

The arbitrator subsequently concluded that all four of Lynch's claims fall within the release clause and granted the association's motion to dismiss. The arbitrator reasoned that counts 1 and 2 of the lawsuit "arise out of and relate to the repair work," and that counts 3 and 4 "arise from and relate to existing conditions and facts in existence and well known to Mr. Lynch at the time he commenced the [prior action]." The arbitrator also noted that Lynch's claims "interfere with WSN's repair recommendations and with WSN's ability to complete its contractual obligations, including the obligation to assist the Association in obtaining bids or proposals and awarding or preparing contracts for construction."

As noted above, the district court confirmed the arbitration award. On appeal, Lynch challenges both the district court's decision to compel arbitration and the district court's decision to confirm the arbitration award.

DECISION

I. Decision to Compel Arbitration

Lynch argues that the district court erred by compelling arbitration because his claims are not within the scope of the arbitration clause in the parties' settlement agreement. Because Lynch's claims arise out of and involve the terms of the settlement agreement, they are within the scope of the arbitration clause.

When a party opposes a motion to compel arbitration, "[u]nless the [district] court finds that there is no enforceable agreement to arbitrate, it shall order the parties to arbitrate." Minn. Stat. § 572B.07(a) (2020); *see also* *Rodgers v. Silva*, 920 N.W.2d 664, 666 (Minn. App. 2018).¹ In general, the district court, not the arbitrator, "shall decide whether an agreement to arbitrate exists or a controversy is subject to an agreement to arbitrate." Minn. Stat. § 572B.06(b) (2020). "When considering a motion to compel

¹ Neither party argues that the Federal Arbitration Act (FAA), 9 U.S.C. §§ 1-16, applies in this case, and neither the district court nor the arbitrator applied it. We note, however, that "Minnesota courts must apply the FAA to transactions that affect interstate commerce." *Onvoy, Inc. v. SHAL, LLC*, 669 N.W.2d 344, 351 (Minn. 2003); *see Allied-Bruce Terminix Cos. v. Dobson*, 513 U.S. 265, 274 (1995) (describing the FAA's reach "expansively as coinciding with that of the Commerce Clause"). "[R]egardless of whether the plaintiff asserts federal or state law claims, [the FAA] preempts conflicting state law." *Churchill Env't & Indus. Equity Partners, L.P. v. Ernst & Young, L.L.P.*, 643 N.W.2d 333, 336 (Minn. App. 2002). The parties did not brief whether the repairs or the settlement agreement in this case affect interstate commerce. We need not address whether interstate commerce was impacted, however, because the outcome in this case remains the same under both federal and state law.

arbitration, the court's inquiry is limited to (1) whether a valid arbitration agreement exists, and (2) whether the dispute falls within the scope of the arbitration agreement." *Amdahl v. Green Giant Co.*, 497 N.W.2d 319, 322 (Minn. App. 1993). Because the parties agree that a valid arbitration agreement exists, this case involves only the second question.

"Minnesota law clearly favors arbitration of disputes." *Minnesota Teamsters Pub. & Law Enf't Emps.' Union, Local No. 320 v. County of St. Louis*, 611 N.W.2d 355, 358 (Minn. App. 2000). When a valid arbitration agreement exists, "[d]oubts concerning the scope of arbitrable issues are resolved in favor of arbitration." *Id.*; see also *Churchill*, 643 N.W.2d at 336 (applying the same rule under the FAA). "Determining whether a party has agreed to arbitrate a particular dispute is a matter of contract interpretation that we review de novo." *Glacier Park Iron Ore Props. v. U.S. Steel Corp.*, 961 N.W.2d 766, 771 (Minn. 2021); see also *Michael-Curry Cos. v. Knutson S'holders Liquidating Tr.*, 449 N.W.2d 139, 141 (Minn. 1989) (noting that "arbitrability is to be determined by ascertaining the intention of the parties through examination of the language of the arbitration agreement" and that "[a] reviewing court is not bound by the trial court's interpretation of the arbitration agreement").

Lynch asserts that the arbitration clause only applies to disputes regarding the meaning or validity of the terms of the settlement agreement and does not include a dispute regarding whether the release language bars the current lawsuit. The association disagrees that we should apply such a narrow interpretation of the arbitration clause and argues that we should instead apply a broad meaning to the phrase "arises regarding the terms of the settlement agreement" in the arbitration clause. We agree with the association.

Neither party argues that the arbitration provision is ambiguous, *Minnesota Jud. Branch v. Teamsters Loc. 320*, 971 N.W.2d 82, 88 (Minn. App. 2022) (“When the language of [a] contract is unambiguous, it should be given its plain meaning.”), and several cases interpreting similar language construe “arising under” terms broadly, *see, e.g., Onvoy*, 669 N.W.2d at 352 (concluding that “arising under” in an arbitration clause was broad enough to encompass contract formation claims); *see also, e.g., Fleet Tire Serv. of N. Little Rock v. Oliver Rubber Co.*, 118 F.3d 619, 620-21 (8th Cir. 1997) (concluding that “arising out of or relating to” in an arbitration clause “was the broadest language the parties could reasonably use”). Lynch’s argument regarding the meaning of the phrase “arises regarding the terms of the settlement agreement” conflicts with the broad construction that courts have given to “arising under” language in similar cases.

In addition, contrary to Lynch’s argument, the claims in the current lawsuit do relate to the terms of the parties’ settlement agreement in at least three separate respects. First, in paragraph 3 of the settlement agreement, the association made an ongoing promise “to operate the Buena Vista HOA in a manner consistent with its governing documents and applicable law.” Lynch’s new claims allege that the association violated its governing documents and applicable law. Second, in paragraph 9 of the settlement agreement, Lynch made an ongoing promise “not to interfere with or delay engineering consultant Widseth Smith Nolting in the execution of its engineering services or repair recommendations as set forth in the WSN contract signed and approved by the Board. . . .” Lynch’s new claims, however, request injunctive relief that includes revoking the WSN contract. Third, even assuming we agreed with Lynch’s narrow interpretation of the arbitration clause as

requiring arbitration only over disputes regarding the meaning of the terms of the settlement agreement, the heart of the parties' dispute concerns the meaning and scope of the release terms of the settlement agreement. For these reasons, section 14 of the settlement agreement requires the parties to arbitrate their dispute.²

II. Decision to Confirm the Arbitrator's Dismissal of Lynch's Current Claims

Lynch next argues that the district court erred by confirming the arbitration award because the arbitrator erroneously interpreted the scope of the release language in the settlement agreement. We affirm the district court's decision because courts do not review an arbitrator's interpretation of a contract.³

A court may vacate an arbitration award only in very limited circumstances, Minn. Stat. § 572B.23(a)(4)-(5) (2020), and as a general rule, the arbitrator is "the final judge of both law and fact, including the interpretation of the terms of any contract." *State Off. of State Auditor v. Minnesota Ass'n of Pro. Emps.*, 504 N.W.2d 751, 754 (Minn. 1993) (quotation omitted). An appellate court "will not overturn an award merely because they disagree with the arbitrator's decision on the merits." *Id.* at 754-55. The only issue before the appellate court "is whether the question decided by the arbitrator was within his authority to decide; we may not examine the underlying evidence and record, or otherwise

² Lynch also argues that the district court issued an improper advisory opinion when it discussed the merits of the association's motion to dismiss before submitting it to the arbitrator. We note that Lynch cites no case law supporting this argument, but we decline to address the merits of the argument because Lynch forfeited it by not making the argument to the district court. *Thiele v. Stich*, 425 N.W.2d 580, 582 (Minn. 1988).

³ Portions of Lynch's brief could be construed as arguing that the district court erred by not reconsidering the issue of arbitrability when deciding the motion to vacate. We need not address that argument given our affirmance of the decision to compel arbitration.

delve into the merits of the award.” *Liberty Mut. Ins. Co. v. Sankey*, 605 N.W.2d 411, 414 (Minn. App. 2000), *rev. denied* (Minn. Apr. 18, 2000). As the United States Supreme Court has explained when applying a parallel provision of the FAA for reviewing arbitration awards:

Nothing we say in this opinion should be taken to reflect any agreement with the arbitrator’s contract interpretation All we say is that convincing a court of an arbitrator’s error—even [an arbitrator’s] grave error—is not enough. So long as the arbitrator was arguably construing the contract—which this one was—a court may not correct [the arbitrator’s] mistakes under § 10(a)(4) [of the FAA]. The potential for those mistakes is the price of agreeing to arbitration. As we have held before, we hold again: It is the arbitrator’s construction of the contract which was bargained for; and so far as the arbitrator’s decision concerns construction of the contract, the courts have no business overruling [the arbitrator] because their interpretation of the contract is different from [the arbitrator’s]. The arbitrator’s construction holds, however good, bad, or ugly.

Oxford Health Plans LLC v. Sutter, 569 U.S. 564, 572-73 (2013) (quotations and citations omitted).

Given this caselaw, we cannot conclude that the arbitrator erred in interpreting the scope of the release language in the settlement agreement. Even if this panel disagreed with the arbitrator’s interpretation of the release language, “[t]he arbitrator’s construction holds, however good, bad, or ugly.” *Id.* at 573. Because this court cannot interpret the settlement agreement or review the merits of the arbitrator’s interpretation, we affirm the district court’s decision to confirm the arbitration award.

Affirmed.