This opinion is nonprecedential except as provided by Minn.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
A25-1734

Advanced Engineering and Environmental Services, LLC, et al.,
Plaintiff,

vs.

Gaughan Companies, et al.,
Appellants,

Frattalone Companies, Inc., et al.,
Defendants,

Greystone Construction Company,
Respondent.

Filed May 26, 2026
Affirmed in part, reversed in part, and remanded
Ross, Judge

Scott County District Court
File No. 70-CV-22-13545

John J. Steffenhagen, Anthony A. Remick, Brian W. Nelson, Hellmuth & Johnson, PLLC, Edina, Minnesota (for appellants)

John G. Patterson, Aron J. Frakes, Fredrikson & Byron, P.A., Minneapolis, Minnesota (for respondent)

Considered and decided by Ede, Presiding Judge; Ross, Judge; and Jesson, Judge.[*]

[*] Retired judge of the Minnesota Court of Appeals, serving by appointment pursuant to Minn. Const. art. VI, § 10.

NONPRECEDENTIAL OPINION

ROSS, Judge

Shakopee Apartments LLC contracted with, but was accused of failing to pay, Greystone Construction Company for the construction of an apartment building. The allegations resulted in an arbitration award in Greystone's favor, which the district court confirmed in an order that also granted Greystone's motion to set a schedule for statutory costs, disbursements, and attorney fees. Shakopee Apartments challenges part of that decision in this appeal, arguing that the district court should not have allowed Greystone to proceed with its motion for statutory attorney fees and that the arbitrator exceeded the scope of his authority in granting Greystone's claim for pre-award interest. We affirm in part and reverse in part because we conclude that, although the arbitrator acted within his authority in awarding the interest, the arbitration award foreclosed Greystone from later seeking attorney fees under the mechanic's lien statute in the district court. We remand for further proceedings for the district court to determine the appropriate amount of postaward, uncontested attorney fees.

FACTS

Appellant Shakopee Apartments LLC contracted with respondent Greystone Construction Company in 2020 to construct an apartment building. An engineering company that also worked on the project brought a mechanic's lien foreclosure action naming both Shakopee Apartments and Greystone as defendants since Shakopee was the property owner and Greystone held a mechanic's lien on the property. Greystone filed a cross-claim against Shakopee Apartments, alleging failure to pay under the contract terms, seeking to foreclose its own mechanic's lien. The district court stayed the action pending completion of arbitration based on the arbitration clauses in the parties' contracts.

During the arbitration administered by the American Arbitration Association (AAA), Greystone sought an award of $1,413,027 for Shakopee Apartments' alleged nonpayment. Greystone's arbitration demand specifically indicated that it also sought an award for attorney fees, and its revised summary of its claims specifies "interest on delayed payments and on its claims at the rate of 8% per annum as allowed by the Contract." Greystone's prehearing arbitration memorandum stated that it "respectfully requests that it be awarded its full compensatory damages, plus interest, Arbitrator fees, attorneys' fees, expert witness fees, disbursements, and costs," adding that it intended to "submit a separate fee petition and affidavit (including invoices) following the hearing." After the hearing, Greystone submitted its posthearing brief, requesting the following procedure as it relates to its claim for damages, costs, and attorney fees: "that the Arbitrator issue a Partial Final Award awarding [Greystone] the full amount of its compensatory damages. [Greystone] then requests 21 days to file a fee petition and affidavit (including invoices) with respect to its attorneys' fees, expert fees, and disbursements." Greystone did not specify that it sought pre-award interest on its claims in addition to contractual interest on late payments until its posthearing arbitration memorandum, in which it requested pre-award interest on its additional claims under an AAA rule.

The arbitrator issued his final award, obligating Shakopee Apartments to pay Greystone $562,269.94, which included pre-award interest and was followed by this directive regarding the award's completeness: "This Award is in full consideration of all claims, counterclaims and third-party claims and motions presented. All other claims, counterclaims, third-party claims, motions and requests for relief by any Party are denied in their entirety."

Greystone moved the district court to lift the stay, confirm the arbitration award, and set a schedule for it to move for costs, disbursements, and attorney fees under the mechanic's lien statute. Shakopee Apartments moved to modify, correct, or partially vacate the arbitration award and objected to Greystone's request for costs and attorney fees. The district court concluded that the arbitrator's award did not preclude Greystone from moving the district court for costs and attorney fees under the mechanic's lien statute in addition to postaward attorney fees and that the arbitrator did not exceed his authority in granting Greystone pre-award interest. The district court confirmed the award and set a schedule for Greystone to obtain statutory costs and attorney fees.

Shakopee Apartments appeals.

DECISION

Shakopee Apartments argues on appeal that the district court erroneously permitted Greystone to move for attorney fees and erroneously concluded that the arbitrator acted within his authority by granting pre-award interest. We address both arguments.

I

We address the attorney-fee issue by first resolving the threshold question of whether the issue is properly before us, given that the district court entered judgment on its order confirming the arbitration award and allowing Greystone to move for costs and attorney fees before awarding any costs or fees. Because deciding the issue of costs and fees now best serves the interests of justice, we have decided to address the district court's fee decision on the merits even though it is not independently appealable. A party may appeal a final judgment. Minn. R. Civ. App. P. 103.03(a). "Entry of judgment shall not be delayed for the taxation of costs, and the omission of costs shall not affect the finality of the judgment." Minn. R. Civ. P. 58.01. A pending determination of statutory costs and disbursements—including attorney fees under the mechanic's lien statute—does not affect the finality of a judgment because those matters are "not a separate claim independent of the merits of the action." *T.A. Schifsky & Sons, Inc. v. Bahr Constr., LLC*, 773 N.W.2d 783, 789 (Minn. 2009). But "[t]here is no appeal from an order awarding attorney fees; instead, the proper appeal lies from the judgment or amended judgment entered on the order." *Id.* at 789–90. A district court's nonappealable ruling that a party is entitled to costs is not rendered appealable by joining it with an appealable order. *Spaeth v. City of Plymouth*, 344 N.W.2d 815, 825–26 (Minn. 1984). The district court's order allowing Greystone to move for costs and attorney fees is therefore not appealable.

Although the order is not appealable because no final judgment has been rendered awarding costs and fees, we will consider the issue under Minnesota Rule of Civil Appellate Procedure 103.04, which allows us to "review any other matter as the interest of justice may require." We do so because the appeal is otherwise properly before us, the parties have fully briefed the issues, and judicial economy is met by avoiding a piecemeal approach. *See Kuhn v. Dunn*, 8 N.W.3d 633, 640 (Minn. 2024) (reviewing an adequately briefed issue under rule 103.04 in the interest of judicial economy); *Bush Terrace Homeowners Ass'n, Inc. v. Ridgeway*, 437 N.W.2d 765, 771–72 (Minn. App. 1989) (noting that review of a nonappealable order awarding attorney fees under rule 103.04 was "proper in the interests of justice by avoiding the time and expense of a subsequent appeal after the order for attorney fees has been entered as a judgment"), *rev. denied* (Minn. June 9, 1989). We turn to the merits of the issue.

Shakopee Apartments argues that the final arbitration award precluded Greystone from seeking attorney fees in the district court under the mechanic's lien statute. It also contends that we review this issue *de novo* because we are addressing a matter of law bearing on the district court's confirmation of the arbitration award. *See MedCenters Health Care, Inc. v. Park Nicollet Med. Ctr.*, 430 N.W.2d 668, 672 (Minn. App. 1988), *rev. denied* (Minn. Apr. 26, 1989). Greystone counters that we should review the decision only for an abuse of discretion, because that is the standard that applies to reviewing attorney-fee awards. *See Andrew L. Youngquist, Inc. v. Cincinnati Ins. Co.*, 625 N.W.2d 178, 188 (Minn. App. 2001). We conclude that our review in this case is *de novo*. Greystone argues that the district court correctly determined that the arbitrator never ruled on the costs and attorney-fee request. Addressing that argument requires us to determine whether the district court correctly interpreted the arbitrator's decision, a task that involves our *de novo* consideration. *See In re Pamela Andreas Stisser Grantor Tr.*, 818 N.W.2d 495, 502 (Minn. 2012) ("We also review de novo a district court's interpretation of a written document."). Our *de novo* review leads us to reverse for the following reasons.

We are convinced that the arbitration award precluded Greystone from seeking attorney fees under the mechanic's lien statute in the district court. An arbitration award has preclusive effect. *See Aufderhar v. Data Dispatch, Inc.*, 452 N.W.2d 648, 651–52

(Minn. 1990) (applying collateral estoppel to an attempt to relitigate issues decided in arbitration); *Quam v. United Fire & Cas. Co.*, 440 N.W.2d 131, 132 (Minn. App. 1989) (district court did not err in giving *res judicata* effect to arbitrator's determination), *rev. denied* (Minn. July 12, 1989). At all key stages of the arbitration, Greystone specifically requested an award that included costs and attorney fees. The arbitrator's final decision, which awarded no costs or attorney fees, expressly declared itself to be "in full consideration of all claims, counterclaims and third-party claims and motions presented" and established that "[a]ll other claims, counterclaims, third-party claims, motions and requests for relief by any Party are denied in their entirety." The arbitrator's decision therefore unambiguously denied Greystone's request for costs and fees.

We are not persuaded otherwise by Greystone's assertion that it never intended to submit the issue of costs and attorney fees to the arbitrator. Greystone supports this assertion primarily based on *Stiglich Construction, Inc. v. Larson*, 621 N.W.2d 801 (Minn. App. 2001), *rev. denied* (Minn. Mar. 27, 2001). Greystone's reliance on *Stiglich* is misplaced. In that case, we held that a litigant was not precluded from seeking attorney fees in district court under the mechanic's lien statute after having failed to raise the issue in arbitration. *Stiglich*, 621 N.W.2d at 803. It is true that, like the *Stiglich* parties, the parties here were litigating a dispute over a contract that included not only an arbitration clause but also a provision that reserved the litigants' right to pursue purely statutory claims in district court. But unlike Greystone, the *Stiglich* appellant never requested costs and an attorney-fee award from the arbitrator, and there was no question that the arbitrator never considered it. *Id.* at 802. The issue in *Stiglich* was only whether the arbitration clause prevented the appellant from seeking relief for statutory claims not pursued in arbitration. *Id.* at 803. *Stiglich* therefore offers Greystone no support.

And the record also leads us to reject Greystone's factual assertion that it intended to reserve its right to pursue its claim for costs and attorney fees in the district court rather than seek them in the arbitration itself. Greystone made its claim for costs and fees both at the beginning and end of the arbitration hearing. It first included a claim for attorney fees in its arbitration demand. And then its posthearing arbitration brief specified that it was asking the arbitrator to issue "a Partial Final Award awarding [Greystone] the full amount of its compensatory damages" and "then" asked for "21 days to file a fee petition and affidavit (including invoices) with respect to its attorneys' fees, expert fees, and disbursements." That Greystone asked the arbitrator to first determine its compensatory damages and then follow a process to determine costs and attorney fees belies its after-the-fact assertion that it was reserving the issue for the district court, rather than presenting it to the arbitrator. We acknowledge that Greystone never presented to the arbitrator evidence detailing the amount of costs and attorney fees it was seeking, but the record conclusively shows that it unsuccessfully asked the arbitrator for the opportunity to do so.

We are unconvinced by Greystone's contention that the arbitrator never ruled on its request for costs and fees, highlighting the lack of any reference to that issue in the final arbitration award and accompanying memorandum. "Arbitrators are not required to give reasons for their decisions." *W. Nat'l Ins. Co. v. Thompson*, 797 N.W.2d 201, 208 n.3 (Minn. 2011). We will not speculate as to the arbitrator's reason for his silence on the plainly stated request. We conclude that the final arbitration award precluded Greystone from seeking attorney fees in the district court because Greystone presented the claim to the arbitrator and the arbitrator expressly denied all claims excluded from the award. And when an arbitration award denies a request for attorney fees, the issue is not later "open for judicial determination" even if we "might have ruled differently." *Morrison v. N. States Power Co.*, 491 N.W.2d 675, 677, 678 (Minn. App. 1992), *rev. denied* (Minn. Jan. 15, 1993). We therefore reverse the district court on this issue.

II

We next address Shakopee Apartments' argument that the arbitrator exceeded the scope of his authority under the parties' contract. We review *de novo* whether an arbitrator exceeded the scope of his authority. *Seagate Tech., LLC v. W. Digit. Corp.*, 854 N.W.2d 750, 760 (Minn. 2014). Shakopee Apartments argues that the arbitrator exceeded the scope of his authority by granting Greystone's request for pre-award interest because the parties' contract provided only for contractual interest on late payments in the amount of 8%, not pre-award interest on other claims. It similarly contends that the contract's arbitration clause limits the scope of arbitration only to demanded claims. The contention relies on the contract language, "The party filing a notice of demand for arbitration must assert in the demand all Claims then known to that party on which the arbitration is permitted to be demanded." Shakopee Apartments argues that because Greystone demanded only contractual interest initially, and only later added a claim for pre-award interest in its posthearing brief, the arbitrator should not have considered the later-added claim. For the following reasons, we hold that the arbitrator acted within his authority in awarding Greystone pre-award interest.

We begin with a heavy presumption against Shakopee Apartments' argument. "[E]very reasonable presumption is to be exercised in favor of the finality and validity of the arbitration award." *Peggy Rose Revocable Tr. v. Eppich*, 640 N.W.2d 601, 606 (Minn. 2002). An arbitration award will be set aside only when the party seeking to vacate it proves that the arbitrator "clearly exceeded" his authority. *Seagate*, 854 N.W.2d at 760–61. We look to the parties' arbitration agreement to determine the scope of the arbitrator's authority. *State, Off. of State Auditor v. Minn. Ass'n of Pro. Emps.*, 504 N.W.2d 751, 755 (Minn. 1993). The parties' contract authorizes the arbitrator to determine pre-award interest because its arbitration clause expressly incorporates the AAA rules, stating that arbitration "shall be in accordance with its Construction Industry Arbitration Rules of the American Arbitration Association." And AAA rule R-48(d) provides that "[t]he award of the arbitrator may include . . . interest at such rate and from such date as the arbitrator may deem appropriate." When an arbitration clause incorporates a particular set of rules, the arbitrator does not exceed the scope of his powers by granting relief provided for in those rules. *See Seagate*, 854 N.W.2d at 763 (upholding an arbitrator's imposition of sanctions under the AAA rules because they were incorporated into the contract); *Kilcher v. Dale*, 784 N.W.2d 866, 870 (Minn. App. 2010) ("The arbitration agreements here state that 'disputes will be settled by arbitration in accordance with the rules, then established, of [FINRA]' . . . . [T]he agreements incorporate the provisions of the FINRA rules.").

We add that Shakopee Apartments' assertion that Greystone demanded contractual interest only on late payments is incorrect. Greystone's arbitration demand indicated generally that it sought "[i]nterest." And it requested "interest on delayed payments *and on* *its claims* at the rate of 8% per annum as allowed by the Contract" in its summary of claims. (Emphasis added.) We construe this to indicate that Greystone was demanding interest on all its claims, not merely the contractually agreed-upon interest specific to delayed payments. Its usage of the phrase "as allowed by the Contract" implies only that the interest demanded be permitted under the contract's terms, not that it specifically referred to contractual interest and excluded pre-award interest. The arbitrator did not exceed his power in granting Greystone's request for pre-award interest, and the district court did not erroneously deny Shakopee Apartments' motion to vacate on that basis.

On remand, the district court shall determine only the appropriate amount of uncontested postaward attorney fees, but, consistent with this opinion, may not award Greystone attorney fees under the mechanic's lien statute.

Affirmed in part, reversed in part, and remanded.