

Eleventh Circuit Addresses Duties of Loyalty Owed Between Joint Venturers in Case Involving Public-Private Partnership Design-Build Megaproject

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KEY POINTS

- The Eleventh Circuit held that Skanska USA Civil Southeast Inc. did not breach its fiduciary duty of loyalty under the Florida Revised Uniform Partnership Act.
- The Eleventh Circuit found no actionable conflict of interest because the proposed termination strategy was not viable under the design-build agreement.
- The Florida Revised Uniform Partnership Act allows joint venture members to modify the default duty of loyalty by identifying permitted activities.
- The Eleventh Circuit affirmed that Lane's refusal to fund mandatory capital calls materially breached the joint venture agreement.
- Joint venture members should define fiduciary duties and conflict rules at the outset of large-scale infrastructure projects.

Joint ventures are a useful means for contractors to spread risk on large-scale infrastructure projects, but a recent U.S. Court of Appeals for the Eleventh Circuit decision highlights the difficulties that arise when joint venturers' interests diverge. On April 15, 2026, the court decided *Lane Construction Corporation v. Skanska USA Civil Southeast, Inc.*,^[1] addressing whether a joint venture's managing member breached its fiduciary duty of loyalty by declining to pursue an exit strategy favored by another member. The court held it did not, and separately affirmed that the dissenting member's refusal to fund capital calls constituted a material breach of the joint venture agreement.

BACKGROUND: THE I-4 ULTIMATE PROJECT AND THE SGL JOINT VENTURE

In 2013, the Florida Department of Transportation (FDOT) solicited bids for the I-4 Ultimate Project to reconstruct and expand a 21-mile stretch of Florida's Interstate 4. FDOT selected I-4 Mobility Partners Opco LLC (I4MP) as its concessionaire — the party responsible for financing, securing contractors, and delivering the project. I4MP consisted of Skanska Infrastructure Development (Skanska ID) and John Laing Investments Limited, each holding a 50% stake.

After a competitive procurement process, I4MP entered into a \$2.3 billion design-build agreement (DBA) with SGL, a joint venture consisting of Skanska USA Civil Southeast, Inc. (Skanska SE) (40% stake), Granite Construction Company (Granite) (30% stake), and The Lane Construction Company (Lane) (30% stake).

Notably, Skanska SE (the managing member of SGL) and Skanska ID (a 50% stakeholder in I4MP) were both ultimately owned by the same parent company, Skanska AB. Skanska AB thus held interests in both the concessionaire and the joint venture selected to build the project. The joint venture parties knew about this overlapping ownership interest from the outset, but when a dispute arose, the perceived conflict of interest ultimately drove the parties to litigation.

Soon after mobilizing, SGL encountered significant difficulties: labor shortages, hurricanes, escalating material costs, and unforeseen geological conditions — including a massive sinkhole “so large ‘it couldn’t find the bottom.’” Project delays and financial losses quickly accumulated, turning SGL’s projected \$255 million profit into a potential loss exceeding \$500 million.

Facing these losses, SGL looked to the DBA for relief. Under the DBA, SGL’s recovery for unforeseen difficulties was generally limited to the relief that I4MP could obtain from FDOT. And while I4MP had certain rights to terminate its concession agreement with FDOT, SGL had no right to terminate the DBA. The SGL members, therefore, began exploring strategies to limit their mounting losses.

Lane proposed that SGL request that I4MP exercise its termination rights under the concession agreement with FDOT. Skanska SE and Granite, the other two members of SGL, believed it was in SGL’s interest to negotiate a settlement that secured additional funds and schedule relief from FDOT, although settling would foreclose any termination attempt.

Unable to resolve their differences, Skanska SE and Granite voted to settle with FDOT. Lane subsequently sued Skanska SE, alleging breach of the fiduciary duty of loyalty, focusing primarily on the perceived conflict of interest arising from Skanska AB’s stakes in both I4MP and SGL. Skanska SE and Granite countersued Lane for breach of contract, asserting that Lane’s refusal to fund mandatory capital calls breached the DBA. After a 10-day bench trial, the U.S. District Court for the Middle District of Florida held that Skanska SE had not breached its fiduciary duty, and that Lane had breached the DBA, ordering Lane to pay approximately \$80 million to its partners. Lane appealed to the Eleventh Circuit.

THE ELEVENTH CIRCUIT’S ANALYSIS UNDER FRUPA

Lane argued that Skanska SE violated its fiduciary duty of loyalty as a joint venture member. Lane contended that by forgoing the termination strategy — which could have had severe consequences for I4MP (and its stakeholder, Skanska ID) — Skanska SE prioritized the interests of its corporate affiliates above those of SGL.

The Eleventh Circuit disagreed. The court’s analysis centered on the Florida Revised Uniform Partnership Act (FRUPA), which the parties agreed governed the duties applicable to joint venture members in Florida. FRUPA imposes duties of (i) care and (ii) loyalty on joint venture members.^[2] Only the duty of loyalty was at issue on appeal.

The court emphasized that FRUPA allows joint venture members to “recalibrate” the statutorily imposed duty of loyalty by identifying “specific types or categories of activities that do not violate the duty of loyalty, if not manifestly unreasonable.”^[3] Here, however, the joint venture members had *not* modified the statutorily imposed duty. Accordingly, the court assessed Skanska SE’s actions under the “one-size-fits-all” duty of loyalty

established by statute.

Applying FRUPA, the court first examined whether a genuine conflict of interest existed. Under FRUPA, a partner breaches its duty of loyalty by dealing with the partnership “as or on behalf of a party having an interest adverse to the partnership.” The court framed this inquiry as whether Skanska SE had “been pulled away from [SGL’s] optimal course of action by some competing interest,” which is a highly fact-intensive question.

Ultimately, the court determined that Skanska SE had *not* been pulled away from SGL’s optimal course of action, concluding that the termination strategy was not viable under the DBA. The court gave significant weight to the actions of Granite, the third joint venture member, reasoning that despite standing “essentially in the same shoes as Lane” as a minority member, Granite ultimately sided with Skanska SE against termination. Accordingly, the court held that Skanska SE’s decision to reject termination was not “adverse” to SGL’s interests, and did not implicate a conflict of interest in the first instance. On this rationale, the Eleventh Circuit affirmed the district court’s judgment.

KEY TAKEAWAYS FOR JOINT VENTURERS

The Eleventh Circuit’s holding in *Lane Construction* provides important takeaways for joint venturers. First, the decision underscores the importance of understanding the statutory framework governing fiduciary duties between joint venture partners. In Florida, FRUPA supplies a default duty of loyalty, but partners may “recalibrate” that duty by identifying specific categories of activities that do not violate it. Parties forming joint ventures should evaluate whether to redefine such duties to provide certainty among all members at the outset of their project.

Second, *Lane Construction* highlights that courts may give significant weight to the positions of other joint venture members when resolving internal disputes. Joint venture members should be mindful that alignment among co-venturers may influence how a court evaluates conflict-of-interest claims.

Third, the decision is a stark reminder that unless permitted under their respective agreement, joint venture members should continue to honor their contractual obligations even while disputing a partner’s conduct.

Troutman Pepper Locke attorneys are well positioned to advise joint venture members on construction projects, from drafting and negotiating joint venture agreements, to providing project counsel, to resolving joint venture disputes through alternative dispute resolution or litigation.

[1] Fla. Stat. 620.8404.

[2] *Lane Constr. Corp. v. Skanska USA Civ. Se., Inc.*, No. 24-12638, 2026 WL 1018146 (11th Cir. Apr. 15, 2026).

[3] Fla. Stat. § 620.8103(2)(d).

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