

MEMORANDUM OF UNDERSTANDING

CITY OF DULUTH

HALLETT DOCK 7 LLC

This Memorandum of Understanding ("MOU"), is entered into on February __, 2026 between the City of Duluth (the "City"), and Hallett Dock 7 LLC, a limited liability company under the laws of the State of Minnesota ("Hallett").

WHEREAS, Hallett owns and operates the property and facility known as "Hallett Dock No. 7," as generally shown on attached Exhibit A (the "Dock"), which is generally used as a commercial interface facility between marine, rail, and road commerce in the Duluth Harbor; and

WHEREAS, the Dock walls have deteriorated and need substantial renovation; and

WHEREAS, the U.S. Army Corps of Engineers seeks dredge spoils depository facilities from dredging operations in the Duluth Harbor; and

WHEREAS, in Resolution No. 26-0xxxR, the City agreed to apply as sponsor for a Port Infrastructure Development Program Grant with the Maritime Administration of the U.S. Department of Transportation in the approximate amount of \$18,000,000 (the "Grant") to refurbish the Dock and provide dredge spoils depository facilities (the "Project"); and

WHEREAS, if the Grant is awarded and accepted by the City Council, the City and Hallett intend to enter into an agreement with the following minimum terms and conditions; such agreement must be submitted to and approved by the City Council to become effective.

NOW THEREFORE, the City and Hallett agree that:

1. City sponsors and administers Grant. The City shall apply as sponsor of the Grant and serve as sponsor of the Grant if awarded. Sponsorship shall include: serving as fiscal agent for the Grant; overseeing Project design and construction administration; bidding and awarding the bid for Project construction; administering Grant funds, matching funds, and administrative fee; and disbursing Grant funds as provided for in Project-related contracts.
2. Hallett provides matching funds and excess funds. Hallett will provide the local matching share required by the Grant and pay the matching share funds to the City for administration and disbursement. In addition, Hallett will reimburse the City for all other Project costs incurred or owed by the City that exceed the total of Grant funds, matching funds, and administrative fees. The estimated local funds will be provided in advance of the project commencing in a form acceptable to the City.

3. Hallett provides certain services. Hallett agrees to contract for and directly pay all costs of all Project engineering services, including but not limited to: design fees; environmental and soils testing; materials testing; and construction supervision.

4. Hallett pays administrative fee. Hallett will pay the City an administrative fee of 4.5% of the entire Project cost . The fee will be calculated based on the total construction cost of the Project, including both the local and Federal share. The fee will be payable prior to the Project commencing based on the bid amount. The 4.5% fee will apply to any change orders incurred during the Project and any fee adjustment will be due and payable upon completion of the Project. If allowed under the Grant, the City may, at its own election, retain a proportionate share of the Grant proceeds and apply such Grant proceeds to the administrative fee.

5. Subsequent agreement required. This MOU sets forth minimum terms to be incorporated into a subsequent agreement negotiated between the City and Hallett after a Grant award is made and accepted by the City. The subsequent agreement is dependent on approval by the City Council.

6. Authorized signatory. The party executing this MOU on behalf of Hallett represents they are authorized to sign on behalf of Hallett.

IN WITNESS WHEREOF, the parties have set their hand the day and date first above shown.

CITY OF DULUTH

HALLET DOCK 7 LLC, a Minnesota limited liability company

City Administrator

By: _____

Printed Name: _____

Its: _____