

**COST SHARE AGREEMENT
BETWEEN THE CITY OF BREEZY POINT AND PELICAN TOWNSHIP
FOR FULL DEPTH RECONSTRUCTION OF THRANE DRIVE**

This Agreement is entered into by and between the City of Breezy Point, 8319 Co. Road 11, Breezy Point, Minnesota 56472, and Pelican Township, 7768 Red Oak Road, Pequot Lakes, MN 56472, each a “Party” and collectively referred to as “Parties,” effective as of the date of the last signature set forth below.

Recitals

- A. The Parties entered into a Public Works Services Joint Powers Agreement on September 16, 2026, setting forth the obligations of each Party with respect to Shared Roads.
- B. Thrane Drive is a Shared Road with approximately 2,768 feet of shared roadway; the remaining 5,750 linear feet of the road is entirely within Breezy Point.
- C. Due to its condition, the Parties agree that Thrane Drive needs a complete reconstruction (the “Project”).
- D. Under the terms of the Joint Powers Agreement, Breezy Point is responsible for 83.7% of the Project costs and Pelican Township is responsible for 16.3%.
- E. The Parties desire to have Thrane Drive reconstructed in 2027 pursuant to the terms of this Agreement and the Joint Powers Agreement, with Breezy Point undertaking the design and construction work.

Agreement

- 1. Project Design. The City, through its consulting engineering firm, shall provide all design engineering services. The final proposed design for full reconstruction of Thrane Drive shall be provided to the Township for review and approval prior to the call for bids and/or quotes by the City.
- 2. Project Bidding. The City, through its consulting engineer, shall create Project specifications and put the Project out for bids and/or quotes. The City shall review and tabulate the bids / quotes and provide the information to the Township. Unless the Township objects to moving forward within ____ days of receiving the bids and/or quotes, the City shall determine the lowest responsible bidder(s) and/or negotiate the contract(s) from the quotes received.
- 3. Project Contract and Management. The City shall approve and enter into construction contracts as the “owner” for purposes of the Project. The City, through its engineering consultant, shall oversee construction, inspect the work, and accept the work as it is completed. Change orders, if any, shall be processed

and approved by the City, with a copy provided to the Township. The Township may inspect any items related to the Shared Road and notify the City of any concerns. Determination of substantial completion, punchlist items and final approval shall be made by City staff and its consulting engineer.

4. Disputes. In the event disputes arise between the City and contractor(s) concerning design or construction of the Project, the City shall undertake reasonable efforts to promptly resolve them. The City shall notify the Township of the disputes as they arise. In the event additional costs are incurred, such as engineering or legal fees, said costs shall be shared by the Parties pursuant to the formula for the Project.
5. Costs. Except as otherwise provided herein, all costs associated with the design, construction and oversight of the Project shall be split between the Parties with the City responsible for 83.7% and the Township responsible for 16.3%. The City shall provide the Township with copies of Project pay applications and payments and keep a running ledger of project costs and the division of costs between the Parties.
6. Term. This Agreement may be terminated by either party prior to award of contracts by the City. All costs incurred prior to such termination shall be paid by the terminating party. Once contracts are awarded for the Project, this Agreement shall continue until the Project is completed and all obligations of the parties are fulfilled.
7. Road Maintenance. Upon final completion of the Project, maintenance of the Shared Road shall be undertaken pursuant to the Public Works Services Joint Powers Agreement.
8. Entire Agreement. The entire agreement of the parties is contained herein. This Agreement supersedes all oral agreements and all negotiations between the parties relating to the subject matter hereof. Any alterations, variations, or modifications of the provisions of this Agreement shall be valid only when they have been reduced to writing and duly signed by the parties.

CITY OF BREEZY POINT

Mayor

Dated: _____, 2026

City Administrator

Dated: _____, 2026

PELICAN TOWNSHIP

Board Chairman

Dated: _____, 2026

Clerk-Treasurer

Dated: _____, 2026