

FRYBERGER

— LAW FIRM —

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June 18, 2026

Dakota County, Minnesota
Attn: David McKnight, Deputy County Manager
1590 Highway 55
Hastings, Minnesota 55033

Re: Request for Host Approval for the Issuance by the City of Lilydale, Minnesota, of 501(c)(3) Private Activity Revenue Bonds (360 Communities Project)

Dear Mr. McKnight:

This letter is provided to follow-up on discussions we have had regarding the request of 360 Communities, a Minnesota nonprofit corporation (the “Borrower”), to have the Board of Commissioners of Dakota County, Minnesota (the “Board”), approve the issuance of private activity revenue bonds, in one or more series, and in an amount not-to-exceed \$8,000,000 (the “Bonds”), by the City of Lilydale, Minnesota (the “Issuer”). Fryberger, Buchanan, Smith & Frederick, P.A., would act as Bond Counsel on the issuance of such Bonds.

The Bonds are proposed to be sold by the Issuer to Merchants Banks (the “Lender”), and the proceeds thereof lent to the Borrower to: (i) pay for the cost of the demolition of an existing facility, and the construction and equipping of an approximately 28,550 square-foot new facility suitable for the Borrower’s charitable purposes, to be located at 4345 Nicols Road, in the City of Eagan, Minnesota (the “Facilities”); (ii) fund capitalized interest, if any; (iii) fund required reserves, if any; and (iv) pay costs of issuance associated with the Bonds (collectively, the “Project”). The Borrower is including a geothermal component to the Project and is exploring tax credit financing therefor. If the tax credit financing for the geothermal component of the Project is feasible, this would cause a reduction in the amount of the Bonds by approximately \$1,000,000 to \$2,000,000.

The Bonds would be issued under Minnesota Statutes, Sections 469.152 through 469.165, and 471.656, each as amended (collectively, the “Acts”), and would be issued as tax-exempt obligations. Both the Acts and the Internal Revenue Code of 1986, as amended (the “Code”), and the rules and regulations promulgated thereunder, allow for issuers to issue tax-exempt bonds for certain

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eligible projects, such as the Project described above. The Acts and the Code, and the rules and regulations promulgated thereunder, also allow for issuers to issue tax-exempt bonds for projects located outside of their jurisdictional boundaries. If the projects are located outside of the issuer's jurisdictional boundaries, a "host approval" is required for the bond issuance. Therefore, the Borrower is requesting such "host approval" from the Board, for the issuance of the Bonds by the Issuer, as the Facilities are located outside of the Issuer, but within Dakota County's jurisdictional boundaries.

Procedurally, the Board will need to hold a public hearing on the proposed issuance of the Bonds and the Project, and the "host approval" therefor. After the public hearing, the Board will consider a resolution giving "host approval", and authorizing execution of a joint powers agreement related thereto.

The Bonds and the resolutions adopted by the Issuer and the Board will recite that the Bonds, if and when issued, will not to be payable from or charged upon any of the Issuer's or Board's funds, other than the revenues received under a loan agreement (the "Loan Agreement") and pledged to the payment of the Bonds, and **the Issuer and the Board are not subject to any liability on the Bonds**. No holder of the Bonds will ever have the right to compel any exercise by the Issuer or the Board of their taxing powers to pay any of the principal of the Bonds or the interest or premium thereon, or to enforce payment of the Bonds against any property of the Issuer or of the Board. The Bonds will not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Issuer or of the Board. The Bonds are not moral obligations on the part of the State or its political subdivisions, including the Issuer and the Board, and the Bonds will not constitute a debt of the Issuer or of the Board within the meaning of any constitutional or statutory limitation. The issuance of the Bonds will not affect the Issuer's or Board's credit rating on bonds that either entity issues for its own purposes.

Please feel free to contact me if you have any further questions or comments.

Sincerely,



Daniel F. Burns