



# DESTINATION MEDICAL CENTER CORPORATION (DMCC)

## BOARD MEETING

10:30 A.M. THURSDAY, JUNE 23, 2016

MAYO CIVIC CENTER - ROCHESTER



DESTINATION MEDICAL CENTER CORPORATION (DMCC)

BOARD MEETING

Thursday, June 23, 2016

10:30 A.M.

AGENDA

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I. Call to Order	
II. Roll Call	
III. Approval of Agenda.....	01
IV. Approval of Minutes: May 26, 2016.....	02
V. Public Comment Period	
VI. Chair's Report	
VII. DMCC 2016 Audit (Presenters: Craig Popenhagen, Joe Duda of CliftonLarsonAllen).....	05
VIII. City of Rochester	
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B. WMBE: Update	
IX. Project Update (City of Rochester, EDA)	
A. Design Guidelines: Update.....	48
X. Economic Development Agency	
A. EDA Update.....	53
B. Discovery Square: Update	
1. 2016 BIO International Conference.....	77
XI. DMCC 2016 Budget: Year to Date Update.....	98
XII. Meeting Schedule:	
A. Next Regular Meeting: August 25, 2016 at 9:30 A.M.	
XIII. Adjournment	

**DESTINATION MEDICAL CENTER CORPORATION  
BOARD OF DIRECTORS**

**MINUTES  
May 26, 2016**

- I. Call to Order. Chair Tina Smith called the meeting to order at 9:30 a.m. at the Mayo Civic Center, Riverview Suite, located at 30 Civic Center Drive SE, Rochester, MN 55904.
- II. Roll Call. In attendance were Chair Tina Smith, Council Member Mark Hickey, Jim Campbell, R.T. Rybak, Commissioner Jim Bier, Susan Park Rani, Mayor Ardell Brede and Michael Dougherty.
- III. Approval of Agenda. Chair Smith asked for a motion to approve the agenda. Commissioner Bier moved approval. Mayor Brede seconded.  
  
Ayes (7), Nays (0), Motion carried.
- IV. Approval of Minutes. Chair Smith requested approval of the Minutes from the meeting held on April 18, 2016. Mayor Brede moved approval. Ms. Park Rani seconded.  
  
Ayes (7), Nays (0), Motion carried.
- V. Public Comment Period. Chair Smith invited members of the community to provide comments.  
  
Ken McCraley, owner of KMS Air Duct Cleaning of Minneapolis, MN, asked about efforts to include small- and minority-owned- businesses in the DMC initiative.  
  
Rick Morris, a Rochester resident and Sierra Club member, thanked and congratulated the Board on passing Resolution A related to energy and sustainability in April.
- VI. Chair's Report. Chair Smith announced the June 23, 2016 meeting of the DMCC Board, EDA board, and Rochester City Council and mentioned the proposed agenda items. She reported that on April 17, 2016 the Minnesota State Senate approved the appointments of Chair Smith, Ms. Park Rani, Mr. Campbell, and Mr. Rybak to the DMCC Board. Finally, Chair Smith noted that the McKnight Foundation recently approved the EDA grant request for administrative support for the implementation of the DMC energy and sustainability goals.
- VII. City of Rochester.
  - A. Report on Projects Pending or Underway. Randy Staver, Rochester City Council President, updated the Board on several ongoing projects, including the Lofts at Mayo Park, Buckeye Flats, Alatus project, Conley Maas, the Bloom project, Broadway at Center, Senior Center and the Recreation Center. He also reported on the current status of the public design guidelines crafted in partnership with the University of Minnesota Metropolitan Design Center. President Staver also reviewed the terms of the City of Rochester's approved request to the DMCC Board in April 2015 related to the acquisition and renovation of the Historic Chateau Theatre and the ongoing work of the Chateau Theatre Re-Use Task Force.
  - B. Transportation Management: Update. Ken Holte, SRF Consulting, and Richard Freese, City of Rochester Public Works Director, reviewed the ongoing work to engage

sub-consultants for the transportation program studies. City, County, and EDA staff all participated in the sub-consultant team selection process. SRF Consulting will work to finalize the study scopes and schedules and will continue to meet with stakeholders and sub-consultants.

Mr. Rybak stated his concern that the transit studies are not occurring as quickly as needed to keep pace with development projects, shaping how vehicles and pedestrians move throughout the DMC district. Chair Smith, Commissioner Bier, Mayor Brede, Mr. Dougherty, Ms. Park Rani and Mr. Campbell echoed and elaborated on Mr. Rybak's concerns. Mr. Rybak suggested that a small group be formed to resolve the issues around transportation planning and that a more detailed report should be offered in June 2016. Mr. Freese noted the complexity involved in seeking federal, state, county, and/or city transportation funding. Commissioner Bier offered to ask county staff to assist.

#### VIII. Project Updates

- A. Bloom Project. Lisa Clarke, EDA Executive Director, Steve Kvenvold, City Administrator of the City of Rochester, Sameh Muhtadi, Bloom Realty CEO, and Jonathan Golli from the architecture firm AE7, provided a status update on the proposed Bloom project, located at 4<sup>th</sup> Street and 2<sup>nd</sup> Avenue, within the Development District. A hotel, restaurants, retail, indoor and outdoor public space, apartments and parking are all included in the design concept. The goal is to obtain final approvals by the end of 2016.
- B. Second Street – Saint Marys Place Subdistrict. Patrick Seeb, EDA Director of Economic Development and Placemaking, and Ms. Clarke provided an update on the Second Street – Saint Marys Place Subdistrict planning efforts. Mr. Seeb reported that the City and EDA have met with stakeholders in the area over the last few months to define a public realm design process. A 14-day “design sprint” will be completed with the goal of creating recommendations regarding public investment in the subdistrict.

#### IX. Economic Development Agency.

- A. EDA Update. Ms. Clarke updated the Board with respect to: Experience Accreditation; the EDA's continuing work with Wilder Foundation; the DMC Dashboard; the awarding of the McKnight Foundation grant and the EDA's discussion with CEE; and the first ever Rochester “Placemakers” Prototyping Festival that will be held in September. The Prototyping Festival will occur at the same time as Mayo Clinic's international “Transform” Conference.
- B. Discovery Square Strategy and Bio International Conference. Jeff Bolton, EDA Board Chair, and Vice President of Administration, Mayo Clinic, Mr. Seeb and Ms. Clarke offered an update on Discovery Square. Mr. Bolton reported that Mayo Clinic is consistent with projections and the Mayo Clinic Board of Trustees has approved over \$50 million for capital investment projects in Rochester. Mayo Clinic continues to build alliances with companies and economic development efforts.

Discovery Square will serve as the “economic engine” of the DMC, and the role of the EDA will include facilitating the development of the physical environment, creating the culture and relationships necessary for long-term success, and promoting and marketing Discovery Square. The EDA has created partnerships with many local, regional, and statewide entities, including the University of Minnesota. Mr. Rybak recommended that the DMCC Board and EDA identify when and how the DMCC or EDA leads or participates in the development of an entrepreneurial ecosystem and Discovery Square.

- C. Heart of the City: Public Space Design Update. Mr. Seeb and Mayor Brede provided an update on the Heart of the City public design process. Activating Peace Plaza, First Avenue, and other public spaces is a priority in the Heart of the City. An RFQ was issued to create a public space design, and eleven firms responded to the RFQ. Of the eleven firms, six were chosen to submit more detailed proposals. A 14-member community advisory committee completed the review of the RFQ's and will review the RFP's for submittal to the DMCC Board and the City Council. Mr. Rybak suggested that activating street-level space should include consideration of the subway and skyway pedestrian traffic, as well as whether more can be done to make the streets pedestrian friendly.

Ms. Clarke gave a brief update on the Bio International conference, the largest bio-med-tech conference in the world.

- D. Marketing Plan: Update. Mary Welder, EDA Communication and Community Relations Director, and Molly Hull and Rob Rankin from the marketing firm Clarity Coverdale Fury (CCF), provided an update on the marketing plan. The strategies and tactics in the marketing plan are grounded in the goals of the DMC Development Plan and center on "Innovation," "Talent," and "Place." CCF has identified multiple audiences and has tailored marketing tactics to reach them. The launch of the marketing plan is expected in September. Chair Smith stated her appreciation for the work completed during this phase of the communications and marketing plan.
- X. DMCC 2016 Budget: Year to Date Update. General Counsel Kathleen Lamb provided an update on the budget report, noting that there was nothing out of the ordinary about the report to-date.
- XI. Meeting Schedule. The next regular meeting of the DMCC is Thursday, June 23, 2016, at 9:30 a.m.
- XII. Adjournment. Mr. Rybak moved to adjourn the meeting. Mr. Campbell seconded.

Ayes (8), Nays (0), Motion carried.

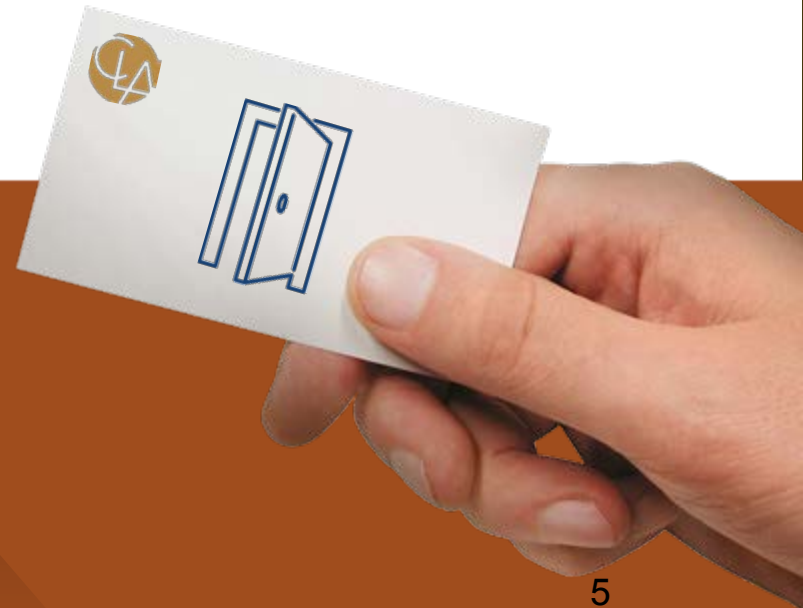
# Destination Medical Center Corporation

Audit Results for Year Ended December 31, 2015



CliftonLarsonAllen

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# Agenda

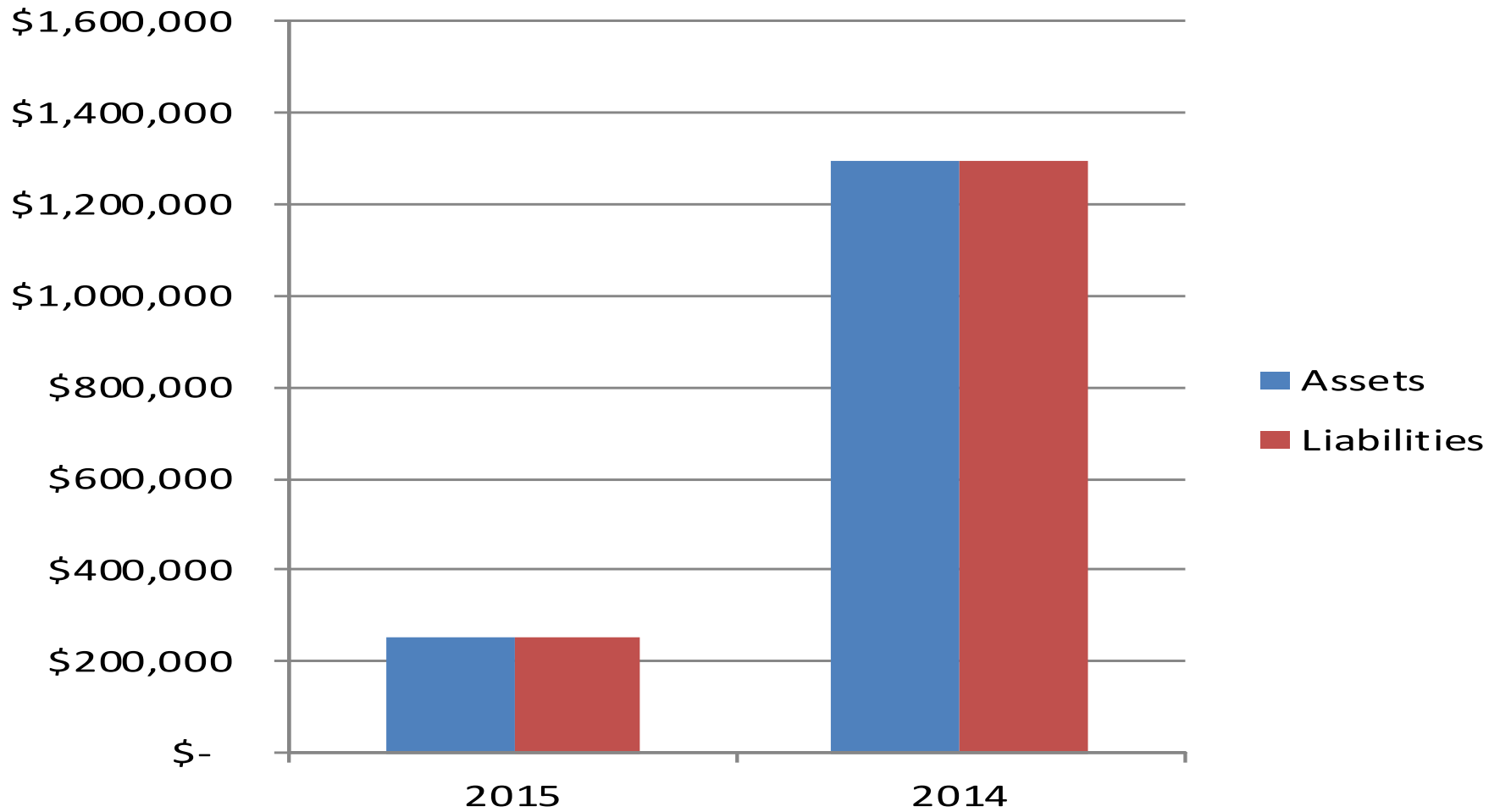
- Financial Statements
- Audit Results
- Required Communications

# Financial Statements

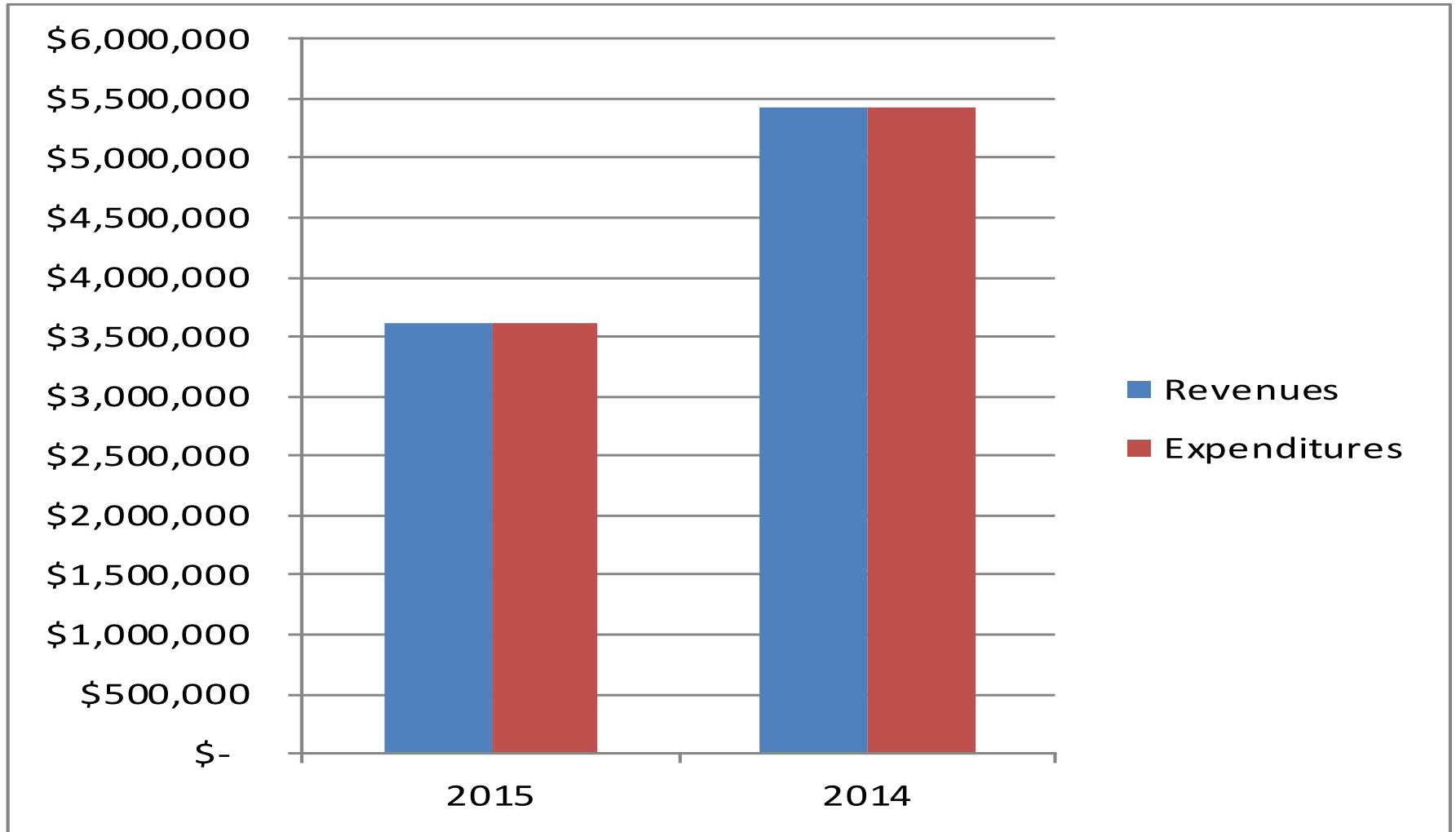
- Prepared based on Governmental Accounting Standards Board pronouncements
- Single program entity—present expenditures by type (natural classification)
- Component unit
  - DMCC is a component unit of (included in) City of Rochester’s financial statements
  - DMCEDA is *not* a component unit of DMCC
  - Will evaluate component unit reporting annually



# Financial Statements : Assets & Liabilities



# Financial Statements : Revenues & Expenditures



# Audit Results

- Financial statements
- Internal controls – no findings
- Minnesota legal compliance – no findings

# Required Communications

- Audit provides reasonable, but not *absolute* assurance
- Accounting policies – described in Note 1 to the financial statements
- Audit adjustments – none
- No disagreement or difficulties with management

# Items to Complete

- Federal and state tax returns

# Thank you for allowing us to serve you!

## Contact Information:

Craig Popenhagen, Principal

507-434-7041

[Craig.popenhagen@claconnect.com](mailto:Craig.popenhagen@claconnect.com)

**DESTINATION MEDICAL CENTER CORPORATION  
(A COMPONENT UNIT OF THE CITY OF  
ROCHESTER, MINNESOTA)**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2015**





**DESTINATION MEDICAL CENTER CORPORATION  
ROCHESTER, MINNESOTA  
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**DESTINATION MEDICAL CENTER CORPORATION  
ROCHESTER, MINNESOTA  
BOARD OF DIRECTORS  
AS OF DECEMBER 31, 2015**

**BOARD OF DIRECTORS**

Tina Flint Smith	Chair
R.T. Rybak	Vice Chair
Jim Bier	Treasurer
Ardell F. Brede	Director
James Campbell	Director
Bill George	Director
Ed Hruska	Director
Susan Park Rani	Director



**SECTION I – FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Destination Medical Center Corporation  
Rochester, Minnesota

We have audited the accompanying financial statements of the governmental activities and the general fund of the Destination Medical Center Corporation (Corporation), a component unit of the City of Rochester, Minnesota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Destination Medical Center Corporation as of December 31, 2015, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2016, on our consideration of the Destination Medical Center Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of the laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Destination Medical Center Corporation's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Austin, Minnesota  
June 15, 2016



**DESTINATION MEDICAL CENTER CORPORATION  
ROCHESTER, MINNESOTA  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUND BALANCE SHEET  
DECEMBER 31, 2015**

	General Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,000	\$ -	\$ 1,000
Advances to DMC EDA	50,000	-	50,000
Due from Other Governments	183,852	-	183,852
Prepays	12,620	-	12,620
Accounts Receivable	2,868	-	2,868
Total Assets	\$ 250,340	-	250,340
<b>LIABILITIES</b>			
Accounts Payable	\$ 186,720	-	186,720
Due to Other Governments	51,000	-	51,000
Unearned Revenue	12,620	-	12,620
Total Liabilities	250,340	-	250,340
<b>FUND BALANCE/NET POSITION</b>			
Fund Balance			
Unassigned	-	-	-
Total Fund Balance	-	-	-
Total Liabilities and Fund Balance	\$ 250,340		
Net Position			
Unrestricted		-	-
Total Net Position		\$ -	\$ -

See accompanying Notes to Financial Statements.

**DESTINATION MEDICAL CENTER CORPORATION  
ROCHESTER, MINNESOTA  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 2015**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES/EXPENSES</b>			
Economic Development			
Building Rent	\$ 21,232	\$ -	\$ 21,232
Legal Consultants	324,144	-	324,144
Other Professional Services	17,897	-	17,897
Travel and Training	976	-	976
Insurance	17,601	-	17,601
Program Costs	3,223,338	-	3,223,338
Total Expenditures/Expenses	<u>3,605,188</u>	<u>-</u>	<u>3,605,188</u>
<b>PROGRAM REVENUES</b>			
Intergovernmental			
Local Government	3,602,319	-	3,602,319
Contributions and Donations	2,868	-	2,868
Total Program Revenues	<u>3,605,187</u>	<u>-</u>	<u>3,605,187</u>
Net Program Revenues	(1)	-	(1)
<b>GENERAL REVENUES</b>			
Investment Earnings	1	-	1
Total General Revenues	<u>1</u>	<u>-</u>	<u>1</u>
Change in Fund Balance	-	-	-
Change in Net Position	-	-	-
<b>FUND BALANCE/NET POSITION</b>			
Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**DESTINATION MEDICAL CENTER CORPORATION  
ROCHESTER, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental				
Local Government	\$ 4,072,803	\$ 4,638,457	\$ 3,602,319	\$ (1,036,138)
Investment Earnings	-	-	1	1
Contributions and Donations	-	-	2,868	2,868
Total Revenues	<u>4,072,803</u>	<u>4,638,457</u>	<u>3,605,188</u>	<u>(1,033,269)</u>
<b>EXPENDITURES</b>				
Current:				
Building Rent	-	-	21,232	21,232
Legal Consultants	400,000	400,000	324,144	(75,856)
Other Professional Services	380,600	380,600	17,897	(362,703)
Travel and Training	36,603	36,603	976	(35,627)
Insurance	180,600	180,600	17,601	(162,999)
Supplies	275,000	275,000	-	(275,000)
Program Costs	2,800,000	3,365,654	3,223,338	(142,316)
Total Expenditures	<u>4,072,803</u>	<u>4,638,457</u>	<u>3,605,188</u>	<u>(1,033,269)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>FUND BALANCE</b>				
Beginning of Year			-	
End of Year			<u>\$ -</u>	

See accompanying Notes to Financial Statements.

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**DESTINATION MEDICAL CENTER CORPORATION  
ROCHESTER, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Destination Medical Center Corporation (the Corporation) is a component unit of the City of Rochester, Minnesota, and was incorporated on July 23, 2013. The Corporation was established by the City of Rochester, Minnesota pursuant to Minnesota Statutes Section 469.41 as a Minnesota nonprofit corporation. The Corporation was established to benefit the City, and more broadly, Olmsted County and the State of Minnesota by researching, preparing and implementing a master development plan, including facilitating public infrastructure projects and a variety of development and redevelopment projects, all to promote and provide for the establishment of the City, the County, and the State as a world destination medical center.

The Corporation is governed by a board of directors consisting of eight directors. The composition of the board of directors include the Mayor of the City of Rochester or the Mayor's designee, the City of Rochester Council President or the President's designee, the Chair or another member of the County Board of Olmsted County, a representative of Mayo Clinic, and four directors appointed by the Governor of Minnesota.

**Basis of Presentation**

The financial statements of the Destination Medical Center Corporation have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America. (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as generally accepted accounting principles in the United States of America for state and local governments.

**Financial Reporting Entity**

The Corporation was established to oversee the planning and implementation of the Destination Medical Center initiative. The Corporation works with the City of Rochester, Minnesota and the Destination Medical Center Economic Development Agency to prepare and adopt a development plan.

Component units are legally separate entities for which the Corporation (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the Corporation.

**DESTINATION MEDICAL CENTER CORPORATION  
ROCHESTER, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basic Financial Statement Presentation**

The General Fund of the Destination Medical Center Corporation meets the definition of a Special-Purpose government and is involved in only one program, as specified in Minnesota Statutes, Sections 469.40 - 469.47. Accordingly, the Corporation is allowed to combine its government-wide statements with the fund statements. At December 31, 2015, and for the year then ended, there were no reconciling items between the two types of statements.

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all financial activities of the Corporation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

1. Revenue Recognition – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State revenue is recognized in the year to which it applies according to Minnesota Statutes and U.S. generally accepted accounting principles.
2. Recording of Expenditures – Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used.

**DESTINATION MEDICAL CENTER CORPORATION  
ROCHESTER, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets and Budgetary Accounting**

The Corporation adopts an annual budget, which is adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP). Reported budget amounts represent the original adopted budget as amended by the Board. For 2015, the amount budgeted for the purpose of paying the expenses of the Corporation was \$4,638,457. Actual expenditures of the Corporation were \$3,605,188 resulting in a favorable variance of \$1,033,269.

**Assets, Liabilities, and Fund Balance/Net Position**

**Cash and Cash Equivalents**

Cash and cash equivalents consist of deposits in a checking account and a repurchase agreement account for any available deposits at the end of the business day.

**Advances**

Advances consist of monies advanced to the Destination Medical Center Economic Development Agency to fund operational expenses.

**Due from Other Governments**

Due from other governments consists of program costs receivable from the City of Rochester, Minnesota.

**Prepays**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

**Unearned Revenues**

Unearned revenue is prepaid insurance and unspent dollars that were advanced to the Destination Medical Center Economic Development Agency.

**Fund Balance**

In the fund financial statements, governmental funds report fund balances as nonspendable, restricted, committed, assigned or unassigned. The Corporation currently only reports unassigned fund balance. Restricted fund balances are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balance represents constraints on spending that the Corporation imposes upon itself by high-level formal action prior to the close of the fiscal period. The board of directors authorizes all assigned fund balances and their intended uses. Unassigned fund balances are considered remaining amounts.

**DESTINATION MEDICAL CENTER CORPORATION  
ROCHESTER, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenues and Expenditures**

**Fund Balance (Continued)**

When an expenditure is incurred for which both restricted and unrestricted fund balance is available, it is the Corporation's policy to use restricted fund balance first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned and unassigned cash fund balance is available, it is the Corporation's policy to use committed first, then assigned and finally unassigned cash fund balance.

**Revenues**

Intergovernmental revenues are reported under the legal and contractual requirements of the individual programs. Generally, grant revenues are recognized when the corresponding expenditures are incurred. The intergovernmental revenues are entirely provided by the City of Rochester, Minnesota.

Investment income is recognized when earned, since it is measurable and available.

**Expenditures**

Expenditure recognition in the General Fund includes only amounts represented by current liabilities. Noncurrent liabilities are not recognized as governmental fund type expenditures or fund liabilities.

**Net Position**

Net position represents the difference between assets and liabilities in the Government-wide financial statements. Net position is reported as restricted in the Government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

**NOTE 2 DEPOSITS AND INVESTMENTS**

**A. Deposits**

In accordance with Minnesota Statutes, the Corporation maintains deposits at depository banks as authorized by the Corporation's board of directors.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned in full. The Corporation's deposit policy for custodial credit risk follows Minnesota Statutes for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.



**DESTINATION MEDICAL CENTER CORPORATION  
ROCHESTER, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**A. Deposits (Continued)**

The Corporation's deposits in banks at December 31, 2015 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota statutes.

**B. Investments**

The Corporation may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less.
- General obligations rated "A" or better; revenue obligations rated "AA" or better
- General obligations of the Minnesota Housing Finance Agency rated "A" or better
- Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

The Corporation's investments consisted of a repurchase agreement with Wells Fargo Bank, N.A. having a balance of \$1,000 at December 31, 2015. The securities sold to the Corporation include US Agency Bonds with an AAA rating. The repurchase agreement bears interest at .01% and matures overnight. As such, the repurchase agreement is presented as a cash equivalent in the financial statements.

**Interest Rate Risk** – This is the risk that arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Corporation's investment policy limits investments to a maturity of one year, or lesser period that coincides with expected disbursements by the Corporation. Operating reserves may be invested in securities with a maximum maturity of up to three years.

**DESTINATION MEDICAL CENTER CORPORATION  
ROCHESTER, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

**Custodial Credit Risk** – Investments – For an investment, this is the risk that, in the event of a failure by the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Corporation’s investment policy requires that investment balances be fully collateralized. As of December 31, 2015, the securities underlying the repurchase agreement are held by the counterparty in the Corporation’s name.

At June 30, 2015, the Corporation had the following deposits and investments:

Deposits	\$ -
Repurchase Agreement - Wells Fargo Bank, N.A.	<u>1,000</u>
Total Cash and Investments	<u><u>\$ 1,000</u></u>

**NOTE 3 RISK MANAGEMENT**

The Corporation is exposed to various risks of loss related to torts, theft of assets, or errors and omissions. The Corporation purchases commercial insurance coverage for such risks.

**NOTE 4 RELATED ORGANIZATION**

The Destination Medical Center Economic Development Agency (DMC EDA), a related Minnesota nonprofit corporation, was established by the Mayo Clinic pursuant to Minnesota Statutes Section 469.43. The Corporation does not have a voting majority of the board of directors of DMC EDA, which is considered a stand-alone entity apart from the Corporation and thus, excluded from the Corporation’s financial statements. Separate financial statements are issued for the DMC EDA.

**NOTE 5 CONTINGENT LIABILITIES AND COMMITMENTS**

The Corporation receives financial assistance from state and local governmental agencies. The disbursement of funds received under these programs generally require compliance with the terms and conditions specified in the agreements and are subject to audit by the funding agencies, regulators and other oversight agencies. Any disallowed claims resulting from such audits could become a liability of the Corporation. Management is not aware of any disallowed claims at this time.

**SECTION II**  
**COMPLIANCE LETTERS**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Destination Medical Center Corporation  
Rochester, Minnesota

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Destination Medical Center Corporation, a component unit of the City of Rochester, Minnesota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Destination Medical Center Corporation's basic financial statements, and have issued our report thereon dated June 15, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Destination Medical Center Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Destination Medical Center Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Destination Medical Center Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Destination Medical Center Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Destination Medical Center Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Destination Medical Center Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Destination Medical Center Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Austin, Minnesota  
June 15, 2016

## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Directors  
Destination Medical Center Corporation  
Rochester, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Destination Medical Center Corporation, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Destination Medical Center Corporation's basic financial statements, and have issued our report thereon dated June 15, 2016.

The Minnesota Legal Compliance Audit Guide for Other Political Subdivisions, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the Destination Medical Center Corporation failed to comply with the provisions of the Minnesota Legal Compliance Audit Guide for Other Political Subdivisions. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Destination Medical Center Corporation's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the Minnesota Legal Compliance Audit Guide for Other Political Subdivisions and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Austin, Minnesota  
June 15, 2016





Board of Directors  
Destination Medical Center Corporation  
Rochester, Minnesota

We have audited the financial statements of the governmental activities and the general fund of the Destination Medical Center Corporation (the Corporation) for the year ended December 31, 2015, and have issued our report thereon dated June 15, 2016. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### **Qualitative Aspects of Accounting Practices**

##### **Accounting Policies**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Corporation are described in Note 1 to the financial statements.

We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### **Accounting Estimates**

There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

##### **Financial Statement Disclosures**

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent and clear.

#### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### **Uncorrected Misstatements**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

**Corrected Misstatements**

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

**Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated June 15, 2016.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Significant Issues Discussed with Management Prior to Engagement**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

**Other Information in Documents Containing Audited Financial Statements**

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

This communication is intended solely for the use of the board of directors and the management of the Corporation and is not intended to be and should not be used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Austin, Minnesota  
June 15, 2016



June 16, 2016  
Mr. Richard Freese  
City of Rochester  
Program Manager

RE: TRANSPORTATION & INFRASTRUCTURE PROGRAM MANAGEMENT UPDATE

Dear Mr. Freese:

Attached, please find the monthly progress report for May 2016. City and SRF staff have been vigorously engaged in the scoping, scheduling, and budgeting of the four transit planning studies that will serve as the foundation for future improvements to the Destination Medical Center. These four studies are:

- Downtown Transit Circulator & Operations Study
- Downtown Street Use & Operations Study
- Parking & Travel Demand Management Study
- City Loop Study

A quick summary of the Program Management accomplishments from May 2016 include: multiple scope and budget review meetings for each transit study, evaluation of cash flow needs to support the transit studies, structuring eBuilder controls for each transit study, developing contracting mechanism for the transit studies, WMBE agency interviews, and conducting the regularly scheduled oversight meetings for the overall program.

Kenneth A. Holte  
Program Manager  
SRF Consulting Group, Inc.



# MONTHLY PROGRESS REPORT

## MAY 2016

City of Rochester | Program Management  
Transportation & Infrastructure Program Management

June 10, 2016

Prepared By:  
SRF Consulting Group, Inc.  
[www.srfconsulting.com](http://www.srfconsulting.com)



### 1. Work Task Activity this Past Month

- a. Reviewed and evaluated transit studies scopes and budgets
- b. Developing cash Flow analysis for Transit studies
- c. Establishing e-Builder structure for Transit Studies
- d. Developing contract language and structure for Transit Studies
- e. Developing WMBE program outline and implementation plan

### 2. Work Task Items completed this past month

- a. Integrated Transit Studies Scope review meetings
- b. Integrated Transit Studies Budget review meeting
- c. Completed agency interviews for WMBE program
- d. Presented update to DMCC Board
- e. Conducted weekly Program Mangers (PM) conference calls.
- f. Conducted monthly Program Management Team (PMT) Meeting.
- g. Conducted monthly Transportation Work Group (TWG) meeting.

### 3. Status of Program Management

Topic	Status
<b>Management</b>	
1. Core Leadership Meetings	Meeting on Bi-Weekly basis
2. E-builder Discovery	On Hold
3. E-builder Programing and Training	Programming is ongoing
4. Invoicing and Status Report	Monthly progress report
<b>20 Year Program and 5 Year Plan</b>	
1. Chart of Accounts/Cost Breakdown Structure/Work Breakdown Structure	Work has begun and is ongoing,
2. Work Breakdown Schedule Master Plan	DMC plan schedule completed,
3. Financial Reporting	Anticipated third/fourth quarter 2016
4. Financial Interface	Anticipated third/fourth quarter 2016
5. 15-Month Critical Path Method Schedule	One year, five year schedule developed
<b>Studies</b>	

1. Transit and Street Study	Consultant scopes reviewed, consultant budgets reviewed, both sent out for refinement, coordination of schedule and task with all studies.
2. Integrated Management of Travel Demand and Parking	Consultant scopes reviewed, consultant budgets reviewed, both sent out for refinement, coordination of schedule and task with all studies.
3. City Loop and Cultural Crescent Development Plan	Consultant scopes reviewed, consultant budgets reviewed, both sent out for refinement, coordination of schedule and task with all studies.
4. Long Term Capital Investment and Financing Program	Anticipated third/fourth quarter 2016
<b>City/Stake Holder Coordination</b>	
1. Program Management Plan	Chapters under development
2. Scenario Planning	Anticipated third/fourth quarter 2016
3. Outreach Materials	No efforts needed to date. Continued coordination with DMC EDA
<b>Meetings</b>	
1. Weekly Program Managers Conference Call	Meetings held May 3, 10, 17, 24, 31
2. Monthly Program Management Team	Meeting held May 11
3. Quarterly Technical Advisory Committee	Meetings consolidated, no longer being held
4. Monthly DMCC Board Meetings	Meeting held May 26
5. Monthly Transportation Work Group	Meeting held May 18

#### 4. Ongoing Monitoring / Resolutions Needed

Topic	Status/Timeline
TDP and Comp Plan coordination	Fall 2016
Metro design center standards recommendations	Draft Spring 2016
Funding sources for infrastructure to support Saint Mary’s hospital expansion: projects SS1 and SS2	Projects SS1 and SS2 moved to 2017
Obtaining GIS-based information from DMC EDA regarding development Plan graphics, boundaries, images, etc.	Coordination Meeting scheduled for June 3 <sup>rd</sup> .
Institutional/Historical information sharing from EDA	Coordination Meeting scheduled for June 3 <sup>rd</sup> .

#### 5. Status of PMC Traffic and Infrastructure Projects

Project	Status
<b>2015</b>	
Green Stormwater Plan	KHA preparing Grant study for City; Demo Project #1 in 2016
Transit/Transportation/Infrastructure Management	Work is ongoing
<b>2016</b>	
3rd St. SW Reconstruct/Design	Design to start 2nd quarter in 2016
SS1 12th Ave. Sewer Capacity	City staff preliminary design completed. Coordinating with St. Mary’s Staff
SS2 Cooke Park Sewer Capacity	Design is complete
Broadway @ Center Ramp	50% of design is complete
Shared Parking Study/Program Development	Scoping and budgeting being reviewed and coordinated with all transit studies.
City Loop Plan	Scoping and budgeting being reviewed and coordinated with all transit studies.
Transit/Transportation/Infrastructure Management	Work is ongoing
Transit Circulator Study	Scoping and budgeting being reviewed and coordinated with all transit studies.

## 6. Staff next steps and/or upcoming activities

- a. Meetings that are scheduled
  - 1. DMC EDA information sharing – June 3
  - 2. PM Weekly Calls – June 7, 14, 21, 28
  - 3. PMT Monthly Meeting – June 9
  - 4. TWG Meeting – June 15
  - 5. DMCC Board Meeting – June 23
  - 6. Joint DMCC board / City Council – June 23

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## Design Guidelines

To: DMCC Board of Directors

From: DMC EDA Staff

Date: June 17, 2016

### **Background:**

The City of Rochester has contracted with the Metropolitan Design Center, University of Minnesota, to develop a set of urban design guidelines. Design guidelines of this nature will assist developers and help their architects better understand the expectations the City has for project and public realm design. In other cities this has helped expedite the design and approval process because developers are not trying to speculate about the community's expectations.

A copy of the table of contents is included herein.

### **Next Steps:**

There will be several public presentations of the guidelines during June and July.



# Rochester Destination Medical Center District Design Guidelines

REVIEW DRAFT  
JUNE 10, 2016

00

Acknowledgments  
Executive Summary

01

**Introduction**

Vision for the Future  
Background and History  
Purpose of the Guidelines  
Organization of the Guidelines  
Implementation

02

**Guidelines  
and Standards**

**A. Downtown District**

- A.01 Create a Safe, Inviting and Connected Public Realm
- A.02 Enhance Connections to Nature and Natural Systems
- A.03 Establish District and Sub-district Identity
- A.04 Strengthen Gateways
- A.05 Establish Signature Open Spaces
- A.06 Reuse and Restore Buildings
- A.07 Infuse the City with Public Art
- A.08 Develop Mixed Use Neighborhoods
- A.09 Promote Urban Agriculture
- A.10 Create District Parking
- A.11 Create Sustainable Community Infrastructure
- A.12 Create a Healthy Community



## 03

### Appendices

Reference Guidelines and Standards  
Project Review Checklist

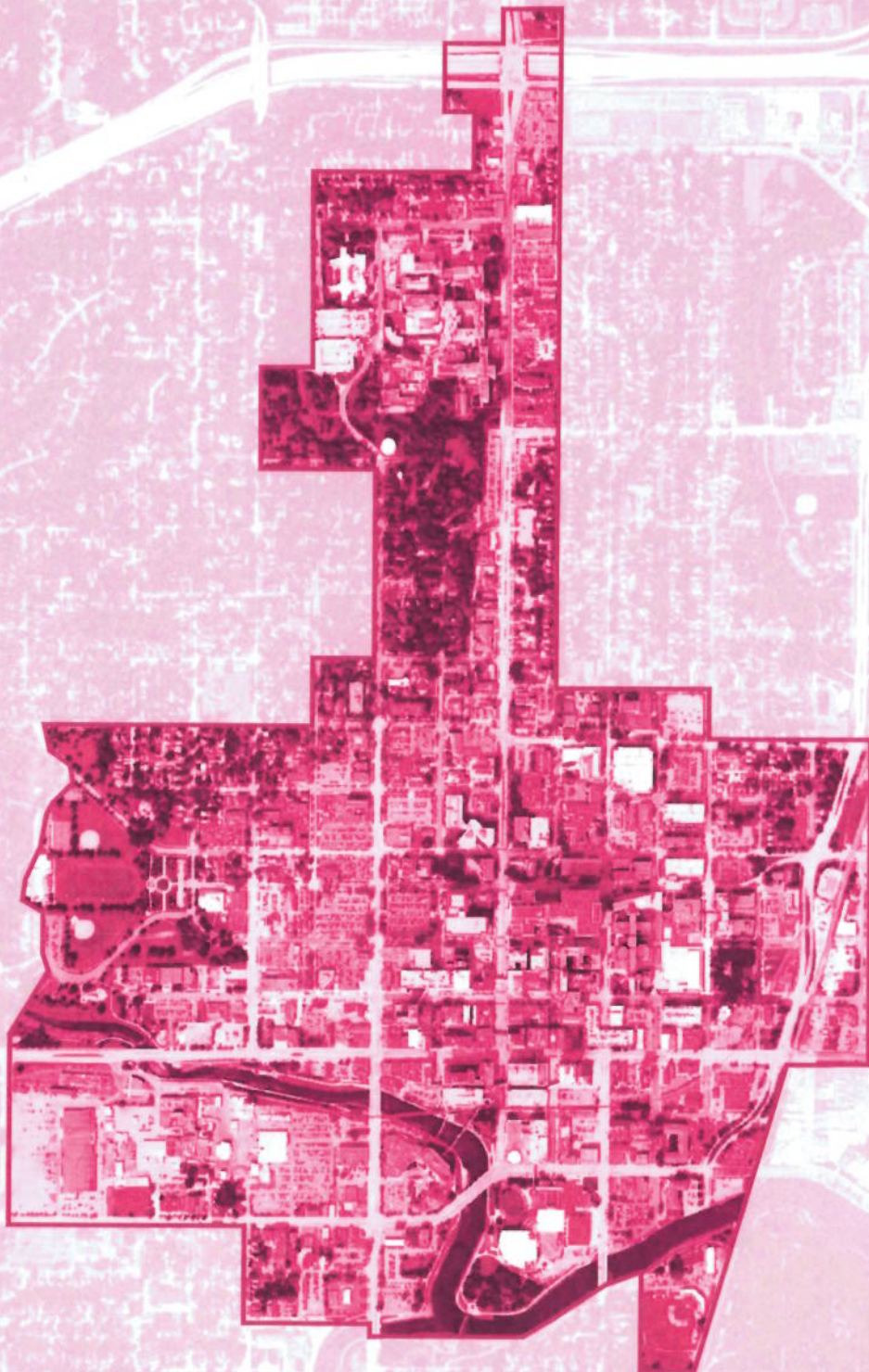
#### B. Streets and Corridors

- B.01 Design Multimodal Streets  
Prioritizing Pedestrians First
- B.02 Design Streets to Accommodate Bicycles
- B.03 Design Streets to Accommodate Mass Transit
- B.04 Design Safe Efficient Roadways
- B.05 Design Safe Multimodal Intersections
- B.06 Establish the Urban Forest
- B.07 Develop Sustainable Water Management Strategies
- B.08 Design Smart Streets
- B.09 Design Streets with Flexibility and Adaptability for Future Uses
- B.10 Connect Street, Skyway, Subway Levels
- B.11 Types of Streets and Corridors
- B.12 Application to Typical Right-Of-Way

#### C. Individual Sites and Buildings

- C.01 Design Buildings to Establish Sense of Urban Enclosure
- C.02 Design Tall Buildings to Preserve Sunlight, Comfort and Views
- C.03 Promote Quality and Permanence in Development
- C.04 Design for Coherency
- C.05 Contribute to a Vibrant Streetscape
- C.06 Design for Flexibility and Adaptability for Future Use
- C.07 Create Spaces for Collaboration
- C.08 Meet Sustainable and Healthy Building Design Standards
- C.09 Connect to District Systems
- C.10 Design Roofs for Visual Impact and Sustainability
- C.11 Design Parking Structures to Enhance Pedestrian Realm
- C.12 Make Parking Structures Adaptable to Future Uses





## EDA Update

To: DMCC Board of Directors

From: DMC EDA Staff

Date: June 17, 2016

The DMC EDA update includes reports on:

- Heart of the City
- Transportation Working Group
- DMC Metrics Dashboard
- Urban Prototyping Festival
- Saint Marys Place
- Energy & Sustainability
- DMC EDA 2016 Workplan status
- Communications, Community Engagement, and Marketing

## Heart of the City

To: DMCC Board of Directors

From: DMC EDA Staff

Date: June 17, 2016

### **Background:**

The Destination Medical Center Corporation Board of Directors and the Rochester City Council are working together to design the public space for the Heart of the City sub-district. An RFQ for design firms was issued in February, the Community Advisory Committee was appointed in April, and a review of RFQ's took place in May.

A subset of six (6) qualified firms has been invited to submit proposals with a due date of July 15, 2016.

### **Next Steps:**

- June 17: Proposers meeting and walk-through
- July 15: Submittals due
- Week of July 18: Staff review of submittals
- Week of July 25: Subcommittee review of submittals
- Week of August 15: Community Advisory Committee review of materials

The goal is to bring forth a recommended design team to the DMC EDA board, DMCC board, and the City Council at their respective August meetings. The firm will commence work once under contract.

## Transportation Working Group

To: DMCC Board of Directors

From: DMC EDA Staff

Date: June 17, 2016

### **Background:**

The City of Rochester hired SRF Consulting as the Transportation Program Manager for the DMC District. SRF has begun to hold weekly and monthly group sessions with the respective sub-committees.

SRF has assembled the team of consultants to lead the five main studies that came out of the summit. Transit Management Authority and Parking were combined into one study. The four key study areas include:

1. *Street Use*
2. *Transit Management Authority/Parking*
3. *Downtown Transit Circulator*
4. *City Loop/ Bicycle and Pedestrian*

### **Next Steps:**

- DMC EDA Staff will continue to participate in the monthly working sessions.
- DMC EDA Staff is actively working with the City and SRF to ensure that the underlying research and findings of the DMC plan are used as the basis for the four current studies.



## DMC Metrics Dashboard

To: DMCC Board of Directors  
From: DMC EDA Staff  
Date: June 17, 2016

### **Background:**

DMC EDA Staff has completed the phase one work with Wilder Research to create the DMC Metrics Dashboard structure and presented a sample of the dashboard at the April DMCC Board meeting. Since the April DMCC board meeting DMC EDA Staff has moved into phase two of the Dashboard work. The data visualization design of the dashboard has begun, and Wilder has been retained to collect the historical data to populate the dashboard's indicators.

### **Next Steps:**

Wilder Research has begun data collection and will have a sub-set of the goal(s) complete and the draft visual will be presented at the August DMCC board meeting.

## Urban Prototyping Festival

To: DMCC Board of Directors  
From: DMC EDA Staff  
Date: June 17, 2016

### **Background:**

DMC has been working with Rochester Downtown Alliance and Rochester Art Center on a new program concept for Rochester called PlaceMaker|Rochester Prototyping Festival. Prototyping is a business strategy used in other industries and is now being applied to city development.

This is a year-long initiative that began in January and will conclude with a final report and analysis in December, punctuated by numerous public events and activities, the most visible of which is the Sept 15-17 public display of project installations held in conjunction with Mayo Clinic Center for Innovation's Transform Conference.

Prototyping is a way of studying the impact of a project or methodology before investing in the generally high cost of final design and installation. This approach is being used in the urban environment to test out new and creative solutions to city building challenges.

The theme for our program this year is Health and the Built Environment.

### **Next Steps:**

Deadline for submittals was June 17<sup>th</sup>, 2016. A jury panel will be assembled to evaluate and select finalists, who will be notified in July. We hope to have 10-12 qualified installations.

## St. Marys Place

To: DMCC Board of Directors

From: DMC EDA Staff

Date: June 17, 2016

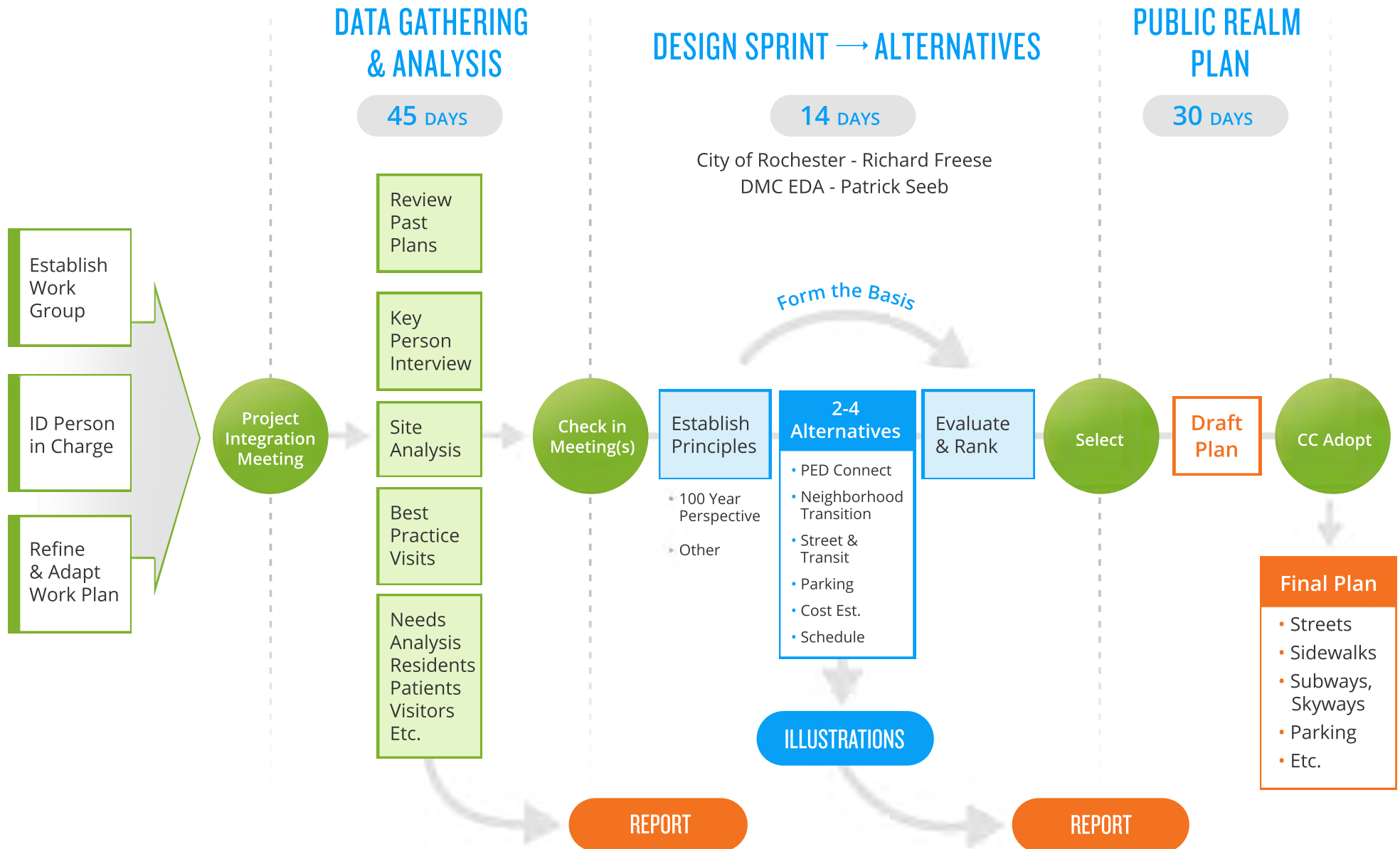
### **Background:**

DMC EDA staff has been working with the City, property owners, Mayo Clinic, and volunteer leadership from the three nearby neighborhood organizations to develop a methodology to design the public realm/public infrastructure for the entire St. Marys Place sub-district. We now have agreement on a 90 day process, outlined in the attachment.

### **Next Steps:**

- Work has commenced and will continue.
- We are working with the University of Minnesota Metropolitan Design Center to develop and lead the Design Sprint phase of this process.

The outcome of this work will tie directly with the forthcoming proposal for a housing development at 2<sup>nd</sup> Street and 14<sup>th</sup> Ave. SW.



## Energy & Sustainability

To: DMCC Board of Directors

From: DMC EDA Staff

Date: June 17, 2016

### **Background:**

At the December 2015 DMCC Board Meeting, the Center for Energy and the Environment (“CEE”) gave a presentation and delivered its final energy report that was commissioned by the McKnight Foundation.

At the April 2016 DMCC Board Meeting, the DMCC Board adopted an Energy and Sustainability resolution which called for the formation of a technical committee (the “Energy Integration Committee”) to be made up of representatives from Mayo, RPU, MERC, the City of Rochester, Olmsted County, and the DMC EDA. Additionally the resolution called for the DMC to strive to achieve the recommendations of the CEE report.

DMC EDA Staff was awarded a two-year, \$150,000 Midwest Climate & Energy grant from the McKnight Foundation. The grant funding will be used to support the DMC development plan’s Energy & Sustainability goals.

### **Next Steps:**

- The DMC EDA will continue to lead and facilitate the technical group.
- DMC EDA Staff will continue to use CEE as a resource for insight on how best allocate the resources provided by the McKnight Grant, and how best to keep the DMC’s Energy and Sustainability goals moving forward in the interim.

**BACKGROUND / STATUTORY FRAMEWORK**

- In 2016, the Destination Medical Center (“DMC”) initiative will be firmly rooted in the implementation phase of work.
- The work to be undertaken is just as envisioned by lawmakers and the executive branch in 2013, and even more tangible and important today with the backing of a strong Development Plan, which was created with a compelling vision that harnesses the energy and creativity of the entire community.
- The Development Plan and annual Workplans will guide the State’s most important public-private development initiative – one designed with the potential to leverage significant private investment and generate \$7.5 billion to \$8 billion in tax revenues and 35,000 to 45,000 new jobs with proper execution of these plans.

**DMC EDA PURPOSE**

The DMC Economic Development Agency (“DMC EDA”) is the entity responsible for “developing and marketing” the DMC initiative on behalf of the Destination Medical Center Corporation (“DMCC”) and the City, consistent with the DMC Mission.

- The specific responsibilities of the DMC EDA are enumerated under the Minnesota, Chapter 143, Article 10, as amended (the “DMC Law”).
- Additional, consistent responsibilities are outlined in the contract between the DMCC and the DMC EDA.
- The DMC EDA’s Goals and related work will be based upon strategic priorities and desired outcomes and will be informed and driven by the DMC Development Plan and annual Workplans, as well as topic-specific strategic implementation plans.

**DMC MISSION**

*“With Mayo Clinic at its heart, the DMC initiative will be the catalyst to position Rochester, Minnesota, as the world’s premier destination center for health and wellness; attracting people, investment and jobs to America’s City for Health and supporting the economic growth of Minnesota and its biosciences sectors.”*

**2016 DMC STRATEGIC PRIORITIES**

**DISCOVERY SQUARE  
SUBDISTRICT**

**HEART OF THE CITY  
SUBDISTRICT**

**TRANSPORTATION  
INFRASTRUCTURE**

**ALIGNMENT OF WORKPLAN TO DMC PRIORITY AREAS**

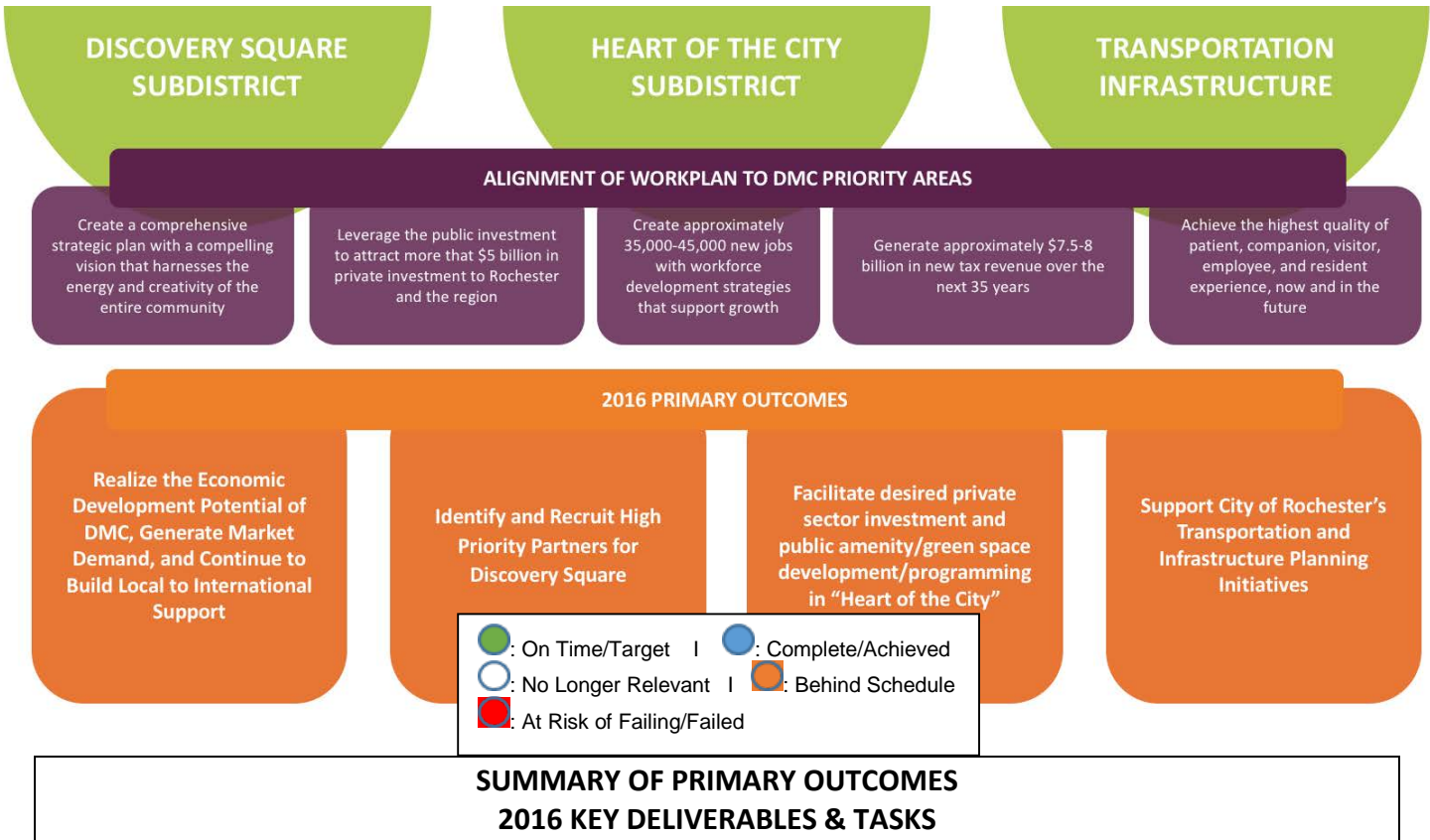
Create a comprehensive strategic plan with a compelling vision that harnesses the energy and creativity of the entire community

Leverage the public investment to attract more that \$5 billion in private investment to Rochester and the region

Create approximately 35,000-45,000 new jobs with workforce development strategies that support growth

Generate approximately \$7.5-8 billion in new tax revenue over the next 35 years

Achieve the highest quality of patient, companion, visitor, employee, and resident experience, now and in the future



**Realize the economic development potential of DMC, generate market demand, and continue to build local to international support**

Organize a "DMC DAY" event in Rochester that invites potential private and public partners to participate in a detailed tutorial on how DMC connects to Mayo's business strategy. **LEAD**

**STATUS:** ●

**COMMENTS:** Preparing October 4, 2016 DMC Day.

Evolve DMC brand identity and create marketing/collateral materials highlighting Heart of City and Discovery Square. **LEAD**

**STATUS:** ●

**COMMENTS:** Discovery Square marketing materials and presentations have been created and/or updated since the Discovery Square announcement at the BIO International Conference. Heart of the City public space design efforts are ongoing.

Develop a master list of over 250 industry and thought leaders and stakeholders (local to national) that will be provided a DMC update letter at least twice in 2016. Smaller groups may be identified for personal outreach or briefings. **LEAD**

**STATUS:** ●

**COMMENTS:** Cultivation of thought leader list is ongoing; approximately half of the list has been populated. Small, strategically targeted stakeholder groups and individual continue to be engaged in the DMC initiative.

Expand news media outreach and DMC story development by targeting at least 12 MN State media outlets and 10 high-value national media outlets (working in coordination with Mayo public affairs) for briefings and to offer ideas for possible DMC stories.

**LEAD**

**STATUS:** ●

**COMMENTS:** The Discovery Square announcement targeted National news outlets for development as well as technology firms. Media event at BIO Conference will reach bio technology media groups and influencers.

Develop not less than 5 short- and long-term strategies for leveraging existing stakeholder relationships and meeting each of the business/economic development goals of Development Plan (i.e., ignite Bio-Med-Tech economy through Discovery Square, catalyze growth in the Heart of the City, diversify business base in the Development District, foster entrepreneurial enterprise and innovation, and facilitate a regional economy).

**LEAD**

**STATUS:** ●

**COMMENTS:** Partnerships with DEED, Medical Alley, RAEDI, Mayo Clinic Ventures, the University of Minnesota, local higher education institutions, and ICLV are expanding DMC leadership in building the ecosystem for entrepreneurs and bio-med-tech businesses.

Enter Phase 2 (advanced) redesign of DMC/DMC EDA Web Site to provide additional functionality for project developers to track DMC funding process and development progress in Heart of City and Discovery Square.

**LEAD**

**STATUS:** ●

**COMMENTS:** Website redesign will begin in Q3/Q4 2016.

Track private investment into DMC that counts towards the \$200 million threshold that triggers the General State Infrastructure Aid (“GSIA”).

**LEAD, PARTICIPATE**

**STATUS:** ●

**COMMENTS:** Annual private investment totals are reported to DEED by April 1 of each year, and DEED certifies private investment by September 1.

Meet monthly with leaders in the six policy areas of focus: (1) energy/sustainability, (2) healthy communities, (3) historic preservation, (4) affordable housing, (5) targeted businesses, and (6) arts and culture, as well as community services to identify a “Quality of Life” scorecard. Public participation will be encouraged at various times throughout these discussions.

**PARTICIPATE**

**STATUS:** ●

**COMMENTS:** DMC EDA staff serve on community and regional boards representing energy and sustainability, targeted businesses, and arts and culture. DMC will retain support staff for energy/sustainability through a grant through the McKnight Foundation. DMC has hosted events related to historic preservation, including the reuse and renovation of the Chateau Theatre. Discussions related to how to measure and efficiently affect quality of life indicators are ongoing.



Facilitate/assist with programming and placemaking related to public spaces.

**PARTICIPATE**

**STATUS:** ●

**COMMENTS:** DMC is collaborating with Rochester Downtown Alliance and the Rochester Art Center to host a prototyping festival. This supports the strategy of health and the built environment and coincides with Mayo Clinic's Transform Conference. DMC and the city are leading the RFP process for the selection of a design firm for the public realm of Heart of the City. DMC EDA facilitated discussion on the public realm strategy for St. Marys Place sub-district with adjacent businesses, neighbors and Mayo Clinic also continue. DMC EDA is participating in the creation of design guidelines with the City of Rochester and the Metropolitan Design Center.

Develop a strategy to engage stakeholders and facilitate discussions to position Rochester as the healthiest city in America.

**PARTICIPATE**

**STATUS:** ●

**COMMENTS:** Discussions with Rochester-Olmsted Planning and Mayo Clinic related to possible healthy city programs are ongoing.

Continue to foster, promote and support community voices that are, or will be users, of the downtown area (students, millennials, baby boomers, etc.)

**PARTICIPATE**

**STATUS:** ●

**COMMENTS:** DMC EDA partnered with Winona State University students to develop a communication plan for attracting millennials to Rochester. The DMC EDA continues to increase the content and the quality of the blogs on entrepreneurs, innovators, local business and key stakeholders who are transforming Rochester as a world-class global destination.

Meet with IBM to identify technology-based opportunities for priority area in DMC; present related strategic implementation plan by 3<sup>rd</sup> quarter of 2016.

**PARTICIPATE**

**STATUS:** ●

**COMMENTS:** While DMC EDA has had numerous conversations with IBM related to the technology-based opportunities, the future priorities of a strategic partnership with IBM are still being determined. Partnerships with other technology-focused companies continue to be developed.

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**Identify and recruit high priority partners for "Discovery Square"**

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Launch DMC Discovery Square initiative at 2016 International BioConference, June 6<sup>th</sup> through 9<sup>th</sup>.

**LEAD**

**STATUS:** ●

**COMMENTS:** DMC EDA and Mayo Clinic announced a major Discovery Square development at the 2016 BIO International Conference.

Identify/participate in 2 to 3 other statewide/national/international conferences and events to gain exposure among key leaders in support of Discovery Square.

**LEAD**

**STATUS:** ●

**COMMENTS:** Events have or will include the Medical Alley Annual Meeting, AdvaMed Conference, and the InterCity Leadership Visit to the Baltimore/Washington, D.C. area.

Work with Mayo Clinic to identify a Developer for Discovery Square by 2<sup>nd</sup> quarter of 2016.

**STATUS:** ●

**COMMENTS:** Mayo Clinic plans to identify a developer for Discovery Square in Q2/Q3 2016.

**PARTICIPATE**

Meet at least quarterly with key organizations to align shared vision for Discovery Square (e.g., BioAM, RAEDI, Rochester Community & Technical College, University of MN, Rochester Public School System, Rochester Downtown Alliance, Rochester Convention & Visitors Bureau, etc.).

**STATUS:** ●

**COMMENTS:** Regular meetings with key educational, entrepreneurial, and retail/dining/entertainment organizations include discussions related to marketing, workforce, the entrepreneurial ecosystem, and other topics which are integral to the success of Discovery Square.

**PARTICIPATE**

Meet not less than monthly with Mayo Clinic to complete Discovery Square feasibility study and project plan by February 1<sup>st</sup>, 2016.

**STATUS:** ●

**COMMENTS:** Feasibility Study completed on time.

**PARTICIPATE**

Meet monthly with Mayo Clinic/Mayo Ventures to begin recruitment of top 10 Bio-Med-Tech partners for Discovery Square in 2<sup>nd</sup> – 4<sup>th</sup> quarters of 2016.

**STATUS:** ●

**COMMENTS:** Mayo Clinic and DMC EDA continue to develop relationships in the bio-med-tech industry to identify potential partners for Discovery Square.

**PARTICIPATE**

**Facilitate desired private sector investment and public amenities/space development/programming in “Heart of the City”**

Identify and engage 5 to 6 potential hospitality industry partners for Heart of City development, including a five-star hotel.

**STATUS:** ●

**COMMENTS:** Active development discussions are ongoing.

**LEAD**

Identify/participate in 2 to 3 statewide/national/international conferences and events in Retail/Dining/Entertainment/Experience industry (e.g., RECon Global Retail Real Estate Convention, International Downtown Association).

**STATUS:** ●

**COMMENTS:** DMC EDA staff attended RECon and are evaluating other potential conferences and events.

**LEAD**

Create workforce strategies targeted to Bio-Med-Tech, Construction, and Hospitality industries.

**STATUS:** ●

**LEAD,  
PARTICIPATE**

**COMMENTS:** DMC EDA staff participate in ongoing workforce initiatives, including SE MN Together and RochesterWerks.

Meet not less than quarterly with key organizations to align shared vision on patients', visitors' and residents' overall experience in Heart of the City. (e.g., Mayo Clinic Concierge, Office of Patient Experience, Hospitality First, RCVB, RDA, Chamber of Commerce, Historic Preservation, RAEDI, City Parks and Recreation).

**LEAD,  
PARTICIPATE**

**STATUS:** ●

**COMMENTS:** The Experience Accreditation program has been launched, and DMC EDA staff meet regularly with the Mayo Clinic Office of Patient Experience, RCVB, RDA, RAEDI, and the Rochester Area Chamber of Commerce. Specific initiatives, like Rochester's Nice Ride program, involved other community partners like Rochester Park and Recreation.

Work with the City of Rochester and Mayo Clinic to finalize Phase 1 priorities for desired public and private developments in downtown Rochester.

**PARTICIPATE**

**STATUS:** ●

**COMMENTS:** Through the joint development process and various work groups, the City of Rochester, Mayo Clinic, and DMC EDA seek to align proposed public and private investment to the vision of the DMC development plan.

**Support City of Rochester's **Transportation and Infrastructure** planning initiatives**

Add Web Site information to highlight future transportation options/alternatives.

**LEAD**

**STATUS:** ●

**COMMENTS:** Scheduled as part of phase 2 website updates in Q3/Q4 of 2016.

Utilize Mayo patient and employee research/resources to establish 5 key short- and long-term goals for Transportation initiatives.

**PARTICIPATE**

**STATUS:** ●

**COMMENTS:** The City and DMC Transit Program Manager SRF Consulting are leading the four key studies.

Assist City of Rochester and Olmsted County with Preliminary Engineering Studies/Concept Designs for Development Plan Phase 1 projects.

**PARTICIPATE**

**STATUS:** ●

**COMMENTS:** DMC EDA is stewarding the plan by ensuring that the DMC plan and underlying research are kept top of mind as we undertake the transit studies and development projects come forward.

Help align transportation/infrastructure needs to anticipated Mayo growth and other private investments (Mayo strategic transportation recommendations by 4<sup>th</sup> quarter of 2016).

**PARTICIPATE**

**STATUS:** ●

**COMMENTS:** Mayo Clinic will share its five-year strategic plan in Q4 of 2016. Mayo Clinic facilities are a regular partner of DMC EDA.

Engage contiguous community neighborhoods on transportation and transit initiatives (e.g., Rneighbors, Mayor's Neighborhood Council, Kutzky Park, Slatterly Park, East Side, Sunny Side, Historic SW, Northrup).

**Status:** ●

PARTICIPATE

**Comments:** Transportation and Transit initiatives have been priority topics in our community outreach events.

<p><b>APPENDIX A PROPOSED 2016 BUDGET</b></p>
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<p><b>APPENDIX B COMPREHENSIVE 2016 WORKPLAN</b></p>
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**SPECIFIC BUSINESS & ECONOMIC DEVELOPMENT DELIVERABLES / TASKS**

- **Business Development & Relations**

- Implement Adopted Strategies of Development Plan and Detailed Business Development Strategic Implementation Plan
- Provide Metrics Reporting to Measure Goals and Objectives of the Development Plan
- Provide Grant Writing Assistance (State, Federal, Local), Tax Credit Application Assistance and Other Funding Sources for Priority Projects
- Provide Site Location and Demographic Information to Potential Private Project Sponsors and Economic Development Partners
- Develop Recruitment and Retention Strategies to Address Work Force Development Needs in Targeted Business Sectors
- Provide Environmental, Infrastructure and Utility Information to Private Sponsors

**STATUS:** ●

- **Economic Development**

- Facilitate Catalytic Development Planning Efforts with Mayo, City, Other Stakeholders
- Facilitate the Execution of Feasibility Studies and Project Plans by Other Private Partners for Priority Development Areas
- Coordinate with City of Rochester on Integration of the Development Plan with the City Comprehensive Plan, Ordinances, Policies
- Coordinate with City of Rochester on Citywide Initiatives, Including Policy Initiatives such as Energy and Sustainability, Healthy Communities, Historic Preservation, Affordable Housing, W/MBE, and Arts and Culture
- Monitor Private Development in the Development District and Forecast Private Expenditures
- Assist in Identifying and Evaluating Partnerships for Investment (Including Start-Ups, Business Incubators, Established Companies)
- Assist in Identifying and Evaluating Sponsorship Opportunities and Facilitate Further Public-Private Partnerships

**STATUS:** ●

- **Planning & Infrastructure**

- Work with City of Rochester and Olmsted County to Manage Preliminary Engineering Studies/Concept Designs for Development Plan Phase 1 Transportation and Infrastructure Plans
- Work with City of Rochester and Olmsted County to Establish Transit Management Authority
- Coordinate Master Signage/Wayfinding Plan with the City
- Coordinate with the City of Rochester and other Stakeholders on Infrastructure Planning for Priority

**STATUS:** ●

**SPECIFIC OUTREACH / ENGAGEMENT, COMMUNICATIONS & PUBLIC RELATIONS DELIVERABLES / TASKS**

- **Business Development Outreach**

- Coordinate Messaging and Materials in Support of Strategic Priorities Identified in the DMC Development Plan and by the DMCC Board

- Select a Marketing Consultant to Develop a Business Development Strategic Implementation Plan that will Attract Business and Foster Economic Development in the DMC District
- Oversee Preparation and Implementation of Business Development Strategic Plan
- Implement Brand Use Guidelines, Protocols
- Manage Marketing and Communications Consultants to the DMC EDA and DMCC
- Provide Metrics to Measure Goals and Objectives
- Coordinate Attendance, Visibility and Sponsorship for Key Conferences, Activities (Local, Regional, National, International)
- Facilitate Promotional and Sponsorship Initiatives
- Manage and Coordinate Ongoing Meetings and Opportunities for the Public to Gather to Inform and Consult (e.g., World Café, Public Forums, Social Media, Open Houses, etc.)

**STATUS:** ●

- **Communications & Collateral Material(s)**

- Develop and Implement Outreach Strategy
- Oversee All Communication Vehicles: Collateral, Social Media Platforms, Blog, DMC Website Content, Newsletter, External Communications
- Coordinate Communications Initiatives with Stakeholders: EDA, Mayo, City, County, and State

**STATUS:** ●

- **Community Outreach / Engagement**

- Implement Community Relations Strategic Implementation Plan
  - Develop Additional, Specific Strategies for Cooperation with Local, Regional and National Partners Based Upon Private Project Development
- Continue to Foster Connections to Related Programs and Services with Mayo Clinic, RCVB, Chamber, RAEDI, RDA and Other Community Organizations
- Provide Metrics Reporting to Measure Goals and Objectives
- Manage and Respond to Community Requests and Inquiries

**STATUS:** ●

**SPECIFIC OPERATIONS DELIVERABLES / TASKS**

- **Management**

- Prepare Monthly and Annual DMC EDA/DMCC Reports
- Manage Other Operational Responsibilities of the DMC EDA as Required by the DMC Law
- Prepare/Manage the DMC EDA Operational Workplan for Phase 3 (2017 and beyond)
- Manage and Oversee Subconsultants, Contracts

**STATUS:** ●

- **Coordination**

- Interface with Mayo Clinic, Other Stakeholders
- Coordinate Scheduling and Materials for DMC EDA/DMCC Board Meetings and Community Events
- Coordinate Communications with Project Sponsors and Economic Development Partners

**STATUS:** ●

- **Reporting & Monitoring**

- Monitor DMC Development District Project Development
- Track and Report on Economic and Fiscal Impacts Occurring in the DMC Development District
- Monitor Land Sales, Property Inventory and Parcel Acquisitions in the DMC District

- Track and Report Workforce Development Achievements

**STATUS:** ●

#### **SPECIFIC FINANCE DELIVERABLES / TASKS**

- **Project Funding**

- Prepare DMC Funding Evaluation Reports, including:
  - Review of Minimum Eligibility Requirements
  - Review of all Financial and Economic Modeling Submitted in Funding Applications
  - Validation of Construction Funding Gap Analysis
  - Conduct or Review Financial Feasibility Analysis , including Operating Pro Forma
  - Conduct or Review Fiscal and Economic Impact Analysis
- Coordinate with City and County on Transportation Funding
- Monitor, Facilitate Opportunities for Other Project Funding Sources

**STATUS:** ●

- **Compliance**

- Monitor Covenants of DMC Fund Loans/Grants



## Communication and Community Engagement

To: DMCC Board of Directors  
From: DMC EDA Staff  
Date: June 17, 2016

### Highlights

- ✓ Media Coverage on Discovery Square and Development Projects
- ✓ Chateau Theatre Community Input Event
- ✓ Discovery Square News included

### **Community Outreach and Engagement**

- Met with new IBM Senior State Executive Barry Mason and Senior Location Executive Tory Johnson to discuss future partnership opportunities for Discovery Square
- Met with Fed Reserve Bank of Minneapolis President Neel Kashkari and attended community sessions
- Presented to Charter House, Assisi Heights, Community Matters, Mayo Development Council
- Assisted coordination of speakers for Supplier Diversity Event
- Coordinated Chateau Theatre Community Input session with new consultant and focused on historic preservation month
- Hosted students from Mayo High School and gathered input on ideas for DMC District
- Facilitated final presentation from Winona State University Students who presented communication plans for attracting millennials to Rochester
- Participated in TedX Zumbro River and helped promote through social channel
- Partnered with Mayo Clinic and Techstars to host serial enterprenuer Troy Henikoff and hosted roundtable with entrepreneurs, start-ups and medical technology businesses in Rochester.

### **Communications and Marketing**

- Coordinated media plan and marketing material preparation for BIO International conference in partnership with Mayo Clinic, Mayo Clinic Ventures, DEED, and Nelsen BioMedical.
- Completed final marketing plan presented by CCF to DMCC Board
- Blogs focused on the innovation and ecosystem in Rochester:
  - Q&A with Emily Benner, VP at Preventice Solutions
  - The Historic Chateau: Imagining the future and celebrating the past
  - DMC Corp. board of directors meeting highlights downtown development
  - Heart of the City: Design process and the public space
  - Winona State students explore ways to attract millennials to Rochester
  - Exploring prototyping to enhance urban design
  - Q&A with entrepreneur and TEDxZumbroRiver presenter Tori Utlely

**May Media Results:**

76 media stories including:

*“R-Town – The Big Question with Patrick Seeb”*



*“WSU Students Propose Ideas to Attract Millennials to Rochester and DMC*

*Initiative”* 

*“Firm selected to lead Chateau re-use”*



*“Six firms to vie for Heart of the City design Post Bulletin”*



*“Looking for ideas in downtown Rochester”*



*“Rochester grows by about 900 people”*



*“Rochester Kicks off its renovation of beloved local theatre”*

**StarTribune**

*“Board gets look at Rochester Riverfront Plan”*



*“Our View: Prototyping builds connections and brings energy into the city”*



## May Website and Social Media Results:

DMC website was visited 5,234 times with 13,294 page views.  
 Facebook weekly total post reach: 3,867 with 50 new page likes  
 Twitter: 2,786 followers, 57 new followers, 62,600 impressions

### FACEBOOK\*

Month	January	February	March	April	May
New Followers	49	67	78	57	50
Post Reach	1,987	2,845	4,557	3,537	3,867
Post Engagement	1,300	211	321	268	258
Impressions	6,522	14,350	20,360	17,008	14,401

### TWITTER\*

Month	January	February	March	April	May
New Followers	55	51	61	52	57
Retweets	55	47	35	63	27
Link Clicks	210	185	201	580	420
Profile Visits	1,089	1,104	1,296	1,630	1,366
Impressions	41,700	31,600	40,000	66,700	62,600
Engagement Rate	1.8%	1.5%	1.3%	2.0%	1.3%

#### Post Reach

- The number of people who viewed posts

#### Post Engagement

- Whenever someone clicks, likes, comments on or shares a post

#### Impressions

- The number of times posts entered the screen for the first time

#### Retweets

- A reposted or forwarded message

#### Link Clicks

- Clicks on a URL or Card in the Tweet

#### Profile Visits

- Clicks on the name, @handle, or profile photo of the Tweet author

#### Engagement Rate

- Number of engagements divided by impressions



## Communications: Marketing Update

To: DMCC Board of Directors  
From: DMC EDA Staff  
Date: June 17, 2016

### Background:

Clarity Coverdale Fury (CCF) presented final marketing plan to DMCC Board on May 26.

### Progress:

Work completed by CCF consists of two main deliverables:

1. **Brand Messaging:** Developing a collective message about the value proposition of Rochester and the economic drivers for DMC
2. **Marketing Plan:** Creating a marketing plan which will help drive results of the DMC priorities, including realizing the economic development potential of DMC, generating market demand, and building local to international support

### Audiences:

The target audiences are at varying levels which range from awareness to action and the timeline prioritizes the audiences:

- Those already invested
- Local, regional and national business partners
- Mayo Clinic Strategic Partners
- Bioscience and other start ups
- Investors and Developers

### Action:

The following action items will begin in June 2016:

- Execution of the Marketing Plan
- Finalize media/outreach plan
- Build Assets
- Emphasize Discovery Square (Bio International and beyond)

### Next Steps:

Phase II – Execution of the Marketing Plan

CCF has presented a final marketing plan proposal for Phase Two to be reviewed and approved by the DMC EDA.

The execution of the marketing plan includes communication strategies, timeline and scope of work for the marketing deliverables from June 2016 through 2017:

- Finalize targeted media and communication plan
- Network and leverage partnerships through business partners
- Promote proof points locally, nationally and internationally

### Highlights

- ✓ Phase I Marketing Plan Complete
- ✓ Execution of Marketing Plan begins June 2016

## DMC Bio International Convention

To: DMCC Board of Directors

From: EDA Staff

Date: June 17, 2016

### **Background:**

DMC EDA staff, Mayo Clinic, Mayo Clinic Ventures, MN DEED and other regional stakeholders attended the 2016 BIO International Convention ("BIO"), June 6-9, 2016.

### **Strategic Objectives:**

1. Broaden Visibility and Build Knowledge
  - DMC and Discovery Square
  - Minnesota and its life science leadership
2. Build and Gather Data to Foster an Effective Ecosystem
  - Necessary for success of Discovery Square
3. Develop Critical Relationships
  - Identify and support partners, participants, and proponents

### **Bio International Convention Background:**

BIO attracts over 15,000 industry leaders who come together for one week of intensive networking to discover new opportunities and promising partnerships. This event covers a wide spectrum of life science and application areas including drug discovery, biomanufacturing, genomics, biofuels, nanotechnology and cell therapy.

### **Bio International Convention 2016 Statistics:**

- Approx. 16,000 industry leader attendees, 40% c-suite attendees
- Over 5000 companies represented
- Representatives from 76 countries and 48 states
- 1,800 exhibitors, 50 international and state pavilions
- 800+ speakers

### **Bio Convention Tactics:**

DMC used BIO as a tool to introduce DMC and Discovery Square to key audiences. A strategy was created and implemented that included: 1x1 meetings, small group sessions, convention floor conversations, tours of incubator and innovative spaces, small and large networking events and research gathering.

A reception and networking event was held on Tuesday, June 7 and was identified as the ideal opportunity to elevate the key messages and achieve the desired objectives at a national and international level. Approximately 75 c-suite and industry thought leaders attended the event. The reception offered the opportunity to elevate the key messages to an international platform regarding Discovery Square: (1) Significant investment and intention of Mayo Clinic, milestone moment (2) Actively seeking partners and collaborators for Discovery Square.

### **Discovery Square Announcement Objectives:**

- To generate awareness and interest among biomedical (life science) influencers and organizations regarding DMC and Discovery Square
- To build relationship with future partners and to develop future business opportunities

## INTRODUCTION

### REVIEWING AND REMEMBERING THE “WHY” WE ARE AT BIO 2016

1. **Broaden the Visibility and Build Knowledge**
  - a. About DMC and Discovery Square
  - b. About Minnesota and life science strengths
  - c. Introduce DMC and Discovery Zone to Life Science specific news and media
2. **Research- Requirements** and best practices for developing a vibrant Life Science Hub through:
  - a. Begin to benchmark other clusters “Best Practices” used to create successful life science commercial hubs.
  - b. Research key requirements for an effective Discovery Square eco-system and retaining or regaining entrepreneurs
  - c. Identify real or perceived barriers to DMC and Discovery Square
3. **Develop Critical Relationships with Partners, Proponents, Advisors in the Life Science**
  - a. Investors and other funding sources
  - b. Industry Leaders
  - c. Incubators and accelerators
  - d. Co-working facilities
  - e. Potential strategics
  - f. Organizations and individuals with successful track-record of similar initiatives



## Communications: Discovery Square

To: DMCC Board of Directors  
From: DMC EDA Staff  
Date: June 17, 2016

### Background:

Destination Medical Center collaborated with Mayo Clinic on the official launch plan for Discovery Square where doctors, researchers and scientists will gather together to explore, discover, and ultimately accelerate new advancements in medical research, technology, and patient care.

The announcement was made at BIO International. BIO represents more than 1,100 biotechnology companies, academic institutions, state biotechnology centers and related organizations across the United States and in more than 30 other nations.

Media and social media received the highest engagement ratings since tracking was established in fall of 2015.

### Objectives:

**Leverage** a planned Mayo Clinic reception for biotech VIPs at the BIO International Convention to generate awareness and interest among biotech influencers and organizations outside of Rochester, while providing Minnesota-based target audiences an opportunity to be part of the announcement.

**Reach** out to select media outlets under embargo to secure interviews for Dr. John Noseworthy, Lisa Clarke and Lt. Gov./DMC board chair Tina Smith.

**Promote** the Facebook Live announcement about Discovery Square from Bio International Conference

### Key Messages:

**Discovery Square:** Mayo Clinic announces search for a strategic real estate development firm to significantly expand its campus by building out more than 2 million square feet of research, commercial, and product development space in "Discovery Square" – an urban bioscience research campus in Rochester, Minn.

**DMC:** Destination Medical Center (DMC) is a strategic vision that further elevates Mayo Clinic and Minnesota globally as the preferred destination for the highest quality health care and stimulates additional, high-value economic benefits. Creating a robust entrepreneurial and innovation ecosystem encourages start-up companies and supports bioscience growth in Rochester, Minn. In addition to attracting businesses to southeast Minnesota, DMC will play a lead role in developing both the physical and cultural environments necessary for Discovery Square to succeed.

**Mayo Clinic Research:** Mayo Clinic recommit to its already industry-leading translational research investment strategy. Discovery Square will be a bridge to the mission of Mayo Clinic, serving as an extension

### Highlights

- ✓ **Media coverage from more than 60 national news outlets including Boston Globe and Washington Times**
- ✓ **200,000 people reached on Facebook Live Broadcast**
- ✓ **Engagement across state including key stakeholders and legislators**

of the Mayo Clinic’s team-based medical model and providing a new “address” for the future of bioscience, research, education, technology, and innovation.

**Media and Social Media:**

The communication plan targeted audiences locally and nationally garnering coverage from more than 60 news outlets including national media: Boston Globe, Washington Times, Star Tribune, Bristol Herald (VA), MPR and KARE 11.

The Discovery Square announcement generated media hits across global, regional and local sources during the period June 6<sup>th</sup>, 2016 – June 12<sup>th</sup>, 2016. We also streamed our live announcement June 7<sup>th</sup> from the [2016 Bio International Conference](#) in San Francisco where industry, investors and journalists came together to learn what is new in the Biosciences sector. There were 18,771 unique viewers of our Facebook Live broadcast. Our broadcast reached 200,000 people and we had 1,086 total engagements (comments, reactions and shares) of the live broadcast.

Here are the metrics from our posted news release on Facebook:

- 2,600 total engagements
- 2,100 Likes
- 47 comments
- 428 shares
- 162,000 reach
- 1,100 clicks

**Engagement:**

36,000 viewers tuned in to Facebook Live for Discovery Square announcement on June 7, at Spur in San Francisco.

- Briefings to DMCC, City Council, County, DEED
- Letter from Dr. John Noseworthy and Jeff Bolton to Elected Officials
- Letter to Key Stakeholders and Community Leaders from Lisa Clarke and Jeff Bolton
- Invitation from Lisa Clarke and Jeff Bolton to Community Breakfast on June 17
- Internal Communication to Mayo Clinic Employees
- Special Edition of DMC Newsletter with blog from BIO

**Next Steps:**

DMC will continue to pitch the announcement to various trade and industry publications. The outreach strategy will incorporate new messaging on Discovery Square and the reach for the targeted business organizations will continue to grow based on interest from participants at BIO.

# The Boston Globe

## Biotechnology Conference in full swing



John Storey for The Boston Globe

Ohio and New Jersey made pitches at the Biotechnology Innovation Organization's annual convention, but when it comes to the increasingly aggressive fight to attract biotech companies, Massachusetts and California are usually pretty tough to beat.

**By Robert Weisman** Globe Staff June 09, 2016

SAN FRANCISCO — Some places have better weather. Some have better access to venture capital. But when it comes to the increasingly aggressive fight to attract biotech companies, Massachusetts is usually hard to beat.

But that didn't keep the competition from trying this week at the Biotechnology Innovation Organization's annual convention at the Moscone Center here.

"We are shameless self-promoters," South San Francisco Mayor Mark Addiego told executives from other states and countries. "We're number one in patents, number one in venture capital. We claim to be the birthplace of biotech."

"San Diego has more than 3,500 hours of sunshine per year and amazing beer," said Jennifer Landress, chief operating officer at Biocom, the southern California city's life sciences group. "We work hard and play hard. It's not uncommon for an executive to pop down to the beach, surf for an hour, and go back to work."

"Come bring your business to Virginia," said its governor, Terry McAuliffe, who recalled that sitting next to former Bay State chief Deval Patrick at a BIO event two years ago stirred a sense of biotech envy and led to a push to build up his state's industry. "In 1607, when the first ships came to America, they didn't land on that dinky rock in Massachusetts. They came to the Commonwealth of Virginia."

Iowa, drawing on its dozens of ethanol plants, has become the nation's leader in bioagriculture, and the state recently approved a tax credit to attract more biochemical companies, said Governor Terry E. Branstad. But while the state wants more biotechs, he said it doesn't even try to compete with Massachusetts in that sector.

"I give Massachusetts credit in biotech," Branstad said. "It's good jobs, and it's important. We haven't been focused on attracting companies from Massachusetts because they're not necessarily the right fit for us. When we talk to companies about the best place to expand, we're talking about biomass, corn, and soybeans."

Massachusetts officials, by contrast, cited the state's 550 biopharma companies, its 400 medical device and diagnostic businesses, its network of venture capital investors, and its world-class universities and research hospitals. There are more than 37,000 life sciences workers in the Boston area alone.



John Storey for The Boston Globe

The New Jersey Pavilion at the Bio Convention in San Francisco, Calif.

"One of the hallmarks of the Massachusetts brand," said Travis McCready, president of the Massachusetts Life Sciences Center, the state agency that promotes the sector, "is that while we compete furiously in the life sciences, we also know how to collaborate. We know how to work with San Francisco and San Diego whenever we can. And we steal from them whenever we possibly can."

Whether rivals can steal businesses from Massachusetts is less clear.

Around the massive BIO exhibition floor, business development officials from competing states, countries, and companies were making presentations, engaging in networking meetings, and handing out everything from Swiss chocolates and cappuccino to water bottles and Czech beer. Minnesota officials were touting Discovery Square, a new bioresearch development at Mayo Clinic in Rochester. Russian representatives were talking up their country's pharmaceutical manufacturing base and its cheap labor, courtesy of the ruble's devaluation.

Despite their presence at BIO, most states and regions have little realistic chance of emerging as competitors to Massachusetts, California, and a few other biomedical clusters, suggested Joel S. Marcus, chief executive of Alexandria Real Estate Equities, one of the largest developers of properties for the life sciences industry. Marcus said his company focuses mainly on Boston, Cambridge, New York, and San Francisco.

"Life sciences companies want to be in deep rich markets for talent, collaboration, and innovation," Marcus said. "And there's just a handful of markets that have been successful."

Cambridge is number one, the [San Francisco] Bay Area is number two. San Diego and Seattle have emerging clusters. . . . There's a marginal number of companies that can be bought to move to other states, but the core venture-funded biotechs and pharmas aren't moving from these innovation centers."

That hasn't stopped other state officials from setting up shop and making their cases at BIO this week.

"Biotech discoveries are in our DNA," said Signe Pringle, managing director of the Maryland commerce department, who noted that her state is home to 50 federal agencies, including the Food and Drug Administration and the National Institutes of Health. "Maryland is one of the world's largest life sciences centers, no matter what anyone says. You can enjoy a diverse lifestyle while you work on your next innovation."

*Robert Weisman can be reached at [robert.weisman@globe.com](mailto:robert.weisman@globe.com). Follow him on Twitter @GlobeRobW.*

# Destination Medical Center — Media Scan

June 7 - June 9, 2016

Date	Media Outlet	Outlet City	Media Type	Article Title/Web Link	Reference
6/9/2016	Boston Globe	Boston, MA	Newspaper	<a href="#">Biotechnology Conference in full swing</a>	DMC Plan
6/9/2016	Grand Forks Herald	Grand Forks, ND	Newspaper	<a href="#">Mayo Clinic to greatly expand research facilities in Rochester</a>	DMC Plan
6/9/2016	Argus Leader	Sioux Falls, SD	Newspaper	<a href="#">Mayo Clinic to double research capability</a>	DMC Plan
6/9/2016	NH Voice	New Hampshire	Web Outlet	<a href="#">Mayo Clinic Plans 2-Million-Square-Foot Research Space Extension</a>	DMC Plan
6/9/2016	West Central Tribune	Willmar, MN	Newspaper	<a href="#">Mayo Clinic to greatly expand research facilities</a>	DMC Plan
6/9/2016	www.newsbry.com		Web Outlet	<a href="#">Mayo Clinic to drastically broaden analysis amenities in Rochester</a>	DMC Plan
6/8/2016	Twin Cities Business Magazine	Minneapolis	Magazine	<a href="#">Mayo To Build A "First-Of-Its-Kind Urban Bioresearch Campus"</a>	DMC Plan
6/8/2016	The Baytown Sun	Baytown, TX	Newspaper	<a href="#">Mayo Clinic announces major investment in Rochester</a>	DMC Plan
6/8/2016	MSP Business Journal	Minneapolis	Newspaper	<a href="#">How Mayo Clinic is pitching its massive research expansion at BIO</a>	DMC Plan
6/8/2016	Becker's Hospital Review		Magazine	<a href="#">Mayo Clinic to add 2M square feet to research footprint</a>	DMC Plan
6/8/2016	La Crosse Tribune	La Crosse, WI	Newspaper	<a href="#">Mayo Clinic announces major investment in Rochester</a>	DMC Plan
6/8/2016	Duluth News Tribune	Duluth	Newspaper	<a href="#">Mayo Clinic to greatly expand research facilities</a>	DMC Plan
6/8/2016	Capitol Report	St. Paul	Newspaper	<a href="#">Mayo seeks Discovery Square developer</a>	DMC Plan
6/8/2016	Mayo Clinic News Network		Web Outlet	<a href="#">Mayo Clinic Grows Research Footprint to Fuel Urban Bioresearch Campus</a>	DMC Plan
6/8/2016	WDIO-TV	Duluth, MN	TV	<a href="#">Mayo Clinic Announces Major Investment in Rochester</a>	DMC Plan
6/8/2016	Bemidji Pioneer	Bemidji, MN	Newspaper	<a href="#">Mayo Clinic to greatly expand research facilities</a>	DMC Plan
6/8/2016	MPR	St. Paul	Radio	<a href="#">Mayo Clinic touts planned bio-research campus</a>	DMC Plan
6/8/2016	Business Take		Web Outlet	<a href="#">ROCHESTER: via Brett Boese at Rochester Post-Bulletin, VERBATIM: "Mayo Clinic's dream of turning Rochester into the Silicon Valley of Medicine just took a major step toward becoming a reality."</a>	DMC Plan

June 7 - June 9, 2016

Date	Media Outlet	Outlet City	Media Type	Article Title/Web Link	Reference
6/8/2016	Healthcare Design Magazine		Magazine	<a href="#"><u>Mayo Clinic To Invest In New Bioresearch Campus</u></a>	DMC Plan
6/8/2016	MSP Business Journal	Minneapolis	Newspaper	<a href="#"><u>Mayo plans big bioresearch center in downtown Rochester</u></a>	DMC Plan
6/8/2016	www.biospace.com		Web Outlet	<a href="#"><u>Mayo Clinic Eyes Huge Expansion at Bioscience Research Center in Downtown Rochester</u></a>	DMC Plan
6/8/2016	Daily Journal	Franklin, IN	Newspaper	<a href="#"><u>Mayo Clinic has announced plans to more than double its research capability in Rochester</u></a>	DMC Plan
6/8/2016	KARE-TV	Minneapolis	TV	<a href="#"><u>Mayo to build unique bioresearch center</u></a>	DMC Plan
6/8/2016	KIMT-TV	Rochester	TV	<a href="#"><u>Mayo Clinic announces expansion of research space</u></a>	DMC Plan
6/8/2016	Washington Times	Washington, DC	Newspaper	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/8/2016	Star Tribune	Minneapolis	Newspaper	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/8/2016	Star Tribune	Minneapolis	Newspaper	<a href="#"><u>Mayo Clinic unveils plans for expanded research space</u></a>	DMC Plan
6/8/2016	Austin Daily Herald	Austin, MN	Newspaper	<a href="#"><u>Mayo unveils plans for expanded research space</u></a>	DMC Plan
6/8/2016	WEAU-TV	Eau Claire, WI	TV	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/8/2016	Bristol Herald Courier	Bristol, VA	Newspaper	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/8/2016	The Clay Center Dispatch	Clay Center, KS	Newspaper	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/8/2016	The Eagle	Bryan, TX	Newspaper	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/8/2016	The Argus-Press	Owosso, MI	Newspaper	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/8/2016	Hastings Tribune	Hastings, NE	Newspaper	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/8/2016	Voice of Alexandria	Alexandria, MN	Radio	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/8/2016	KSFY-TV	Sioux Falls, SD	TV	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/8/2016	Faribault County Register	Faribault, MN	Newspaper	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/8/2016	Watertown Public Opinion	Watertown, SD	Newspaper	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan

June 7 - June 9, 2016

Date	Media Outlet	Outlet City	Media Type	Article Title/Web Link	Reference
6/8/2016	KIMT-TV	Rochester	TV	<a href="#"><u>Mayo Clinic is expanding their research space</u></a>	DMC Plan
6/8/2016	Albert Lea Tribune	Albert Lea, MN	Newspaper	<a href="#"><u>Mayo Clinic announces major investment in Rochester location</u></a>	DMC Plan
6/8/2016	www.bilbaoya.com		Web Outlet	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/8/2016	WXOW-TV	La Crosse, WI	TV	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/8/2016	KFGO Radio	Fargo-Moorhead, MN	Radio	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/8/2016	Mankato Free Press	Mankato, MN	Newspaper	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/8/2016	Daily Reporter	Greenfield, IN	Newspaper	<a href="#"><u>Mayo Clinic has announced plans to more than double its research capability in Rochester</u></a>	DMC Plan
6/8/2016	Pioneer Press	St. Paul	Newspaper	<a href="#"><u>Rochester's Mayo Clinic plans to double bioresearch campus</u></a>	DMC Plan
6/8/2016	Daily Globe	Worthington, MN	Newspaper	<a href="#"><u>Mayo Clinic planning significant expansion</u></a>	DMC Plan
6/8/2016	New Ulm Journal	New Ulm, MN	Newspaper	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/8/2016	KTTC-TV	Rochester	TV	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/8/2016	WJON Radio	St. Cloud, MN	Radio	<a href="#"><u>Mayo Clinic Announces Major Investment in Rochester</u></a>	DMC Plan
6/8/2016	KEYC-TV	Mankato, MN	TV	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/8/2016	Daily News	Wahpeton, ND	Newspaper	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/8/2016	Marshall Independent	Marshall, MN	Newspaper	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/8/2016	News8000.com	La Crosse, WI	TV	<a href="#"><u>Mayo Clinic announces major investment in Rochester</u></a>	DMC Plan
6/7/2016	www.newswise.com		Web Outlet	<a href="#"><u>Mayo Clinic to Grow Rochester Research Footprint by 2 Million Square Feet to Fuel First Urban Bioresearch Campus</u></a>	DMC Plan
6/7/2016	The Med City Beat	Rochester	Web Outlet	<a href="#"><u>Mayo to Add 2 Million Square Feet of Research Space in Downtown Rochester</u></a>	DMC Plan
6/7/2016	KTTC-TV	Rochester	TV	<a href="#"><u>Mayo Clinic to invest in "Discovery Square" by more than doubling size of Rochester campus</u></a>	DMC Plan



June 7 - June 9, 2016

Date	Media Outlet	Outlet City	Media Type	Article Title/Web Link	Reference
6/7/2016	EurekaAlert!		Web Outlet	<a href="#"><u>Mayo Clinic to grow Rochester research footprint by 2 million square feet</u></a>	DMC Plan
6/7/2016	Post-Bulletin	Rochester	Newspaper	<a href="#"><u>Mayo Clinic announces plan to double research footprint</u></a>	DMC Plan
6/7/2016	Finance & Commerce	Minneapolis	Newspaper	<a href="#"><u>Mayo seeks developer for Discovery Square</u></a>	DMC Plan

# Mayo Clinic unveils plans for expanded research space

The space in downtown Rochester will focus on cures, new partnerships.

By [Matt McKinney](#) Star Tribune

JUNE 8, 2016 — 12:22AM

The Mayo Clinic will add 2 million square feet of research space in downtown Rochester in less than 20 years, a key piece of its Destination Medical Center (DMC) plan.

The plan, announced Tuesday by the clinic, will create an urban bioresearch campus to drive the quest for new cures as private researchers collaborate with Mayo doctors on the frontiers of medicine, said Mayo CEO John Noseworthy.

“It’s a big deal,” said Noseworthy, adding that there has long been a strong appetite from the private sector for such a space.

The clinic’s existing footprint of 15 million square feet includes 1.3 million square feet of research space that will rise on Mayo-owned land in a six-block area of Rochester known under the Destination Medical Center plan as Discovery Square.

Noseworthy said he expects the bioresearch campus to encompass a broad array of subjects, including genomics, regenerative medicine and biotechnology.

He touted the clinic’s annual research accomplishments, saying that in 2015 alone, the clinic had a \$662 million research budget, started 2,723 new human-subject studies and saw Mayo research published in thousands of journal articles.

The clinic is now looking for a real estate developer to oversee the project and envisions the first groundbreaking taking place next year. No specific building plans have been presented to the city.

## **High stakes, big money**

Mayo unveiled its plans Tuesday night at a major biotech conference, BIO, being held in San Francisco. Several people connected to the Destination Medical Center plan and Rochester are attending.

The announcement wasn't a complete surprise to people familiar with the Mayo Clinic's strategic plans.

The Discovery Square research campus is a key piece of Destination Medical Center, the clinic's effort, unveiled in 2012, to stay competitive with other world-class medical centers.

The 20-year plan blends billions of dollars in Mayo and private-sector investment with \$585 million in taxpayer support to expand Mayo's campus and remake downtown Rochester into a destination in its own right. In recent weeks, the plan has generated headlines with news of commercial and residential projects worth hundreds of millions of dollars.

Gary Smith, president of the local economic development nonprofit Rochester Area Economic Development Inc., said Mayo's announcement was about what was expected for the DMC plan.

"My guess is the first building will be [in the] 60,000-to-100,000-square-foot range," he said.

Smith said much of the recent new growth has come from people within Mayo spinning off new companies. In the past, they might have taken those ideas and licensed them with companies elsewhere, he said. With the new focus on developing Rochester under the DMC plan, more of those efforts will stay local.

"There's more of a concerted effort now," he said.

City Council Member Mark Bilderback, whose ward includes some of the area where Mayo intends to expand the Discovery Square research space, said he has been meeting regularly with DMC officials to smooth the city's process for new investment.

The monthly meetings began earlier this year after a \$63 million hotel proposal folded. One of the backers of that project said the city's process for private investment was faulty and warned that other developers would shy away from Rochester as a result.

Bilderback said his meetings are part of a larger effort to help investors push building plans through city offices more seamlessly. Learning of the Mayo Clinic's announcement late Tuesday, he was upbeat.

"It's exciting," he said. "It's what we've been hoping for."

mckinney@startribune.com 612-673-7329 \_mattmckinney

# 30th Anniversary Celebration

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[http://www.postbulletin.com/news/local/mayo-clinic-announces-plan-to-double-research-footprint/article\\_6cfc4209-6efa-5085-854c-cbf8d4f344a6.html](http://www.postbulletin.com/news/local/mayo-clinic-announces-plan-to-double-research-footprint/article_6cfc4209-6efa-5085-854c-cbf8d4f344a6.html)

EDITOR'S PICK

## Mayo Clinic announces plan to double research footprint

Brett Boese, [bboese@postbulletin.com](mailto:bboese@postbulletin.com) Updated 10 hrs ago



Discovery square



SAN FRANCISCO, Calif. — Mayo Clinic's dream of turning Rochester into the Silicon Valley of Medicine just took a major step toward becoming a reality.

In front of a high-level crowd of international bioscience companies Tuesday night at the 2016 BIO International Convention in San Francisco, Mayo Clinic CEO Dr. John Noseworthy and other leaders from Mayo, Rochester and Destination Medical Center announced plans to build a 2 million-square-foot bioresearch campus in downtown Rochester.

It's being touted as a first-of-its-kind economic development that marks an important milestone in the 20-year timeline of the \$6.5 billion DMC public-private partnership, which is projected to add 30,000 jobs and double Rochester's population by 2034.

The bioresearch campus will be the centerpiece of Discovery Square, one of six sub-districts in the DMC development district. Lt. Governor Tina Smith called Discovery Square the "cornerstone of DMC."

"Mayo Clinic is making a firm commitment to really expand dramatically into the area of bioscience," said Smith, who is also DMC Corp. board chair in an interview Tuesday with the Post-Bulletin. "The step that Mayo has

taken is ... the cornerstone of DMC.

"We're well on our way toward making Rochester, Minnesota, America's capital of health."

The new development will more than double Mayo's research capability in Rochester, where the clinic currently has 1.3 million square feet of dedicated research space. It will feature a combination of research, commercial and product development space within a six-block area located near the Guggenheim Building, between South Broadway and Sixth Avenue Southwest.

Discovery Square has routinely been called the catalyst for DMC's job growth, though specific dollars and job projections were not included with Tuesday's announcement.

"It's a very important milestone for DMC because Discovery Square has unparalleled opportunity to really create this dense, mixed-use neighborhood all anchored by this signature space," Lisa Clarke, executive director of DMC's Economic Development Authority, told the Post-Bulletin Monday.

### **'Perking a lot of ears'**

Rochester City Council member Nick Campion didn't learn about Mayo's big announcement until after his flight arrived in San Francisco on Monday.

He attended Tuesday's festivities as the city's representative in the unique public-private partnership, feeling empowered by Mayo's massive financial commitment after years of discussion and planning.

"It really looks like a good commitment to the city, and broadening and diversifying the way Mayo operates in Rochester," Campion said. "They're working to diversify our workforce and enrich the presence of bioscience in the city by leveraging some of their expertise to harness and build up our credentials."

If the prestigious conference is any indication, Campion says the message is already out.

Mayo's announcement came halfway through the four-day bioscience event. About 50 international companies are represented at the event, which was also streamed in real time on Facebook Live.

Campion's task was touting Rochester as a bioscience destination thanks to its well-educated workforce, its partnership with Mayo and its ambitious goals moving forward with DMC. He said it's a message that "plays well" and "is perking a lot of ears" among the industries heavy hitters.

Mayo's big announcement only adds fuels to the future possibilities.

"I'm here to show that Rochester has a commitment to this process," Campion said. "We're not just going to talk the talk. We're here to walk the walk.

"A lot of communities here are jealous about that commitment (from Mayo). They think we're well positioned to be successful."

Mayo spent more than \$662 million on research in 2015 while completing 2,723 new human studies and having 7,305 peer-reviewed papers published in medical journals. Those figures may all double once Discovery Square become fully operational.

The development in the Discovery Square area will "bring together renowned physicians, researchers, scientists and entrepreneurs to address unmet patient needs in an ultramodern setting for science innovation," according to Mayo.

Rob Miller, president of the Rochester Area Chamber of Commerce, says he's "somewhat in awe" of the ambitious plans.

"I hear so often 'When are we going to start seeing something?'" said Miller, who was also in attendance in San Francisco. "Well, now we have a date here in 2017. I think everyone has something to look forward to. What a feather in our cap."

Tina Smith, a Stanford grad, says Rochester has the potential to become a world-class health care hub in a similar way that the Bay Area, which is home to Facebook, Pinterest, Google and many other industry leaders, has become synonymous with technology.

"World-leading research drives everything we do for patients at Mayo Clinic," said Dr. Gregory Gores, Mayo's executive dean for research. "From providing the best individualized care to addressing the world's most challenging health problems, Mayo researchers relentlessly pursue discoveries that benefit people today and for generations to come. The addition of Discovery Square will extend that commitment by creating a new discovery science platform for innovators to collaborate with Mayo Clinic."

## **What's next?**

Mayo Clinic hired Hammes Co. for \$1.5 million to analyze the Discovery Square piece of the DMC vision and offer a market plan of how the medical and technology research area might be developed. That process wrapped up in late 2015, and the recommendations are now being phased into the plans.

A major change following Hammes' work, according to Mayo spokesman Karl Oestreich, is that plans now call for "a six-block campus of integrated buildings that will be a combination of Mayo Clinic programs and non-Mayo bioscience space — designed for communication, collaboration and collisions between tenants, ultimately bringing solutions to patients sooner."

Mayo already owns about 35 percent of Discovery Square, according to Oestreich.

Noseworthy said the announcement was made at the international convention, rather than in Minnesota, because it sets the stage "at the international level." About 150 countries and all 50 states were represented at the convention.

Mayo Clinic, Mayo Clinic Ventures and DMC have all "met with multiple organizations that could be potentially a good fit as future tenants," but it remains a fluid process with no firm commitments to date, according to Oestreich.

"There will be a lot of interest," Noseworthy said in an interview with the Post-Bulletin last week, prior to the announcement being made public. "A lot of people know about this economic development project that is DMC, which is huge. The fact that Mayo Clinic is developing this research ecosystem with the private sector on the Rochester campus is a big deal.

"It sends a really strong message that Rochester is a great place to live and work."

Mayo is currently soliciting bids from strategic development firms to plan Discovery Square, with a decision expected sometime this fall. Construction is slated to begin sometime in 2017 and be completed within two years.



That's music to the ears of Rochester Mayor Ardeell Brede, who counts himself among those eager to see something visible emerge from the extensive DMC planning process.

"To have more of that (bioresearch) here and have it connected with the World Famous, bringing talent and businesses here is great," Brede said. "To use the word of one of those guys running for president, it will be 'yuuuuuge.' This is something we've all been waiting for."



# Mayo Clinic announces major investment in Rochester

By - Associated Press - Wednesday, June 8, 2016

ROCHESTER, Minn. (AP) - Mayo Clinic has announced plans to more than double its research capability in Rochester.

The announcement came Tuesday night at a convention of international bioscience companies in San Francisco, California. Mayo Clinic CEO John Noseworthy and others revealed plans to build a 2 million-square-foot bioresearch campus in downtown Rochester.

The Post-Bulletin (<http://bit.ly/22O2eBB>) says the campus will be one of six districts to be developed in the Destination Medical Center, a public-private partnership. DMC board chairwoman Lt. Gov. Tina Smith says Rochester is well on its way to becoming "America's capital of health."

Mayo leaders say the development will bring together renowned physicians, researchers, scientists and entrepreneurs in a unique and innovative setting.

Construction is expected to begin in 2017 and be completed within two years.

TO: Jim Bier, Treasurer  
Kathleen Lamb, Attorney

FR: Dale Martinson, Assistant Treasurer

Date: June 16, 2016

RE: May 2016 Financial Budget Summary



The attached summary for May reflects expenditures to date totaling \$504,699 of the 2016 budget of \$4,260,812. The total remaining 2016 budget of \$ 3,756,113 represents 88% of the original budget remaining with 7 months (58%) of the year remaining.

In the DMCC direct costs section, the \$2,279 outlay in May was mostly related to progress payments for audit services and \$350 building rental.

The DMC EDA costs are billed both through Master Application for Payments (MAPs) for outside contractors and through working capital loan advances for the EDA payroll and other operational expenses. DMC EDA Operational expenses through April amounted to \$12,851 with contract payments through the MAP process totaling \$92,432. Details of those contract payments including remaining contract commitments can be found on the second and third pages of this summary as provided by the DMC EDA.

An additional MAP request for May was submitted on June 6<sup>th</sup> in the amount of \$181,440.09. These costs are not reflected in the totals of the May report.

Please feel free to contact me with any questions or concerns.

Destination Medical Center Corporation  
**Financial Budget Summary**  
**May 2016**

	2016 Approved Approved Budget	Curent Month May 2016	May 2016 YTD	Amount Remaining	Percent Remaining
<b>DMCC Board Expenses</b>	36,612	35	35	36,577	100%
<b>General Administrative Services</b>	180,600	2,244	20,127	160,473	89%
<b>Professional Services</b>	780,600			780,600	100%
<b>City Expenses</b>	275,000		-	275,000	100%
<b>Subtotal DMCC</b>	<b>1,272,812</b>	<b>2,279</b>	<b>20,162</b>	<b>1,252,650</b>	<b>98%</b>
<b>Third Party Costs - DMC EDA *</b>					
Payroll, Staff, Administration & Benefits-EDA	777,000	12,851	216,610	560,390	72%
DMC EDA Operational Costs	163,000	3,336	14,040	148,960	91%
Economic Development Outreach & Support	495,000		27,418	467,583	94%
Professional Services	1,148,000	89,096	226,470	921,530	80%
Miscellaneous Expenses	405,000			405,000	100%
<b>Subtotal EDA</b>	<b>2,988,000</b>	<b>105,283</b>	<b>484,537</b>	<b>2,503,463</b>	<b>84%</b>
<b>Total DMCC 2016</b>	<b>4,260,812</b>	<b>107,562</b>	<b>504,699</b>	<b>3,756,113</b>	<b>88%</b>
* Note: An additional EDA MAP Request for May totalling \$181,440.09 was outstanding as of 5/31/2016 and paid in June.				DMCC Working Capital Note EDA Working Capital Note	1,000 50,000

**Master Application for Payment**  
Destination Medical Center Economic Development Agency

Master Application For Payment Detail: April 2016

5/1/2016

DMC EDA P&L Description	Vendor	Contract #	Previous Billings	Current Work in Place	Total Work to Date
<b>EDA Staff Costs</b>			<b>\$ 1,803.15</b>	<b>\$ -</b>	<b>\$ 1,803.15</b>
Payroll	Smart-Fill	NA	\$ 1,803.15	\$ -	\$ 1,803.15
<b>EDA Operational Costs</b>			<b>\$ 10,703.62</b>	<b>\$ 3,336.00</b>	<b>\$ 14,039.62</b>
Website, Drafting, Hosting	Brandhoot	4043	\$ 9,252.00	\$ 3,336.00	\$ 12,588.00
Website, Drafting, Hosting	Brandhoot	NA	\$ 210.00	\$ -	\$ 210.00
IT Hardware & Support	Data Smart	4044	\$ 355.99	\$ -	\$ 355.99
IT Hardware & Support	Data Smart	4044	\$ 777.75	\$ -	\$ 777.75
IT Hardware & Support	Data Smart	4044	\$ 107.88	\$ -	\$ 107.88
<b>Econ Dev Outreach &amp; Support</b>			<b>\$ 27,417.50</b>	<b>\$ -</b>	<b>\$ 27,417.50</b>
Conferences, Meetings, Travel & Sponsorships	DEED	NA	\$ 5,000.00	\$ -	\$ 5,000.00
Outreach, Print & Collateral	Fuse Digital	4042	\$ 2,025.00	\$ -	\$ 2,025.00
Miscellaneous Econ Dev Costs	Inspire MN, LLC	NA	\$ 6,212.50	\$ -	\$ 6,212.50
Outreach, Print & Collateral	Journal Communications	NA	\$ 8,755.00	\$ -	\$ 8,755.00
Conferences, Meetings, Travel & Sponsorships	RCTC	NA	\$ 600.00	\$ -	\$ 600.00
Conferences, Meetings, Travel & Sponsorships	Rochester Area Chamber of Commerce	NA	\$ 3,950.00	\$ -	\$ 3,950.00
Conferences, Meetings, Travel & Sponsorships	Rochester Downtown Alliance	NA	\$ 750.00	\$ -	\$ 750.00
Conferences, Meetings, Travel & Sponsorships	Rochester Trolley & Tour Company	NA	\$ 125.00	\$ -	\$ 125.00
<b>Professional Services</b>			<b>\$ 137,374.16</b>	<b>\$ 89,095.53</b>	<b>\$ 226,469.69</b>
Other Contracting Services	Brandhoot	4016	\$ 4,367.52	\$ -	\$ 4,367.52
Other Contracting Services	Catharine Jones	4058	\$ 1,170.00	\$ 1,110.00	\$ 2,280.00
Other Contracting Services	Clarity Coverdale Fury (CCF)	4052	\$ 14,500.00	\$ 24,250.00	\$ 38,750.00
Other Contracting Services	Deluxe	NA	\$ -	\$ 643.02	\$ 643.02
Other Contracting Services	Gina Osmond	NA	\$ 1,312.50	\$ -	\$ 1,312.50
Other Contracting Services	Himle Rapp	4056	\$ 49,086.14	\$ 16,190.01	\$ 65,276.15
Other Contracting Services	Imagebridge Design	NA	\$ 4,230.00	\$ 8,235.00	\$ 12,465.00
Other Contracting Services	Inspire MN, LLC	4041	\$ 14,175.00	\$ 6,387.50	\$ 20,562.50

### Master Application for Payment

Destination Medical Center Economic Development Agency

Master Application For Payment Detail: April 2016			5/1/2016		
Other Contracting Services	MarketaBelle	4055	\$ 9,162.00	\$ 4,680.00	\$ 13,842.00
Other Contracting Services	Medical Alley	NA	\$ -	\$ 1,575.00	\$ 1,575.00
Other Contracting Services	Michael Best	NA	\$ 200.00	\$ -	\$ 200.00
Other Contracting Services	Nelsen BioMedical	4057	\$ 7,071.00	\$ 14,143.00	\$ 21,214.00
Other Contracting Services	Nelson Nygaard	NA	\$ -	\$ 1,235.00	\$ 1,235.00
Other Contracting Services	Our City	NA	\$ -	\$ 5,650.00	\$ 5,650.00
Other Contracting Services	St Paul River Front Corporation	NA	\$ -	\$ 4,997.00	\$ 4,997.00
Other Contracting Services	Terra Eclipse, Inc.	NA	\$ 6,600.00	\$ -	\$ 6,600.00
Other Contracting Services	Wilder Research	4054	\$ 13,000.00	\$ -	\$ 13,000.00
Other Contracting Services	University of Minnesota	4053	\$ 12,500.00	\$ -	\$ 12,500.00
<b>Miscellaneous Costs</b>			<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
None	None		\$ -	\$ -	\$ -
<b>Project Total</b>			<b>\$ 177,298.43</b>	<b>\$ 92,431.53</b>	<b>\$ 269,729.96</b>