



DESTINATION MEDICAL CENTER CORPORATION (DMCC)

BOARD OF DIRECTORS MEETING

9:30 A.M. TUESDAY, FEBRUARY 5, 2019

MAYO CIVIC CENTER - ROCHESTER



DESTINATION MEDICAL CENTER CORPORATION (DMCC)

BOARD MEETING

Tuesday, February 5, 2019

9:30 A.M.

AGENDA

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- I. Call to Order
- II. Roll Call
- III. Approval of Agenda
- IV. Approval of Minutes: November 13, 2018
- V. Public Comment Period
- VI. Chair's Report
 - A. Conflict of Interest Policy: Amendment
 - Resolution A: Approving the Amended and Restated DMCC Conflict of Interest Policy
 - B. Appointment of Secretary to the Board
- VII. Election of Officers
 - A. Vice Chair
- VIII. Annual Report to the Legislature
 - Resolution B: Approving the February 15 Report to the Legislature
- IX. DMC Metrics: Update
- X. Project Updates (City of Rochester, EDA)
 - A. Status of Private Development Projects Receiving Prior Approval
 - B. Status of Capital Improvement Plan (CIP) Public Infrastructure
 - C. Transportation
 - 1. Mobility Hubs: Location
 - Resolution C: Preliminary Approval of Location of Mobility Hubs, Authorizing Expenditure of Funds and Directions to Staff
 - 2. Considerations Regarding Mixed Use / Affordable Housing Components
 - D. Heart of the City
 - E. Discovery Square
 - F. UMR & Recreation Subdistrict (Community / Education)
 - G. Implementation of DMC Project Work by the City of Rochester
- XI. EDA Update
 - A. 2018 Marketing Recap and 2019 Marketing Preview
- XII. DMCC 2018 Budget: Year to Date Update
- XIII. Remarks by Dr. Gianrico Farrugia, Mayo Clinic President and CEO

XIV. Meeting Schedule:

- A. DMC Joint Meeting: February 5, 2019 at 11:00 A.M.
- B. Executive Committee Meeting: March 21, 2019 at 9:30 A.M.
- C. Next Regular Meeting: May 23, 2019 at 9:30 A.M.

XV. Adjournment

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DESTINATION MEDICAL CENTER CORPORATION (DMCC)
BOARD MEETING

Tuesday, November 13, 2018
9:30 AM

MINUTES

- I. Call to Order. Chair R.T. Rybak called the meeting to order at 9:30 a.m. at Mayo Civic Center Suite 102, located at 30 Civic Center Drive, Rochester, MN 55904.
- II. Roll Call. Chair R.T. Rybak, Mayor Ardele Brede, Michael Dougherty, Council Member Mark Hickey, Jim Campbell and Dana Bailey were present.
- III. Approval of Agenda. Mr. Campbell moved approval of the agenda. Council Member Hickey seconded.

Ayes (6), Nays (0). Motion approved.

- IV. Approval of Minutes: September 25, 2018. Mr. Campbell moved approval of the Minutes. Mayor Brede seconded.

Ayes (6), Nays (0). Motion approved.

- V. Public Comment Period. Paula Hardin commented on affordable housing, transportation, and suggested uses of DMC public funding.

Ivan Idso commented on Earthfest and invited the Board to the December 6, 2018 screening of "Living in Future's Past," an event being partially sponsored by the DMC Economic Development Agency.

Nick Elliott, a representative of the winning open division team from the recent Assistive Technology Challenge, spoke to the Board about his product. Mr. Dougherty inquired about product investment needs. Chair Rybak invited Mr. Elliott to return to the Board with additional updates.

VI. Chair's Report

- A. Resolution A: Commending Council Member Mark Hickey. Chair Rybak thanked Council Member Hickey for his service to the DMCC, and commended him for his participation in DMCC budget and transportation efforts. Mr. Dougherty moved approval of the resolution. Mayor Brede seconded.

Ayes (6), Nays (0). Motion approved.

- B. Resolution B: Commending Mayor Ardele Brede. Chair Rybak complimented Mayor Brede for his service to the DMCC and his advocacy for Rochester. Council Member Hickey moved approval of the resolution. Mr. Dougherty seconded.

Ayes (6), Nays (0). Motion approved.

- C. Report on Annual Dinner. Chair Rybak noted that more than 200 community members attended the DMC Annual Meeting and thanked the EDA staff for their work.

VII. DMC Metrics: Update. Lisa Clarke, EDA Executive Director, reported that the DMC Metrics are expected to be updated in the first quarter of 2019.

VIII. Project Updates

A. Status of Private Development Projects Receiving Prior Approval. Ms. Clarke reported that Urban on First, the Titan Hilton, the Hotel Indigo, and One Discovery Square are all scheduled to open in 2019.

B. Status of Capital Improvement Plan (CIP) Public Infrastructure. Patrick Seeb, EDA Economic Development and Placemaking Director, and Terry Spaeth, City Redevelopment Director, offered the CIP update. Mr. Spaeth reported that several projects in the city have received tax credits or Minnesota Housing Financing Agency funding. Mr. Seeb reported on DMC district infrastructure, street and sewer projects.

C. Public Realm

1. Chateau Theatre. Aaron Parrish, Deputy City Administrator, reported that a bid for exterior weather proofing and functional improvements to the interior has been approved by the Rochester City Council. Chair Rybak asked to be engaged in discussions regarding the activation of the theatre and requested that the City and DMCC board reach agreement about the terms of a programming/management request for proposals (RFP) by the February 5, 2019 joint meeting.

Council Member Hickey moved approval of a motion supporting the renovation efforts undertaken by the City and affirming that the theatre renovation and programming remain a priority of the DMCC. Mr. Campbell seconded.

Ayes (6), Nays (0). Motion approved.

2. Heart of the City. Mr. Seeb reported that staff continue to advance Heart of the City as a DMCC priority. Staff recently discussed Heart of the City design efforts with the Rochester City Council, and Mr. Seeb stated that the City Council is interested in understanding how the DMCC prioritizes the various public projects in order to establish feasible operations and maintenance plans for any redeveloped public space.

Mr. Seeb described how the City and EDA are working to determine how to best incorporate the Peace Fountain into a redesigned Peace Plaza, and noted that "Peace Plaza" will continue to be called by its current name. Chair Rybak noted that these discussions seem to reflect the consensus of community stakeholders and asked Council Member Hickey to share the perspective of the City Council. Council Member Hickey noted that these efforts have assuaged any concerns of the City Council and that the Council appreciates the attentiveness of staff to community input.

The alleys in Heart of the City also remain a redevelopment priority. Ms. Clarke reported that, given the redevelopment of the Wells Fargo Center and other potential sites, DMC remains committed to redeveloping First Avenue.

Mayor Brede moved to affirm the DMCC commitment to the redevelopment of Heart of the City's public space, including improvements to Peace Plaza, the alleys, and First Avenue. Council Member Hickey seconded.

Ayes (6), Nays (0). Motion approved.

- D. Transportation Planning. Mr. Seeb and Mr. Parrish highlighted the 2019 transportation priorities and requested that the Board consider proposed criteria for mobility hub locations. Proposed priorities include: acquisition of electric buses; the initial phase of the City loop; promotion of Arrive Rochester; study of Highway 52 decking; the Second Street demonstration project; and, land acquisition for mobility hubs. Mr. Parrish noted that federal grant funding has been awarded for the purchase of 1-2 electric buses. The City Council hired a consultant to assist with the design of the city loop, a process that is set to begin in summer 2019. Chair Rybak agreed with the general scope of priorities and suggested that staff identify more specific deliverables for each priority.

The Board discussed the criteria for mobility hub locations. Chair Rybak stated that he would like the Board to take action on three items at the February 5, 2019 meeting: designate locations for the south and west mobility hubs; consider how affordable housing may be integrated into the development of the mobility hubs; and provide alternatives for how to most effectively move people along Second Street SW. Chair Rybak noted that all of these efforts require collaboration and agreement with the elected leaders and staff of the City and the County. Mr. Campbell requested that the Board be updated regularly regarding the status of these items prior to the February 2019 Board meeting.

Chair Rybak described several considerations that staff could incorporate into the site evaluation, including the proximity of a west mobility hub to U.S. Highway 52, the preferences of the City and County, and the potential for additional economic development. Chair Rybak also suggested that the priority describing the transportation management association could be restated to better illustrate the value of the TMA and the role it will play in coordinating the needs of commuters, business owners, and others. Chair Rybak also commented on the city loop, noting that the intent of the route is to extend the regional bike network into the downtown core.

- E. Market Studies. Ms. Clarke introduced Bill Anderson, a vice president with AECOM. Mr. Anderson assisted in producing the original DMC market data for the DMC Development Plan and is finalizing an updated five-year market demand report for the hotel, residential, bio-tech/office, and retail/dining/entertainment sectors in the DMC development district. Mr. Anderson described the preliminary findings and highlighted the various effects of organic, DMC-generated, and Mayo Clinic-related growth.

- IX. February 5, 2019 Joint Board Meeting: Deliverables Discussion. Ms. Clarke and Mr. Seeb presented the discussion topics proposed by the EDA board. Chair Rybak and Ms. Bailey both commented on the need to better understand the role of each governing body in the DMC initiative. Mr. Dougherty suggested that it may be helpful to have Mayo Clinic President- and CEO-elect Dr. Gianrico Farrugia briefly address the joint meeting. Chair Rybak stated that transportation deliverables must be a priority at the meeting and asked that each Board member generate a list of discussion topics and return it to Ms. Clarke.

X. EDA Update

- A. Report on Workforce and Housing. Chris Schad, EDA Discovery Square Business Development Director, described the EDA's 2019 workforce development objectives, which are intended to identify how DMC can participate in existing workforce development efforts underway in the community and better understand the workforce needs for Discovery Square.

Kevin Bright, EDA Energy and Sustainability Director, outlined DMC's 2019 housing objectives. Chair Rybak noted the workplan column identifying whether the EDA "leads" or "participates" in various housing efforts and suggested such a system could serve as

a way to confirm responsibilities between the City, County, DMCC, and EDA at the February 2019 joint meeting. Mr. Campbell suggested that a list of questions could be provided to joint meeting participants ahead of time, allowing staff to receive and collate the various responses and organize the agenda. Chair Rybak indicated that the timeframe identified for housing objective items six and seven, currently listed as Q1-Q4 2019, could be more specific.

- B. Program Update. Ms. Clarke reported that the DMC marketing program continues to achieve its goals. Web traffic to improved investor/developer and Discovery Square webpages continues to grow. Time spent on the DMC website exceeds industry benchmarks. The DMC marketing program continues to use targeted digital advertising, which in 2019 will focus on investors, Discovery Square tenants, and retail opportunities. Improving the community member, visitor, and patient experience continues to be a focus of DMC, with a mobile application currently under development between the EDA, Mayo Clinic, and Experience Rochester. An airport experience improvement effort is also underway between the EDA, Rochester International Airport, and Mayo Clinic.

Ms. Clarke also reported on the Assistive Technology Challenge, highlighting the successful interest in and outcomes of this collaborative community effort, and on entrepreneurial ecosystem development efforts.

- XI. DMCC 2018 Budget Year to Date Update. There were no comments on the DMCC budget.

- XII. Meeting Schedule: Chair Rybak stated the meeting dates and times listed below.

- A. Next Regular Meeting: February 5, 2019 at 9:30 A.M.
- B. DMCC/City/County/EDA Joint Board Meeting: February 5, 2019 from 11:00 A.M.-1:00 P.M.
- C. Next Executive Committee Meeting: March 21, 2019 at 9:30 A.M.

- XIII. Adjournment. Mayor Brede moved to adjourn the meeting. Council Member Hickey seconded.

Ayes (6), Nays (0). Motion approved.

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. __-2019

Amending and Restating the Conflict of Interest Policy

BACKGROUND RECITALS

A. The Destination Medical Center Corporation (“DMCC”) and the Destination Medical Center Economic Development Agency (“EDA”) are governed by statutory and contractual provisions regarding situations in which conflicts of interest may arise.

B. On April 30, 2015, pursuant to Resolution No. 28-2015, the DMCC adopted a Conflict of Interest Policy (the “Policy”).

C. The DMCC desires to amend and restate the Policy, and add reasonable restrictions with respect to employment and contracting subsequent to service on or for the DMCC.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that the Amended and Restated Conflict of Interest Policy (attached as Exhibit A) is approved.

DESTINATION MEDICAL CENTER CORPORATION

AMENDED AND RESTATED

CONFLICT OF INTEREST POLICY

I. Purpose

The purpose of this Conflict of Interest Policy (the “Policy”) is to disseminate the statutory and contractual provisions that govern conflicts of interest with respect to the Destination Medical Center Corporation (“DMCC”), its members and employees, and the Destination Medical Center Economic Development Agency (“EDA”). This Policy is intended to comply with both the letter and the spirit of Minnesota law, as amended from time to time.

This Policy will assist Board members and employees in identifying conflicts of interest, as well as situations in which the perception or appearance of a conflict may exist, and to establish procedures for members and employees to declare and monitor a potential conflict as these situations arise.

The DMCC requires each Board member and employee to be advised of, and provided a copy of, this Policy immediately upon assuming their duties and to be periodically reminded of this Policy and educated concerning its application.

II. Conflict Of Interest Provisions in Enabling Statute

The DMCC is governed by Minnesota Statutes Sections 469.40-469.47.

A. Except for the DMCC Board member appointed by Mayo Clinic, a member must not be a director, officer or employee of the Mayo Clinic. Minn. Stat. § 469.41, subd. 9.

B. A member must not participate in or vote on a decision of the DMCC relating to any project authorized by or under consideration by the DMCC in which the member has either a direct or indirect financial interest. Id.

A financial interest means a person’s direct or indirect ownership or investment interest or compensation arrangement, whether through business, investment, or family, including spouse, children and stepchildren, and other relatives living with the person, as follows:

1. Ownership or investment interest in the development, acquisition or construction of a project in the development district;

2. Compensation arrangement with respect to the development, acquisition, or construction of a project in the development district; or

3. Potential ownership or investment interest in, or compensation arrangement with respect to, the development, acquisition or construction of a project in the development district. Minn. Stat. § 469.40, subd. 7.

C. No DMCC member may serve as a lobbyist, as defined under Minnesota Statutes Section 10A.01, Subdivision 21. Minn. Stat. § 469.41, subd. 9.

III. Disclosure of Conflicts of Interest

Members of the DMCC Board are public officials under Minn. Stat. § 10A.01, subd. 35, which means that DMCC Board members are also subject to the conflict of interest and disclosure provisions of Chapter 10A of Minnesota Statutes.

A. Conflicts of Interest Are Prohibited. Neither members nor employees shall voluntarily take part in any manner in making any sale, lease, or contract in the member's or employee's official capacity, in which the member or employee has a personal financial interest. Minn. Stat. § 471.87.

B. Potential Conflicts of Interest. A potential conflict of interest is present if a member or employee who in the discharge of official duties would be required to take an action or make a decision that would substantially affect the member's or employee's financial interests or those of an associated business, unless the effect on the member or employee is no greater than on other members of the member's or employee's business classification, profession, or occupation.

C. Potential Conflicts of Interest Must Be Disclosed. Before taking an action or making a decision that would substantially affect the personal financial interests of the member or employee, or of his or her associated business, the member or employee must disclose the potential conflict by taking the following actions:

1. Prepare a written statement describing the matter requiring action or decision and the nature of the potential conflict of interest; and

2. Deliver copies of the statement to the Chair of the DMCC.

If a potential conflict of interest presents itself and there is insufficient time to provide the written statement under

clauses 1 and 2, the member or employee must orally inform the Chair of the DMCC of the potential conflict.

D. Required Actions for Member or Employee with Potential Conflict of Interest.

1. If an employee has a potential conflict of interest, the employee's supervisor shall immediately assign the matter in which the potential conflict arises, if possible, to another employee who does not have a conflict of interest.
2. If a Board member has a potential conflict of interest, the member shall:
 - a. Abstain, if possible, from influence over the action or decision in question.
 - b. File a statement describing the potential conflict and the action taken, if the member is not permitted or is otherwise unable to abstain from action in connection with the matter. The statement shall be filed with the DMCC, within a week of the action taken.

IV. Statutory and Contractual Provisions Governing the EDA

The EDA is also governed by Minnesota Statutes, Sections 469.40 – 469.47. In addition, the EDA agreed to conflict of interest provisions in the Agreement for Destination Medical Services by and between the DMCC and the EDA, dated February 1, 2014 (the "DMCC-EDA Agreement").

A. Statutory Provisions. The EDA must disclose to the City of Rochester (the "City") and to the DMCC the existence, nature, and all material facts regarding any financial interest its employees or contractors have in any public infrastructure project submitted to the City for approval and any financial interest its employees or contractors have in the destination medical center development. "Contractors" includes affiliates of the contractors or members or shareholders with an ownership interest of more than 20 percent in the contractor.

"Financial interest" means a person's direct or indirect ownership or investment interest or compensation arrangement, whether through business, investment, or family, including spouse, children and stepchildren, and other relatives living with the person, as follows:

1. ownership or investment interest in the development, acquisition, or construction of a project in the development district;
2. compensation arrangement with respect to the development, acquisition, or construction of a project in the development district; or
3. potential ownership or investment interest in, or compensation arrangement with respect to, the development, acquisition, or construction of a project in the development district.

Minn. Stat. § 469.40, Subd. 7.

B. Contractual Obligations: These provisions are contained in the DMCC-EDA Agreement, as noted above.

1. **EDA Other Activities**: The Parties acknowledge that the EDA is expected to undertake additional activities for its own account or on behalf of entities other than the DMCC, and that such activities are separate from and in no way constitute part of the Work under this Agreement. All activities funded from sources of revenue other than reimbursement by the DMCC pursuant to this Agreement shall not be subject to this Agreement. Such other activities of the EDA shall not be inconsistent with this Agreement, the DMC Law, or create any conflict of interest to the EDA's duties or responsibilities to the DMCC. Section 2.4.
2. **Potential Conflict of Interest**: The EDA shall disclose to the DMCC the existence, nature, and all material facts regarding any financial interest its employees or contractors, including Subconsultants, have in any project (as defined in Minnesota Statutes Section 469.40, subdivision 10) submitted to the DMCC for approval and any financial interest its employees or contractors, including Subconsultants, have in the destination medical center development. For purposes of this Section 7.9, "Contractors" includes affiliates of the contractors or members or shareholders with an ownership interest of more than twenty (20) percent in the contractor. Section 7.9.

V. Post-Board-Position Restrictions

A former Board member or staff of the DMCC shall not, during a period of one (1) year after leaving his or her position, hold a direct or indirect financial interest (as defined in Minn. Stat. § 469.40, subd. 7) in a public infrastructure project proposed for DMCC approval.

A former Board member or staff of the DMCC shall not, during a period of one (1) year after leaving his or her position, represent or lobby on behalf of any public infrastructure project proposed for DMCC approval.

A former Board member or staff of the DMCC shall not, during a period of one (1) year after leaving his or her position, contract with the DMCC or the EDA or have a financial interest (as defined in Minn. Stat. § 469.40, subd. 7) in any matter concerning the Destination Medical Center initiative, unless approved by the DMCC Board in advance.

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. __-2019

Authorizing Report to the Legislature Pursuant to Statute

BACKGROUND RECITALS

A. Minnesota Laws, Chapter 143, Article 10 (the “Act”) provides that by February 15 of each year, the Destination Medical Center Corporation (“DMCC”) and the City of Rochester (the “City”) must jointly submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over local and state government operations, economic development, and taxes and to the Commissioners of Revenue and Employment and Economic Development, and to Olmsted County. The DMCC and the City must also submit the report as provided in Minnesota Statutes Section 3.195. The report must include the following specific elements:

- (1) the development plan and any proposed changes to the development plan;
- (2) progress of projects identified in the development plan;
- (3) actual costs and financing sources, including the amount paid with state aid under section 469.47, and required local contributions of projects completed in the previous two years by the corporation, city, county, and the medical business entity;
- (4) estimated costs and financing sources for projects to be started in the next two years by the corporation, city, county, and the medical business entity; and
- (5) debt service schedules for all outstanding obligations of the city for debt issued for projects identified in the plan.

B. The DMCC and City staff have prepared a draft report, due on February 15, 2019, and attached here as Exhibit A.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that the Chair or Vice Chair of the DMCC is authorized to execute and submit the report to the Minnesota Legislature as required by the Act, in form similar to the report attached here as Exhibit A, as may be modified through further discussions with the City, and to take such other actions as are necessary and appropriate to effectuate the timely submission of the report to the Minnesota Legislature.

EXHIBIT A
to Resolution B

January 29, 2019

The Honorable Dan Hall
Chair, Local Government Committee
Minnesota State Senate
3111 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Mike Freiberg
Chair, Government Operations Committee
Minnesota House of Representatives
509 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Patricia Torres Ray
Local Government Committee
Minnesota State Senate
2225 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Nick Zerwas
Government Operations Committee
Minnesota House of Representatives
301 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Jeremy Miller
Chair, Jobs and Economic Growth Finance
and Policy Committee
Minnesota State Senate
3107 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Tim Mahoney
Chair, Jobs and Economic Development
Finance Division
Minnesota House of Representatives
365 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Bobby Joe Champion
Jobs and Economic Growth Finance and
Policy Committee
Minnesota State Senate
2303 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Bob Gunther
Jobs and Economic Development Finance
Division
Minnesota House of Representatives
277 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Julie Rosen
Chair, Finance Committee
Minnesota State Senate
3235 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Lyndon Carlson Sr.
Chair, Ways and Means Committee
Minnesota House of Representatives
479 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Richard Cohen
Finance Committee
Minnesota State Senate
2301 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Roger Chamberlain
Chair, Taxes Committee
Minnesota State Senate
3225 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Ann Rest
Taxes Committee
Minnesota State Senate
2217 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

Commissioner Cynthia Bauerly
Minnesota Department of Revenue
600 North Robert Street
St. Paul, MN 55101

The Honorable James V. Bier
Chair, Olmsted County
Board of Commissioners
151 4th St SE
Rochester, MN 55904

The Honorable Pat Garofalo
Ways and Means Committee
Minnesota House of Representatives
295 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Paul Marquart
Chair, Taxes Committee
Minnesota House of Representatives
597 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Greg Davids
Taxes Committee
Minnesota House of Representatives
283 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

Commissioner Steve Grove
Minnesota Department of Employment and
Economic Development
1st National Bank Building
332 Minnesota Street, Suite E200
St. Paul, MN 55101-1351

Re: Destination Medical Center
February 15, 2019 Report

Dear Senators, Representatives, Commissioners and Chairs:

On behalf of the Destination Medical Center Corporation (the "DMCC") and the City of Rochester (the "City"), we are pleased to submit this report on the progress of the Destination Medical Center initiative, in accordance with Minnesota Statutes, Sections 469.40 – 469.47 (the "Act").

The year ending on December 31, 2018, was another remarkable year for the Destination Medical Center ("DMC") initiative. The Act required that private investment lead the way for this private-public model of partnership: over \$200,000,000 in Mayo Clinic and other private investment had to occur before any state funding would begin to flow. That threshold was met, and exceeded, in 2017.

In 2018, we certified a total of \$130,954,237, for the year ending December 31, 2017, which includes \$86,392,524 in Mayo Clinic investments and \$44,561,713 in other private investments. The cumulative total of Mayo Clinic and other private investments, since 2013, is \$428,662,787 in capital expenditures. Moreover, the City has contributed \$28,579,124 in certified expenditures from July 1, 2013, through December 31, 2017.

There are currently 23 projects either proposed, under construction, or completed, the majority of which are private investments with no DMC-provided public assistance. Approved DMC projects thus far are expected to generate over 1,900 construction jobs. This extraordinary combination of private investment, Mayo Clinic expenditures, City contributions and state funding is making Destination Medical Center a reality.

In 2018, in addition to major strides in planning and development, much focus was given to DMCC Phase 1 priorities:

Discovery Square: Discovery Square is a sixteen square block area in the Development District and is a keystone to the DMC economic development strategy. As a live, work, and play environment, it represents the future of biomedical research, education, and technology innovation.

The first phase of Discovery Square is called One Discovery Square, a 90,000 square foot building designed to support the acceleration and translation of the most promising health-related therapies and technology. It is scheduled to open in 2019.

Heart of the City: Heart of the City creates a true center of the City, where Mayo Clinic, commercial, hospitality, retail, and residential meet. Heart of the City extends and enhances Peace Plaza to create active experiences and gateways to the other DMC districts, and is also home to the historic Chateau Theatre, which is being renovated and is scheduled to open in the summer of 2019. A schematic design for the Heart of the City district has been completed, and operating and governance models and sources of funding are being examined.

Transportation: A forward-thinking transportation plan is integral to DMC's success, and great momentum occurred in 2018. The City authorized integrated transit studies, which examined four areas in depth: downtown transit circulator, street and use operations, parking and travel demand management, and a city loop. The final report was adopted in 2018 and provides the basis for development of a transportation strategy and implementation plan that supports economic development and the realization of the DMC vision.

This report will provide a brief background of Destination Medical Center and then provide the responses required by the Act.

I. Destination Medical Center: Background.

A. Development Plan.

One of the primary goals of the Act was the adoption of a Development Plan. In September 2013, the DMCC established specific goals and objectives for the Development Plan: to create a comprehensive strategic plan, and over the life of the project, to stimulate over \$5

billion in private investment that will be supported by \$585 million in public funds, create 35,000-45,000 new jobs, generate \$7.5 billion to \$8.5 billion in net new tax revenue, and achieve the highest quality patient, visitor and resident experience.

The Development Plan is the strategic framework for the Destination Medical Center initiative, establishing a comprehensive business and economic development strategy. It addresses several items, including land use, transportation and infrastructure planning, market research, funding priorities, business and economic development and market strategies.

Upon making the findings set forth in the Act, including finding that the City had approved the Development Plan, the DMCC adopted the Development Plan on April 23, 2015. The Development Plan is posted on the DMCC website: www.dmc.mn.

B. Mission Statement.

The DMCC's mission statement provides a framework to guide its work:

With Mayo Clinic at its heart, the Destination Medical Center (DMC) Initiative is the catalyst to position Rochester, Minnesota, as the world's premier destination for health and wellness; attracting people, investment, and jobs to America's City for Health and supporting the economic growth of Minnesota, its bioscience sector, and beyond.

C. Website.

The DMCC's website is: www.dmc.mn. The website contains the regular meeting schedule, meeting agendas, minutes and other information on DMCC activities, as well as project updates, investor and developer information, sub-district descriptions, market research, and ongoing activities of the Destination Medical Center Economic Development Agency ("DMC EDA"). The City's website, www.rochestermn.gov, also has a link to the DMCC website.

II. Specific Elements Required to Be Included in the Report.

The Act requires that certain elements be included in this annual report. Some of what is presented here has been referenced above.

A. "The Development Plan and any proposed changes to the Development Plan."

The Development Plan was initially adopted on April 23, 2015, and amended in 2016 to modify the Destination Medical Center Development District, the geographic area in the City of Rochester in which public infrastructure projects are implemented to support DMC. The Development Plan can be found at the DMCC website: www.dmc.mn.

B. "Progress of projects identified in the Development Plan."

According to the Act, a project must be approved by the DMCC before it is proposed to the City. The DMCC must review the project proposal for consistency with the adopted Development Plan. Since the adoption of the Development Plan on April 23, 2015, several projects have been approved by the DMCC.

The Historic Chateau Theatre: is located in the “Heart of the City” district as described in the Development Plan. The DMCC approved the acquisition of the Chateau Theatre by the City in the purchase price amount of \$6,000,000, of which Mayo Clinic contributed \$500,000. The acquisition of this historically-designated landmark is considered key to the planning and enhancement of the Heart of the City district. Construction has begun on capital improvements, and discussions are underway with respect to the development of an interim programming and management model.

The Titan Hilton Hotel (formerly known as the “Broadway at Center” project): is located in the “Downtown Waterfront” district as described in the Development Plan. This mixed-use project includes a 264-room hotel, restaurants, retail space, a skyway connection, and a five level parking ramp with 630 spaces. The project is expected to generate approximately \$125 million in private investment and is under construction. Completion of the hotel is expected in 2019.

The Berkman Apartments (formerly known as the “Alatus Project”): is located on 2nd Street SW in the “Saint Marys” district as described in the Development Plan. This mixed-use project involves the construction of an approximately 350,628 square foot, thirteen-level commercial and residential complex. It will include 374 market-rate rental units, create 240 construction jobs, and is expected to generate \$115 million in private investment. Project completion is targeted for early 2020.

Urban on First: is located south of 4th Street SW between 1st Avenue SW and Broadway Avenue, and is in the “Discovery Square” district as described in the Development Plan. This approximately \$38 million mixed use project includes 156 market rate rental units and street level commercial and retail space. The anticipated completion date is 2019.

One Discovery Square (formerly known as Discovery Square Phase One): is on First Avenue SW in the “Discovery Square” district as described in the Development Plan. This approximately \$35 million bio-science building will be a center of innovation and will house companies whose mission is to accelerate bio-science discoveries to market. The building will include laboratory, office, collaborative and retail space. As noted above, this project is the first phase of achieving a key component of the Development Plan: providing jobs in the bio-science sector. Groundbreaking occurred in November, 2017, and completion is expected in 2019.

Bloom Waterfront: This is an approximately 880,000 square foot multi-use development, located in the “Downtown Waterfront” district as described in the Development Plan. It includes senior living and memory care, retail, parking, hotel and condominiums, and commercial space. The proposal is currently under discussion with respect to the scope and size of the project.

Wells Fargo Renovation: This project is a renovation of a 92,000 square foot existing building, located in the “Heart of the City” district as described in the Development Plan. This project is a catalyst for the public realm in the Heart of the City district and will achieve connections of the pedestrian subway, the street, and the skyway. Interior construction has begun.

Hotel Indigo Renovation: The Hotel Indigo project involves renovation an existing 172-room Holiday Inn, located in the “Heart of the City” district as described in the Development Plan. Opening of the new hotel is scheduled for September, 2019.

Hyatt House: The Hyatt House project is located in the “Central Station” district as described in the Development Plan. It is a 172-room extended-stay hotel, and construction is anticipated to begin in early 2019.

Finally, there are several other projects underway in the initial stages of planning and are expected to come to fruition in 2019. The status of these projects will be reported in a future annual report.

In addition to the approved projects noted above, the DMCC and the City have approved a Capital Improvement Plan (“CIP”) for public infrastructure projects for 2019. Projects identified in the CIP are categorized as follows: Public Realm Improvements, Infrastructure, and Transit.

Public Realm Improvements include:

- Heart of the City, Theatre Square and 1st Avenue, Alley
- Chateau Theatre Improvements
- 3rd Street SW Reconstruction and Design

Infrastructure Projects include:

- 4th Street Reconstruction
- Sanitary Sewer Replacements and Upgrades
- North Broadway Reconstruction
- Reconstruction of 6th/7th Avenues NW/SW

Transit Projects include:

- Phase 1 DMC Transit Plan Implementation
- Arrive Rochester Implementation
- Integrated Transit Studies Implementation
- Dedicated Bike Lanes on 3rd and 4th Avenues and Center Street
- Mobility Hub Site Selection and Circulator Route Development

C. “Actual costs and financing sources, including the amount paid under Minnesota Statutes Section 469.47, and required local contributions of projects completed in the previous two years by the DMCC, City, Olmsted County and Mayo.”

The Act requires that an annual certification of private investment by Mayo Clinic or other private investors be made to DEED by April 1 of each year, and DEED must certify that \$200,000,000 of private investment has been made before any state funding may be paid. This threshold was met and exceeded in 2017. In 2018, the total amount of private and Mayo Clinic certified investments was an additional \$130,954,257.

In compliance with Minnesota Statutes Section 469.47, attached is the revised, annual certification of Mayo Clinic and other private investment that was submitted to DEED on May 14, 2018, and the revised annual certification of City expenditures, that was submitted to DEED on May 31, 2018 (Exhibit A). DEED conducted its own audit process of the certified expenditures,

requested revisions, and then approved the expenditures. The DEED certifications, dated June 18, 2018, are also attached (Exhibit B).

In addition, we offer the following information:

1. Through December 31, 2018, State Infrastructure Aid in the amount of \$8,975,212 has been received. No State Transit Aid has been received.
2. Actual costs paid by the City from commencement through December 31, 2018 have totaled \$47,481,234, based on year-end unaudited costs. The funding source has been City internal borrowing, which is being repaid by the City's 0.25% DMC sales tax. The City has also issued capital debt. Just as the Mayo Clinic investments and other private investments have underscored the commitment to DMC, so too have the City contributions.
3. Through December 31, 2018, Olmsted County has contributed \$7,500,000.
4. The 2019 combined operating and capital improvements budget for the DMCC totals \$37,212,867. Of this amount \$3,000,000 will be provided by Olmsted County from its 0.25% DMC sales tax. The remaining amount is to be provided by the City of Rochester from a variety of City funding sources. In addition, Mayo Clinic has pledged financial and in-kind funding to the DMC EDA in the amount of \$1,276,632.

D. "Estimated costs and financing sources for projects to be started in the next two years by the DMCC, City, Olmsted County and Mayo."

The Development Plan sets forth a framework and examples of projects that may be considered for funding in the next several years. Each project will be approved on an individual basis. See also the response to "B" and "C," above.

E. "Debt service schedules for all outstanding obligations of the City for debt issued for projects identified in the plan."

The debt service schedule is attached as Exhibit C.

CONCLUSION

Thank you for your consideration of this annual report. On behalf of both the DMCC and the City, we welcome your comments or questions. We look forward to continued progress on the Destination Medical Center initiative in 2019.

R.T. Rybak, Chair
Destination Medical Center Corporation

Kim Norton, Mayor
City of Rochester

Enclosures

cc: Legislative Reference Library

EXHIBIT A

Revised Annual Certification of Mayo Clinic and Other Private Investment Submitted to DEED
on May 14, 2018

and

Revised Annual Certification of City Contributions Submitted to DEED on May 31, 2018

EXHIBIT A

DESTINATION MEDICAL CENTER CORPORATION
201 4th St. SE.
Rochester, Minnesota 55904

May 14, 2018

Shawntera Hardy
Commissioner
Minnesota Department of Employment and Economic Development
1st National Bank Building
332 Minnesota Street, Suite F-200
Saint Paul MN 55101

RE: Destination Medical Center Corporation: Certification of Expenditures
REVISED AS OF MAY 9, 2018

Dear Commissioner Hardy:

On behalf of the Destination Medical Center Corporation ("DMCC") and Mayo Clinic, I am pleased to forward the following revised materials for the April 1, 2018 certification, pursuant to Minnesota Statutes Section 469.47, Subdivision 2. Since our original submission of the Certification of Expenditures, dated March 27, 2018, we have been working with Jeremy LaCroix and have revised certain numbers, as follows:

1. DMCC Certification: I enclose the revised DMCC certification of expenditures made by an individual or entity, other than Mayo Clinic, for the period ending on December 31, 2017 ("Attachment 1"). The City of Rochester, Minnesota, assisted with the compilation of this report. The amount of expenditures set forth in this report is \$44,561,713.88.

2. Mayo Clinic Certification: The Mayo Clinic certification has not changed since our original submission. I enclose correspondence and accompanying materials from Jeffrey W. Bolton, Vice President of Administration at Mayo Clinic, dated March 21, 2018 ("Attachment 2"). Mayo Clinic is certifying expenditures for the period of January 1, 2017 through December 31, 2017 in the amount of \$86,392,524.43.

3. Summary of Expenditures: The revised summary page, entitled, "Certification of Expenditures, Destination Medical Center" is enclosed,

Commissioner Shawntera Hardy
May 14, 2018
Page 2

setting forth total cumulative expenditures through December 31, 2017, in the amount of \$428,662,787 ("Attachment 3").

Thank you for your consideration, and please do not hesitate to contact either DMCC or Mayo Clinic if you need further information. We look forward to continuing to work with the State of Minnesota, City of Rochester, Olmsted County, Mayo Clinic, and our other partners on the Destination Medical Center initiative.

Sincerely,

A handwritten signature in black ink, appearing to be 'R. Rybak', written in a cursive style.

R.T. Rybak
Chair
Destination Medical Center Corporation

Encl.

cc: Destination Medical Center Corporation Board of Directors
Jeffrey W. Bolton, Mayo Clinic
Jeremy LaCroix

Attachment 1

2017 Tracking Worksheet UPDATED May 9, 2019

DATE
SHOULD
BE 2018

Building Permits within the DMC Boundary
(Does not include Mayo Projects)

Year	Completed
2015	\$ 50,000.00
2016	\$ 227,000.00
2017	\$ 3,156,738.00
TOTAL	\$ 3,433,738.00

2016/2017 Destination Medical Center - Partially Completed Projects Tracking

Project	Address	Total Building Permit Value	2016	2017
			Partial Completed Work Claimed	Completed Work Claimed
1st Avenue Flats	400 NW 1 Avenue	\$ 8,719,735.57	\$ 4,976,244.00	\$ 3,743,491.57
Lofts at Mayo Park	123 SE 6 Avenue	\$ 6,900,000.00	\$ 6,347,552.97	\$ 552,447.03
501 on First	501 SW 1 Avenue	\$ 12,977,182.75	\$ 12,534,186.96	
Flats on 4th (Buckeye)	412 SE 3 Avenue	\$ 13,082,292.00	\$ 8,906,937.40	
Total		\$ 41,679,210.32	\$ 32,764,921.33	\$ 4,295,938.60
Dollar Value of building permits finalized in 2016			\$ 1,555,125.00	
Dollar amount submitted for partial work in 2016			\$ 31,209,796.33	

2017 Destination Medical Center - Partially Completed Projects Tracking

Project	Address	Total Building Permit Value	2017
			Partial Completed Work Claimed
Broadway @ Center	10 East Center Street	\$ 84,282,463.00	\$ 33,866,963.98
Discovery Square	202 SW 4 Street	\$ 16,009,000.00	\$ 2,965,073.30
Dollar amount submitted for partial work in 2017		\$ 100,291,463.00	\$ 36,832,037.28
TOTAL			\$ 44,561,713.88

2017 Tracking Worksheet UPDATED May 9, 2019

DATE
SHOULD
BE 2018

2017 Destination Medial Center - Partially Completed Projects Tracking

		2017	2017									2018 or 2019		
Project	Address	Partial Completed Work Claimed	Permit Number	Value	Completion Date	Permit Number	Value	Completion Date	Permit Number	Value	Completion Date	Total Permits	Balance to Claim	
Broadway @ Center	10 East Center Street	\$ 33,866,963.98	R15-0081CB	\$ 1,000,000.00		R15-0384CB	\$ 45,000,000.00		R15-0447CB	\$ 38,282,463.00		\$ 84,282,463.00	\$ 50,415,499.02	
Discovery Square	202 4th Street SW	\$ 2,965,073.30	R17-0384CB	\$ 1,750,000.00		R17-0454CB	\$ 1,290,000.00		R17-0492CB*	\$ 12,969,000.00		\$ 16,009,000.00	\$ 13,043,926.70	
TOTAL for 2017		\$ 36,832,037.28												
Dollar amount finalized in 2017		\$ -											\$ 100,291,463.00	\$ 63,459,425.72
Dollar amount submitted for partial work in 2017		\$ 36,832,037.28												

* permit not issued yet

2016 Destination Medial Center - Partially Completed Projects Tracking

Project	Address	2016	2017					2017
		Partial Completed Work Claimed	Permit Number	Value	Completion Date	Permit Number	Value	Balance Claimed
1st Avenue Flats	400 NW 1 Avenue	\$ 4,976,244.00	R16-0024MFB	\$ 622,000.00		R16-0008MFB	\$ 8,097,735.57	\$ 3,743,491.57
Lofts at Mayo Park	123 SE 6 Avenue	\$ 6,347,552.97	R15-0079MFB	\$ 794,323.00	3/6/2017	R16-0011MFB	\$ 6,105,677.00	\$ 552,447.08
501 on First	501 SW 1 Avenue	\$ 12,534,186.96	R15-0053MFB	\$ 1,555,125.00	9/2/2016	R15-0058MFB	\$ 11,422,057.75	
Flats on 4th (Buckeye)	412 SE 3 Avenue	\$ 8,906,937.40	R15-0107MFB	\$ 2,400,000.00		R16-0009MFB	\$ 10,682,292.00	
							\$ 13,082,292.00	

To Be Claimed in
2018

\$ 442,995.79
\$ 4,175,354.60

TOTAL for 2016	\$ 32,764,921.33				
Dollar amount finalized in 2016	\$ 1,555,125.00		\$ 41,679,210.32	\$ 4,295,938.60	\$ 4,618,350.39
Dollar amount submitted for partial work in 2016	\$ 31,209,796.33				
TOTAL for 2017	\$ 4,295,938.60				

2015 Building Permits (Entire Year)
CLOSED BUILDING PERMITS
 (Within DMC Boundary, does not include Mayo Projects)
 (Status as of 1/31/2018)

	Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Lic. Prod.	Owner	2016 Permit Status	2016 Permit Status Date	Current Permit Status	Current Permit Status Date	Changed (as of 1/31/2018)
1	Commercial Bldg	Alteration	R15-0057CB	5/14/2015	060110	10 SW 3 ST, ROCHESTER, MN 55902	\$50,000	Interior expansion into an existing restaurant space (Tap House on 3rd)	ALVIN E BENKE, INC Aaron E BENKE 2960 W Hwy 14 ROCHESTER, MN 55901	EONI ENTERPRISES LLC 10 3 ST SW ROCHESTER, MN 55902	TCO Issued	6/19/2015	Finalized	4/26/2017	Yes

\$50,000

2016 Building Permits (Excl. Vn)
 (Within DMC Boundary, does not include Map Projects)
 (Status as of 3/6/2017)

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Period of Construction	Within DMC Boundary	Address Info	Permit Value	Work Description	Mayo Project	LC Proj	Owner	Current Permit Status	Current Permit Status Date	Changed
1 Commercial Bldg	Alteration	R15-0300CB	12/21/2016 01:44:24		Yes	320 S BROADWAY AVE ROCHESTER, MN 55904	\$142,000	Alterations to existing office space (RSP, A, and C)	No	STARK CONSTRUCTION INC. DBA CONSTRUCTION COLLABORATIVE Steve Blumke ROCHESTER, MN 55904	320 BROADWAY S Suite B ROCHESTER, MN 55904	Final	4/4/2017	Yes
2 Multi-Family Bldg	New	R15-0011MFB	6/15/2016 00:10:11		Yes	123 SE 6 AVE ROCHESTER, MN 55904	\$8,182,877	New 53,000 sq ft, 28 unit, 4-story building with UG parking (located in Mayo Park)	No	Wish Construction 430 Baker Road, Suite 400 Minnetonka, MN 55343	EASTBANK LOFTS LLC 123 SE 6 AVE ROCHESTER, MN 55904	C of O Issued	8/17/2017	Yes
3 Multi-Family Bldg	New	R15-0004MFB	7/19/2016 04:46:22		Yes	600 NW 4 AVE ROCHESTER, MN 55901	\$4,719,800	New 21,000 sq ft, 4-story apartment with underground parking (located in Mayo Park)	No	MINNETONKA BUILDING COMPANY, LLC 730 STINSON BLVD SPTS 200 ROCHESTER, MN 55901	730 STINSON BLVD ROCHESTER, MN 55901	C of O Issued	6/26/2017	Yes
4 Multi-Family Bldg	Alteration	R15-0021MFB	10/19/2016 08:05:24		Yes	220 S BROADWAY AVE 1004 ROCHESTER, MN 55904	\$85,000	Alterations to existing condo to kitchen and bathrooms (holiday inn downtown - 1004)	No	MRK GILL ROBERT GILL BUILDERS, INC 1601 Built Broadway ROCHESTER, MN 55906	Joanne McCross 1601 Built Broadway ROCHESTER, MN 55906	Final	4/12/2017	Yes
														\$27,000

Some of the highest dollar amounts were included in 2016 as the 2016 as partially completed projects. See sheet titled 2016 Disposition Medical Center - Partially Completed Projects Tapping for the amount included in 2016 and the amount to be included in 2017.

2017 Building Permits (Entire Year)
CLOSED BUILDING PERMITS
 (Within OMC Boundary, does not include Mayo Projects)

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Within OMC Boundary	Parcel Number	Address Info	Permit Valuation	Work Description	Mayo Project	Lic. Prof.	Owner	Current Permit Status	Current Permit Status Date
1 Commercial Bldg	Alteration	R17-0006CB	2/6/2017	Yes	073709	1211 SW 2 ST, ROCHESTER, MN 55902	\$200,000	Renovation of existing pool and spa (Aspen Suites)	No	THATCHER POOLS Brad Thatcher 2884 EASTWOOD RD SE ROCHESTER, MN 55904	US Hotels rochester Venture, LLP 3211 West Seneca Dr Sioux Falls SD 57107	Finalized	4/26/2017
2 Commercial Bldg	Alteration	R17-0040CB	2/9/2017	Yes	061707	20 SW 2 AVE, ROCHESTER, MN 55902	\$15,000	Jam's Confections (Kahler Grand - Suite 3)	No	Kramer Contracting, LLC Adam Kramer 4330 48th St. NE Rochester, MN 55908	KAH 20 2ND AVENUE LLC 20 2 AVE SW ROCHESTER, MN 55902	Finalized	2/18/2017
3 Commercial Bldg	Alteration	R16-0446CB	2/15/2017	Yes	017897	101 SW 1 AVE S10, ROCHESTER, MN 55902	\$550,000	Alterations to existing space for bank tenant (Associated Bank - Marriott Hotel)	No	ALVIN E BENIKE, INC AARON E BENIKE 2960 W Hwy 14 ROCHESTER, MN 55901	Doug Harber 2655 Campus Dr Plymouth, MN 55441	Finalized	6/26/2017
4 Commercial Bldg	Alteration	R17-0082CB	4/17/2017	Yes	061707	101 SW 1 ST, ROCHESTER, MN 55902	\$200,000	Interior Sales Floor and Office Remodel (Lesker Jewelers)	No	Hoelt Builders, Inc. Jay Hoelt 2423 Rivers Edge Dr. Ste. 1 Attona WI 54720	Nicole Lesker 101 1st St SW ROCHESTER, MN 55902	Finalized	6/30/2017
5 Commercial Bldg	Alteration	R17-0140CB	5/15/2017	Yes	014442	30 SE 3 ST 302, ROCHESTER, MN 55904	\$105,000	Fit up an existing tenant space (Morrison Healthcare / Compass Group - Unit #302)	No	BUILD CORE BRIAN MCSER 30 3 ST SE Ste 600 ROCHESTER, MN 55904	Titan Development and Investment 30 3 ST SE ROCHESTER, MN 55904	Finalized	8/14/2017
6 Commercial Bldg	Alteration	R17-0194CB	5/22/2017	Yes	078774	221 SW 1 AVE, ROCHESTER, MN 55902	\$95,000	Adding two new walls with a new door in an existing space. (Bio-Business Building - Well Living Lab)	No	KNUTSON CONSTRUCTION Tom Leimer 5865 BANDEL RD NW ROCHESTER, MN 55901	CITY OF ROCHESTER 201 4 ST SE ROCHESTER, MN 55904	C of C Issued	9/11/2017
7 Commercial Bldg	Alteration	R17-0260CB	6/28/2017	Yes	061056	222 SW 6 AVE, ROCHESTER, MN 55902	\$9,800	RETAINING WALL	No		TRINITY EVANGELICAL LUTHERN CHURCH 222 6 AVE SW ROCHESTER, MN 55902	Finalized	7/14/2017
13 Demolition	Residential	R17-0036D	10/23/2017	Yes	017721	514 SW 4 AVE, ROCHESTER, MN 55902	\$16,500	demo of house		FRASER CONSTRUCTION Rick Penz 3725 ENTERPRISE DR SW ROCHESTER, MN 55902	RESIDENCE AT DISCOVERY SQUARE LLC 3686 CHAPPUIS TRL FARIBAULT, MN 55021	Finalized	11/17/2017
14 Demolition	Residential	R17-0037D	10/23/2017	Yes	017720	516 SW 4 AVE, ROCHESTER, MN 55902	\$16,500	demo of house		FRASER CONSTRUCTION Rick Penz 3725 ENTERPRISE DR SW ROCHESTER, MN 55902	RESIDENCE AT DISCOVERY SQUARE LLC 3686 CHAPPUIS TRL FARIBAULT, MN 55021	Finalized	11/17/2017
15 Demolition	Residential	R17-0038D	10/23/2017	Yes	017719	524 SW 4 AVE, ROCHESTER, MN 55902	\$16,000	demo of house		FRASER CONSTRUCTION Rick Penz 3725 ENTERPRISE DR SW ROCHESTER, MN 55902	RESIDENCE AT DISCOVERY SQUARE LLC 3686 CHAPPUIS TRL FARIBAULT, MN 55021	Finalized	11/17/2017
16 Demolition	Residential	R17-0040D	10/23/2017	Yes	017717	315 SW 6 ST, ROCHESTER, MN 55902	\$18,000	demo of house		FRASER CONSTRUCTION Rick Penz 3725 ENTERPRISE DR SW ROCHESTER, MN 55902	RESIDENCE AT DISCOVERY SQUARE LLC 3686 CHAPPUIS TRAIL FARIBAULT, MN 55021	Finalized	11/17/2017
17 Demolition	Residential	R17-0041D	10/23/2017	Yes	017724	507 SW 3 AVE, ROCHESTER, MN 55902	\$18,000	demo of house		FRASER CONSTRUCTION Rick Penz 3725 ENTERPRISE DR SW ROCHESTER, MN 55902	RESIDENCE AT DISCOVERY SQUARE LLC 3686 CHAPPUIS TRL FARIBAULT, MN 55021	Finalized	11/28/2017
18 Demolition	Residential	R17-0043D	10/23/2017	Yes	017725	506 SW 4 AVE, ROCHESTER, MN 55902	\$16,500	demo of house		FRASER CONSTRUCTION Rick Penz 3725 ENTERPRISE DR SW ROCHESTER, MN 55902	RESIDENCE AT DISCOVERY SQUARE LLC 3686 CHAPPUIS TRL FARIBAULT, MN 55021	Finalized	11/28/2017
19 Multi-Family Bldg	Alteration	R17-0009MFB	2/27/2017	Yes	061810	207 SW 5 AVE, ROCHESTER, MN 55902	\$1,878,438	Replacing windows and doors (Rochester Towers)	No		ROCHESTER CONDOMINIUM ASSOCIATION 207 5 AVE SW ROCHESTER, MN 55901	Finalized	12/19/2017
20 Sign	Business	R17-0029S	4/12/2017	Yes	061852	400 NW 1 AVE, ROCHESTER, MN 55901	\$2,000	Wall sign (1 Avenue Flats Apartments)		OWNER	1AF Limited Partnership 2227 7 ST NW Rochester, MN 55901	Closed	5/8/2017

\$3,156,738

Attachment 2



200 First Street SW
Rochester, Minnesota 55905
507-284-2511
mayoclinic.org

March 21, 2018

Shawntera Hardy
Commissioner
Minnesota Department of Employment and Economic Development
1st National Bank Building
332 Minnesota Street, Suite E-200
Saint Paul, MN, 55101-1351

Dear Commissioner Hardy:

Attached with this letter is Mayo Clinic's certification of qualified expenditures of the medical business entity for the Destination Medical Center (DMC) initiative for the period starting January 1, 2017 and ending December 31, 2017. The amount of qualified investment is approximately \$86.4 million.

Overall, Mayo Clinic expended more than \$270.0 million on capital projects and equipment in Rochester in 2017. Major projects included: Saint Marys Radiology Consolidation and Complex Intervention Unit upgrades, Precision Medicine and Jacobson Building upgrades. Again, Mayo Clinic is taking a conservative approach this year when counting eligible investments and expenditures for purposes of meeting the DMC investment goals.

We look forward to working with the State of Minnesota, City of Rochester, Olmsted County, and other stakeholders to strengthen our economy and further strengthen Minnesota's position as the world's premier destination medical center.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey W. Bolton".

Jeffrey W. Bolton
Vice President, Administration
Mayo Clinic

cc: Kevin McKinnon, Deputy Commissioner Economic Development,
Minnesota Department of Employment and Economic Development

Permitted Expenditures from July 1, 2013 to December 31, 2017

Approval Date	Project/Req Number	Project/Equipment Name	Total Expenditures reported for 2017	Total Spent as of December 31st 2017
02/18/11	7R100580	Mary Brigh East Expansion	45,808.76	2,061,039.65
11/09/12	7R110910	Dermatology Remodel	-	9,123,648.24
11/09/12	7R121480	Sports Medicine Center	-	5,666,939.49
07/03/13	7R121370	2915 Warehouse Infrastructure	-	693,219.52
07/10/13	7R130470	Core 200 SMH Operating Room Renovation	-	1,411,411.46
07/10/13	7R100320	Anatomic Pathology Office Remodel	-	476,041.94
07/10/13	7R121490	Psychiatry and Psychology Master Plan, Phase 1A - Generose Main	-	1,213,985.91
07/11/13	7R120570	Development Remodel	-	2,679,274.32
08/01/13	7R130980/7R130981	Bed Tower Modernization MB east	4,639,579.17	42,726,006.50
08/01/13	7R130990/7R130991	Domitilla 3 Modernization	-	7,751,953.95
08/14/13	7R130650	Remodeling laboratory space on Guggenheim 5.	-	265,065.75
08/29/13	7R130810	Saint Marys Hospital Chiller Addition	55,736.11	4,537,740.23
09/25/13	7R130180	Institute Hills Chiller Replacement	-	441,903.16
11/06/13	7R130820	Radiation Oncology Room "E" Linear Accelerator Replacement	-	188,793.94
12/11/13	7R110200	DLMP Phlebotomy Remodel	-	1,615,648.60
02/05/14	7R120870	Mary Brigh Electrical Upgrades (Phase 3)	-	2,002,781.62
02/21/14	7R121420	SDSC Expansion Construction Only	45,583.81	21,220,745.84
02/26/14	7R121080	Creation of the consolidated freezer and BAP facility at the 2915 Warehouse	-	4,006,693.46
02/26/14	7R130690	Remodeling of multiple laboratories on Guggenheim 8	-	774,090.58
03/19/14	7R131440	Four Operating Rooms Off Core 700	-	3,082,756.73
04/23/14	7R131300	Remodeling within the Metabolomics Core on Alfred 5	-	616,212.48
2Q2014	R2007523 / 7R131300	Thermo TSQ Triple Quadrupole MS (assets 147506 & 145344)	-	596,292.00
04/23/14	7R131420	Remodeling within Opus 1 to accommodate space for a new CT machine.	-	480,162.90
04/30/14	7R131270	Employee and Community Health Southeast Clinic	-	4,326,200.60
04/30/14	7R120690	Cardiac Catheterization Procedure Room 103 Remodel - Saint Marys, Mary Brigh 4	-	412,584.91
06/04/14	7R140130	Gonda 5, 5th PET/CT Installation & Uptake	-	301,874.69
06/18/14	7R140540	Executive, Development and International Program Expansion - Mayo East 5	-	1,389,522.23
07/02/14	7R131400	DOM 3/4 Infrastructure Revisions for Remodeling	65,586.13	2,109,759.78
07/23/14	7R130760	Clinical Genome Sequencing, Lab Expansion	-	296,600.82
08/14/14	CPC2010723 / 7R130820	Varian Medical Systems (asset 145374)	-	3,334,879.00
08/20/14	7R140480	CMCT and Prev. Med. Relocation Gonda 18 to Mayo East 17	-	358,383.16
03/04/15	7R140790	Cancer Center Station Eisenberg 4-3	438.66	892,147.20
03/18/15	7R140780	CT Simulator I Replacement Charlton S-259, S-261	-	191,170.81
11/13/14	CPC2010473/7R140780	CT Scanner - 5yr (Asset 162815)	-	687,812.80
04/29/15	7R150070	Charlton 2 Incremental 3T Body Scanner	(57,356.37)	749,773.48
04/29/15	CPC2015146/7R150070	3T Siemens Skyra MRI (asset 166875, 167065-167082)	-	1,637,261.00
05/13/15	7R150080	SMC, Mary Brigh Main NH, MR-MCR 1.5T Replacement Scanner	4,325.60	448,573.83
05/13/15	CPC2015438/7R150080	GE: 1.5T Optima MR450W (asset 165084, 165346-165359)	-	1,130,292.00
05/13/15	7R150090	SMC, Mary Brigh Main NH, MR-MCR 1.5T Replacement Scanner	36,962.20	595,824.88
05/13/15	CPC2015436/7R150090	DISCOVERY MRI Mary Brigh (assets 169437, 171643, 171651, 171661-171672)	-	1,513,704.55
07/22/15	7R130230	Renovation Mary Brigh Main, PACU - Phase 4	(1,855,452.80)	2,059,423.01
05/14/15	7R140390	SMH Mary Brigh East Corridor Relocation	(710,774.57)	4,717,723.26
02/25/15	7R140970	Dr. Lee Diamond Reactor Lab Remodel on Med Sci SL	-	226,408.57
7/23/2014	7R131280	MR-RO-CN-1-MR/PET Installation	-	781,558.09
3rd qtr 2014	CPC2007009/7R131280	GE: DISCOVERY MR750 PET (Assets 149876, 150145-150157, 150668-150670)	-	3,698,538.02
8/20/2014	7R140140	CT Scanner Replacements (3L, 3Z & 4J) - somatom - CH 2	-	561,057.62
3rd qtr 2014	CPC2010196/7R140140	Somatom Force CT (Asset 157628)	-	1,831,372.00
12/11/2014	7R140770	Linear Acc Replace Rm "C"	-	185,937.00
08/14/14	CPC2010723/7R140770	VARATHON MEDICAL; TRUE BEAM (Asset 162800)	-	2,895,908.00
08/14/14	CPC2010184/7R140770	SIEMENS; CT EDGE (Asset 163463)	-	856,459.02
08/14/14	CPC2010189/7R140770	SIEMENS; SOMATOM DEFINITION (Asset 164325)	-	862,578.20
10/9/2014	7R140160	Incremental MRI Body Scanner	-	603,049.87
08/14/14	CPC2010068/7R140160	SIEMENS; SKYRA 3TMRI (Asset 157191, 157322-157339)	-	1,859,239.00
12/12/2013	7R121290	GC3 Build 2 CT Bays	-	656,293.35
11/13/14	CPC2010188/7R121290	SIEMENS; SOMATOM FORCE CT (Asset 149843)	-	1,750,000.00
05/08/14	CPC2008778/7R120690	PHILIPS; XPER FD20 (Assets 147302, 147339, 147392)	-	1,649,213.30
1/9/2015	7R140090	Neurology Renovation, Mayo 8	(69,974.07)	4,986,359.39
8/21/2014	7R140220	Mayo 8 - Lobby Remodel	112,425.84	1,137,290.91
4/28/2015	7R140700	Vascular OR Core 801 SMH	43,499.52	1,059,949.88
5/30/2014	7R140170	Rad Vascular Imaging Ste 90	-	144,461.29
5/8/2014	CPC2008468/7R140170	SIEMENS MEDICAL; ARTIS ZEE (Asset 146871, 146872)	-	985,408.00
2/4/2014	7R130050	CT MBM Incremental Interventional CT	-	1,268,114.01
8/1/2013	CPC2002220/7R130050	SIEMENS; DEFINITION EDGE CT (Asset 148622, 148623)	-	1,315,697.00
10/15/2014	7R140150	CH N Neuro Scanner CN I-119C	-	561,796.54
8/14/2014	CPC2010082/7R140150	SIEMENS; PRISMA 3T MRI and Accessories (Asset 157677, 157935-157946)	-	2,241,875.00
12/11/14		USPS Building Purchase (Asset 156757, 156758)	-	2,185,017.25
8/14/2014	CPC2007616/7R140130	Land for Ronald McDonald House (Asset 147588, 147589)	-	1,000,203.16
2/17/2016	7R151530	GE; DISCOVERY 710 PET Scanner (Asset 148389)	-	2,103,046.58
5/25/2016	7R151390	Fixed Wing Building	-	533,262.51
6/29/2016	7R150870	Hematopathology Consolidation, Hilton Building 7th Floor	1,836,040.25	2,018,886.34
8/31/2016	7R160520	Vacate EI 7-1/7-2 Dermatology Phototherapy Phototherapy Relocation	39,758.94	439,830.58
3/31/2016	7R151490	Relocation of Respiratory Care Unit	1,137,125.26	1,184,489.68
6/30/2016	7R150740	Linen Service Depot-3939 Building	245,860.20	1,882,309.32
7/8/2016	7R151570	Media On Demand Replacement Project	273,510.53	699,440.19
4/27/2016	7R150760	Temporal Bone Lab remodel (original \$600K)	112,322.22	126,259.12
6/8/2016	7R160650	Dr. Misra Laboratory, Gugg 6	136,929.00	314,232.69
9/14/2016	7R160340	Lab Remodel Gugg 17 and 18	363,525.86	391,938.91
		Space assignment for Dr. Burns and Dr. Scarisbrick surgery -- Guggenheim 6	333,405.62	372,474.03

Permitted Expenditures from July 1, 2013 to December 31, 2017

Approval Date	Project/Req Number	Project/Equipment Name	Total Expenditures reported for 2017	Total Spent as of December 31st 2017
9/28/2016	7R151450	Guggenheim 13 Space Remodel	256,672.72	286,997.78
6/30/2016	7R140810	Charlton Desk R Lobby Remodel	249,106.10	377,796.77
11/1/2015	7R151060, 7R15106E	Jacobson Building Operating Rooms	21,153,895.46	22,137,558.17
2/17/2016	7R150100	Charlton 1 PET/CT (DRX- 1 Replacement) E-3005	116,278.15	132,948.22
2/11/2016	CPC2021826/7R150100	GE - Discovery PET/CT 710 (Asset 178322)	1,500,726.20	1,500,726.20
May 2016	7R150010	Gastroenterology & Hepatology Renovation	3,723,570.66	4,259,346.50
9/29/2016	CPC2026475/7R150010	Stryker Sales Corporation - Alfred 6 Integration (Assets 180598-180603)	1,126,322.95	1,126,322.95
9/29/2016	CPC2026506/7R150010	Philips Fluoroscopy (Assets 181122-181123)	1,335,625.38	1,335,625.38
Aug 2016	7R160670	7T MRI Scanner	1,691,147.03	1,736,567.54
2/1/2014	7R140100	SMH Campus Radiology Consolidation	6,281,596.58	21,136,889.07
11/1/2015	7R150830	Mary Brigh East Tower Additional Floors	3,432,502.56	16,479,534.76
	7R150670	Eisenberg 7-1 and 7-2	4,126,548.97	4,849,479.74
12/1/2015	7R150970	Pre Post Expansion on Gonda 2 Gonda 2-467	-	266,028.69
11/19/2015	7R131510	Franklin Heating Station Chiller #4 Replacement	1,933,784.10	2,261,035.76
11/4/2015	7R141050	Mary Brigh 4, Room 106 Heart Rhythm Services Remodeling	63,691.13	538,995.91
5/5/2016	CPC2023942/7R141050	Siemens - Fluoroscopy 106 (Asset 172294)	-	1,508,299.00
11/4/2015	7R141060	Mary Brigh 4, Room 111 Heart Rhythm for Equipment Replacement	165,584.82	217,834.13
8/11/2016	CPC2024041/7R141060	Siemens - Siemens fluoroscopy room 111 (Asset 179164)	801,942.00	801,942.00
11/4/2015	7R150850	Charlton North MR-MCR NU 3T Replacement Scanner	8,081.69	354,930.50
	CPC2019384/5/7R150850	MAGNETOM Prisma 3T (asset 173601)	-	2,184,842.00
11/4/2015	7R150840	Charlton North MR-MCR NT 1.5 Replacement Scanner	-	584,533.06
	CPC2019387/7R150840	SIEMENS; 1.5T OPEN 70CM (assets 169436, 171642, 171650, 171652-171660)	-	1,188,732.00
5/1/2015	7R141150	Research Biplane Angiography System Replacement	-	78,970.28
5/1/2015	R2017007/7R141150	SIEMENS; ARTIS ZEE BIPLANE (asset 165045-165046)	-	1,158,442.00
		41st Street Professional Complex	-	9,831,862.38
May-16	7R160100, 7R160101, 7R160102, 7R160103	Precision Medicine Initiative	5,970,163.27	7,607,020.82
2Q16	R2025131/7R160100	Motoman (PO 20026936)	-	2,516,220.00
2Q16	R2025134/7R160100	Autogen (Assets 175437-175447)	-	1,992,857.97
2Q16	R2025138/7R160100	Hamilton Star (Assets 171685, 172326)	-	440,763.20
2Q16	R2025143/7R160100	Hamilton Bios Freezer	-	2,503,726.93
2Q16	R2025249/7R160100	PerkinElmer Spectrophotometer	-	39,920.00
3Q16	R2026730/7R160100	Hamilton Robotic Upgrades	-	45,951.00
4Q16	R2027700/7R160100	Hamilton Tube Handler - REQ# 2027700	-	34,358.20
3Q16	R2026141/7R160100	Verso M2 - REQ# R2026141	-	340,609.88
11/1/2015	7R150570, 7R15057A-7R15057D	Mary Brigh East Operating Rooms	105,703.55	727,444.67
8/11/2016	CPC2025789/7R15057B	Siemens - Artis Zeeog Card. Thorax (Asset 180570)	1,466,062.00	1,466,062.00
8/11/2016	CPC2026999/7R150570A	GE - Discovery IGS 740 (Asset 179172)	1,363,946.45	1,363,946.45
12/1/2015	7R151460	Gonda 14 Radiographic Room DR Conversion E15-3011 RAD-MCR-GO14-R	90,732.87	105,773.10
12/1/2015	7R151470	Gonda 14-158 Duo DR Replacement, E15-3014 RAD-MCR-GO14-158	1,016.96	154,034.23
12/1/2015	7R150980	West Pre/Post Remodel, Mary Brigh Main	2,010,591.64	2,022,954.79
8/19/2015	7R150650	Radiology - Charlton 1, VG6 Replacement E15-3003	-	138,704.91
8/19/2015	CPC2015772/7R150650	GE; DISCOVERY 670 PRO	-	948,408.45
9/21/2016	7R160970	Cardiovascular Diseases Patient Appointment Coordinator	199,698.79	199,698.79
12/21/2016	7R151630	Reproductive Endocrinology and Infertility Relocation	1,786,697.67	1,786,697.67
12/21/2016	7R160540	Remodel Mary Brigh 6 to increase Medical ICU capacity	1,463,708.66	1,463,708.66
12/31/2016	7R151000	Mayo Building - Substation MA-E-5 Replacement	37,118.48	37,118.48
5/25/2016	7R151380	Pharmacokinetics Core Relocation	469,019.61	469,019.61
6/14/2017	7R151560 & 7R170130	Remodel Baldwin 1 for ISP / Baldwin 1 Entry Vestibule Replacement	636,655.65	636,655.65
3/15/2017	7R151400	Mycology/TB Expansion Hilton 8	410,237.26	410,237.26
3/15/2017	7R160790	CMIL/NIL Relocation and Expansion, Hilton 7	1,323,106.20	1,323,106.20
9/6/2017	7R151290	Human Cellular Therapy N2 Tank Storage Facility	71,806.10	71,806.10
9/6/2017	7R160160	Conversion of OR 609 from Hybrid OR to Conventional OR	80,436.86	80,436.86
9/6/2017	7R170260	Gonda 2 Decontamination Space Remodeling	26,399.07	26,399.07
9/30/2017	7R170730	Eisenberg AHU S-55 Replacement to Support REI Practice Relocation	83,127.11	83,127.11
2/2/2017	7R161520	41st Street.	4,213,273.20	4,213,273.20
8/10/2016	7R160940	Guggenheim 15-02 integration of core facility and laboratory program	310,941.02	310,941.02
3/8/2017	7R160110	Aging Center Space Remodel, Guggenheim 7	446,685.01	446,685.01
6/22/2016	7R160750	Stabile 11 Lab construction - Revzin	312,541.43	312,541.43
12/7/2016	7R161510	Installation of Open MRI System, Opus 1	249,960.61	249,960.61
1/1/2017	7R170020	Lab renovation ST 11, CRM recruit, Dr. Quinn Peterson	100,234.22	100,234.22
10/5/2016	7R160980	Saint Marys Campus Complex Intervention Unit	2,162,085.10	2,162,085.10
1/4/2017	7R160290 & 7R160280	E16-3005 MR MCR-GO3 1.5 MR Scanner #1	1,223,227.91	1,223,227.91
11/10/2016	CPC2026320/7R160280	Siemens - MAGNETOM Aera (Asset 182886; 182863-182881)	1,688,565.00	1,688,565.00
11/10/2016	CPC2026981/7R160280	Siemens - MR Elastography #T+D (Gonda 3)	-	-
11/2/2016	7R160280	Gonda 3-1 3T Incremental Body Scanner #1, E16-3005	-	-
11/2/2016	7R160290	Gonda 3-1 3T Incremental Body Scanner #2, E16-3012	-	-
3/30/2017	7R161300	RMC S-8 AHU Replacement	158,973.45	158,973.45
12/7/2016	7R140380	SMOP/Radiology Desk	324,190.93	324,190.93
5/25/2016	7R151430	Mary Brigh Main SMC Radiology Hybrid Procedural Suite - MR Suite	1,331,028.89	1,331,028.89
5/5/2016	CPC2023488/7R151430	Philips - Ingenia 1.5T Omega HP R5 Q1 (Asset 183632; 183885-183897)	1,474,847.09	1,474,847.09

325,523,437.41

Attachment 3

**Certification of Expenditures
Destination Medical Center**

For Calendar Year 2017_

Due to Commissioner of Employment and Economic Development (DEED) by April 1

REVISED AS OF MAY 9, 2018

The Medical Business Entity and the Destination Medical Center Corporation (DMCC) Board of Directors (assisted by the City of Rochester) hereby submits to the Department of Employment and Economic Development (DEED) the following report for expenditures that relate to the Destination Medical Center (DMC) Development for the calendar year 2017, and the certifications required to support the documentation under the City of Rochester Commissioner of Employment and Economic Development State Infrastructure Aid Agreement.

Expenditures Reported this Year

Total Expenditures Reported This Year by Medical Business Entity¹

\$	86,392,524.00
----	---------------

Total Expenditures Reported This Year for other Private Entities^{1,2}

\$	44,561,713.00
----	---------------

TOTAL Expenditures This Year

\$	130,954,237.00
----	----------------

All Expenditures claimed since June 30, 2013

Previous Years Expenditures (cumulative)

\$	297,708,550.00
----	----------------

TOTAL Expenditures This Year (from Box 3)

\$	130,954,237.00
----	----------------

All Claimed Expenditures as of 12/31/2017 (Box 4 plus Box 5)

\$	428,662,787.00
----	----------------

Qualified Expenditures claimed in 2017 (Box 6 minus \$200,000,000)

\$	228,662,787.00
----	----------------

State Aid Qualified for this Year (local government match also required)

General State Infrastructure Aid Qualified for (Box 7 multiplied by .0275)

\$	6,288,226.64
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State Transit Aid Qualified for (Box 7 multiplied by .0075 and then multiplied by .6)

\$	1,028,982.54
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By providing my signature below, I am hereby certifying the information stated herein is accurate, true and complies with the provisions of Statute 467.47 of the State of Minnesota and the approved methodology as outlined in the City of Rochester Commissioner of Employment and Economic Development State Infrastructure Aid Agreement.

For Expenditures By the Medical Business Entity:



Mayo Clinic Chief Financial Officer

5/11/18

Date

For all other Expenditures



Destination Medical Center Corporation

5/18/18

Date

¹ Expenditures need to be after June 30, 2013

² Other Private Entities' certification of expenses may be certified retroactively in 2014 after the DMC District and plan are adopted.



May 31, 2018

Mayor Ardell F. Brede
201 4th Street SE – Room 281
Rochester, MN 55904-3782
Phone: (507) 328-2700 Fax: (507) 328-2727

FIRST CLASS CITY • FIRST CLASS SERVICE



Shawntera Hardy
Commissioner
Minnesota Department of Employment and Economic Development
Economic Development Division
1st National Bank Building
332 Minnesota Street Suite E200
St Paul, MN 55101-1351

RE: City of Rochester Revised DMC Certificate of Contributions for January 1, 2017
through December 31, 2017

Dear Commissioner Hardy:

The City of Rochester is hereby revising our certification of our local contributions for calendar year 2017 towards the local matching contributions for the Destination Medical Center development. The original certification of 2017 expenses, dated March 23, 2018, was for the amount of \$15,187,203.07. The prior year certification was in the amount of \$13,389,711.00, for a combined total of \$28,576,914.07. Since that time, after review with internal and DEED staff, changes were made to the certified total.

For 2017, upon review, we made an adjustment in the total expense claimed for DMC EDA related costs. The cumulative effect of this change is an increase to our certification for 2017. Our new certified 2017 amount is \$15,189,413 for a combined all year's total of \$28,579,124

This revised certification is pursuant to the executed agreement between DEED and the City of Rochester. The certification is made based on unaudited numbers. Pursuant to that agreement, the City may revise this certification based on adjustments made prior to June 1 of this year.

The City sincerely appreciates the assistance that has been and continues to be provided to us from you and your staff as we undertake this important DMC Development for Minnesota.

Sincerely,

Ardell F. Brede, Mayor
City of Rochester

Shawntera Hardy, Commissioner
DEED
Page 2
May 31, 2018

c: Kevin McKinnon
Jeremy Lacroix
R.T. Rybak, Chair DMC Corporation
Steve Rymer
Lisa Clarke

Aaron Parrish
Brent Svenby
Kathleen Lamb
Dale Martinson
Eric Theuer

Certification of Contributions

City of Rochester

For Calendar Year 2017

Due to Commissioner of Employment and Economic Development (DEED) by April 1

The City of Rochester hereby submits to the Department of Employment and Economic Development (DEED) the following report for Contributions that relate to the Destination Medical Center (DMC) Development for the calendar year 2017, as required by the City of Rochester Commissioner of Employment and Economic Development State Infrastructure Aid Agreement. The city may revise this certification based on audit adjustments prior to June 1.

GENERAL STATE AID

General Aid Contributions Reported this Year

TOTAL Contributions Reported This Year by the City of Rochester¹ \$ 15,189,413.00 1

General State Aid Qualified for this Year (Medical Entity/DMCC match also required)

General State Infrastructure Aid Qualified for (Annual Exp. multiplied by \$2.55) \$ 38,733,003.15 2

Cumulative City General Aid Contributions

Cumulative Previous Contributions \$ 13,389,711.00 3

Contributions This Year From Box 1 \$ 15,189,413.00 4

Cumulative Contributions as of 12/31/2017 Add Box 3 and Box 4 \$ 28,579,124.00 5

Cumulative State Aid Qualified for as of 12/31/2017 \$ 72,876,766.20 6

State GSIA expended this year 0 7

TRANSIT AID

Transit Aid Contributions Reported this Year

Transit Aid Contributions Reported This Year by the City of Rochester^{1,2} 0 8

Transit State Aid Qualified for this Year (Medical Entity/DMCC match also required)

State Transit Aid Aid Qualified for Add Box 8 multiplied by 1.5 0 9

Cumulative City Transit Aid Contributions

Cumulative Previous Contributions 0 10


Contributions This Year (from Box 8) From Box 8 0 11

Cumulative Contributions as of 12/31/2017 0 12

Cumulative State Aid Qualified for as of 12/31/2017 Add Box 12 multiplied by 1.5 0 13

State Transit Aid expended this year 0 14

By providing my signature below, I am hereby certifying the information stated herein is accurate, true and complies with the provisions of Statute 469.47 of the State of Minnesota and the approved methodology as outlined in the City of Rochester Commissioner of Employment and Economic Development State Infrastructure Aid Agreement.



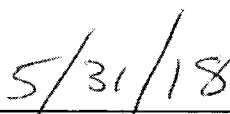
Mayor, City of Rochester



Date



City Administrator, City of Rochester



Date

¹ Funds expended need to be after June 30, 2013

² Transit Aid match may come from the City or Olmsted County

EXHIBIT B

DEED Certifications Dated June 18, 2018



EMPLOYMENT AND ECONOMIC DEVELOPMENT

June 18, 2018

R.T. Rybak, Chair
Destination Medical Center Corporation
The Minneapolis Foundation
800 IDS Center
80 S 8th Street
Minneapolis, MN 55402

Jeff Bolton, Chief Administrative Officer
Mayo Clinic
200 First Street SW
Rochester, MN 55905

Dear Mr. Rybak and Mr. Bolton:

Thank you for submitting the 2017 Certification of Expenditures for Destination Medical Center (DMC). We are excited to assist with this initiative to make the Mayo Clinic, Rochester, and Minnesota a premier medical destination.

Your certification listed \$86,392,524 in Mayo Clinic expenditures and \$44,561,713 in other expenditures. The Mayo Clinic provided DEED with information on all invoices and payments (more than 7,500 entries) to account for their certification amount. You also provided an independent third party report from Ernst & Young LLP stating the law and procedures for certifying expenditures which are being followed properly. Additionally, DEED staff reviewed invoices and payments in your certification. We selected 39 expenditures totaling more than \$3.2 million. We selected one expenditure from each of the 29 new projects listed. We also selected 10 random entries from previously reviewed projects. All invoices for the selected expenditures were on file and payments were made in a timely fashion. DEED staff also confirmed that projects had building permits after June 30, 2013. DEED acknowledges the expenses and payments met guidelines and the internal accounting and auditing system the Mayo Clinic has in place is sufficient.

Additionally, the DMCC and the City of Rochester provided DEED with a list of 23 completed projects for \$3,433,738 in expenditures. DEED randomly selected 10 permits and was provided the permit application, permit, project closeout, and map of projects. From this information, DEED confirmed the projects' values, dates, eligibility, and completion. The city also approved \$41,127,976 in expenditures on six projects that are partially completed. The total 2017 Certification of Expenditures was \$44,561,713. DMCC contracted with Clifton Larson Allen (CLA) to complete a review on its Certification to insure it is correct. CLA issued an opinion that the amount of the DMCC certification process was correct.

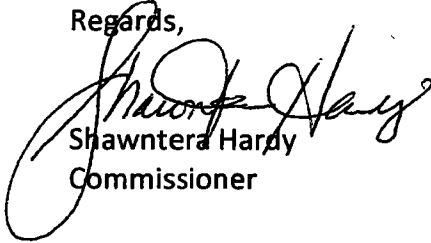
Economic Development Division

1st National Bank Building ■ 332 Minnesota Street ■ E200 ■ Saint Paul, MN 55101-1351
651-259-7432 PHONE ■ 800-657-3858 TOLL FREE ■ 651-296-5287 Fax ■ www.mn.gov/deed

As required by law, I have determined that the amount of 2017 Destination Medical Center Expenditures are the \$130,954,237 as you certified. DMC cumulative Expenditures are now \$428,662,787. As directed by statute, \$200 million is subtracted from this amount to provide Qualified Expenditures of \$228,662,787. Based on this figure and adequate general aid contributions from the city, I have determined the City of Rochester has qualified for \$6,288,277 of General State Infrastructure Aid in 2017. As per state statute, this payment will be made prior to September 1.

Thank you again for your efforts on this groundbreaking economic development effort.

Regards,

A handwritten signature in black ink, appearing to read "Shawntera Hardy", is written over the typed name and title.

Shawntera Hardy
Commissioner

C: Jerry Bell, Chair of Economic Development Agency Board of Directors
Lisa Clarke, Economic Development Agency Executive Director
Brent Svenby, City of Rochester



EMPLOYMENT AND ECONOMIC DEVELOPMENT

June 18, 2018

The Honorable Ardell F. Brede
Mayor, City of Rochester
201 4th Street SE – Room 281
Rochester, MN 55904-3708

Dear Mayor Brede:

Thank you for submitting the 2017 Certification of Contributions for Destination Medical Center (DMC). We are excited to assist with this initiative to make the Mayo Clinic, Rochester, and Minnesota a premier medical destination.

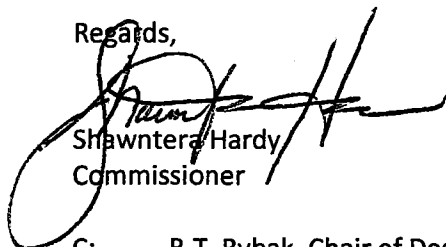
Your revised 2017 Certification listed \$15,189,413 in city contributions between July 1, 2013 and December 31, 2017. You provided a detailed listing of more than 900 expenditures. These expenditures consisted of direct DMC expenses paid by the city as well as DMC Corporation and DMC Economic Development Authority expenses paid for by the city. From that list, DEED randomly selected 39 expenses for review. We reviewed invoices, payments and city payroll files for accuracy and eligibility.

Additionally, the city provided DEED with an independent third party report from Clifton Larson Allen stating the law and procedures for certifying contributions are being followed properly.

The amount of your contributions qualifies you for \$38,733,003 million of general aid, however Expenditures from Mayo Clinic and others were \$428,662,787. This amount of Expenditures reduces the amount of general aid to the city to \$6,288,227. Your excess Contributions will be credited towards future years. We will be providing payment of \$6,288,227 to you prior to September 1 as mandated by statute.

Thank you again for your efforts on this groundbreaking economic development effort.

Regards,



Shawntera Hardy
Commissioner

C: R.T. Rybak, Chair of Destination Medical Center Corporation
Jeff Bolton, Chief Administrative Officer Mayo Clinic
Jerry Bell, Chair of Economic Development Agency Board of Directors
Lisa Clarke, Economic Development Agency Executive Director

Economic Development Division

1st National Bank Building ■ 332 Minnesota Street ■ E200 ■ Saint Paul, MN 55101-1351
651-259-7432 PHONE ■ 800-657-3858 TOLL FREE ■ 651-296-5287 Fax ■ www.mn.gov/deed

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Exhibit C

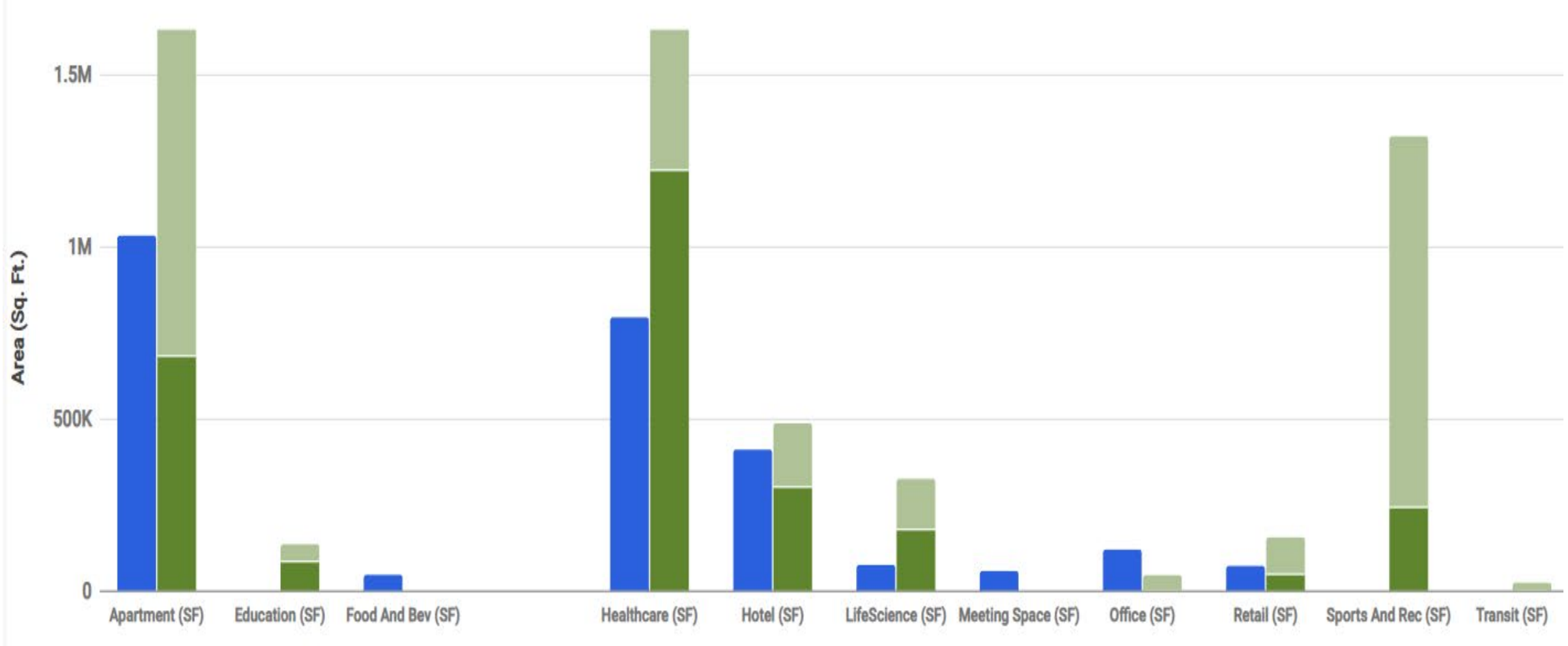
Debt service schedule



Metrics Dashboard

DMC Metrics

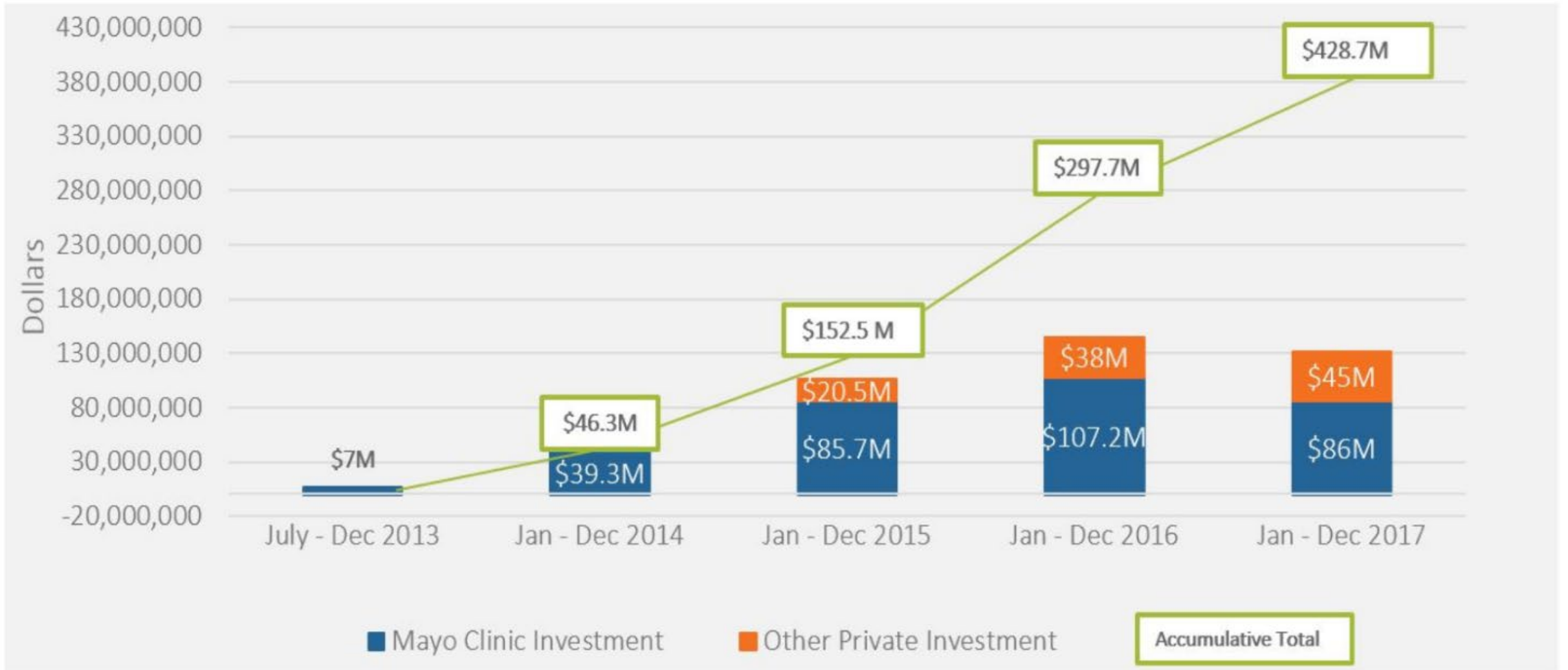
DMC Investment By Square Footage



- DMC Square Footage Growth
- Projections in Phase 1, 2015-2019
- Projections in Phase 2, 2020-2024

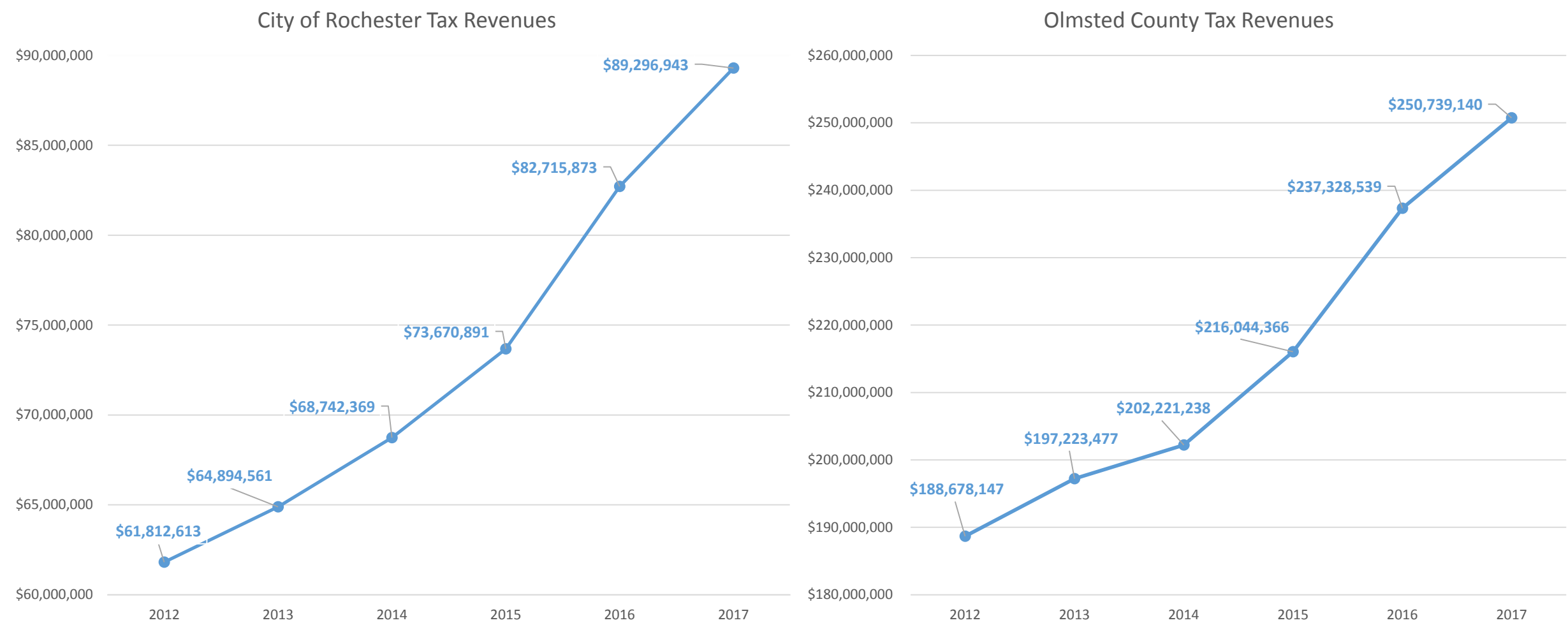
DMC Metrics

DMC Investment By Year



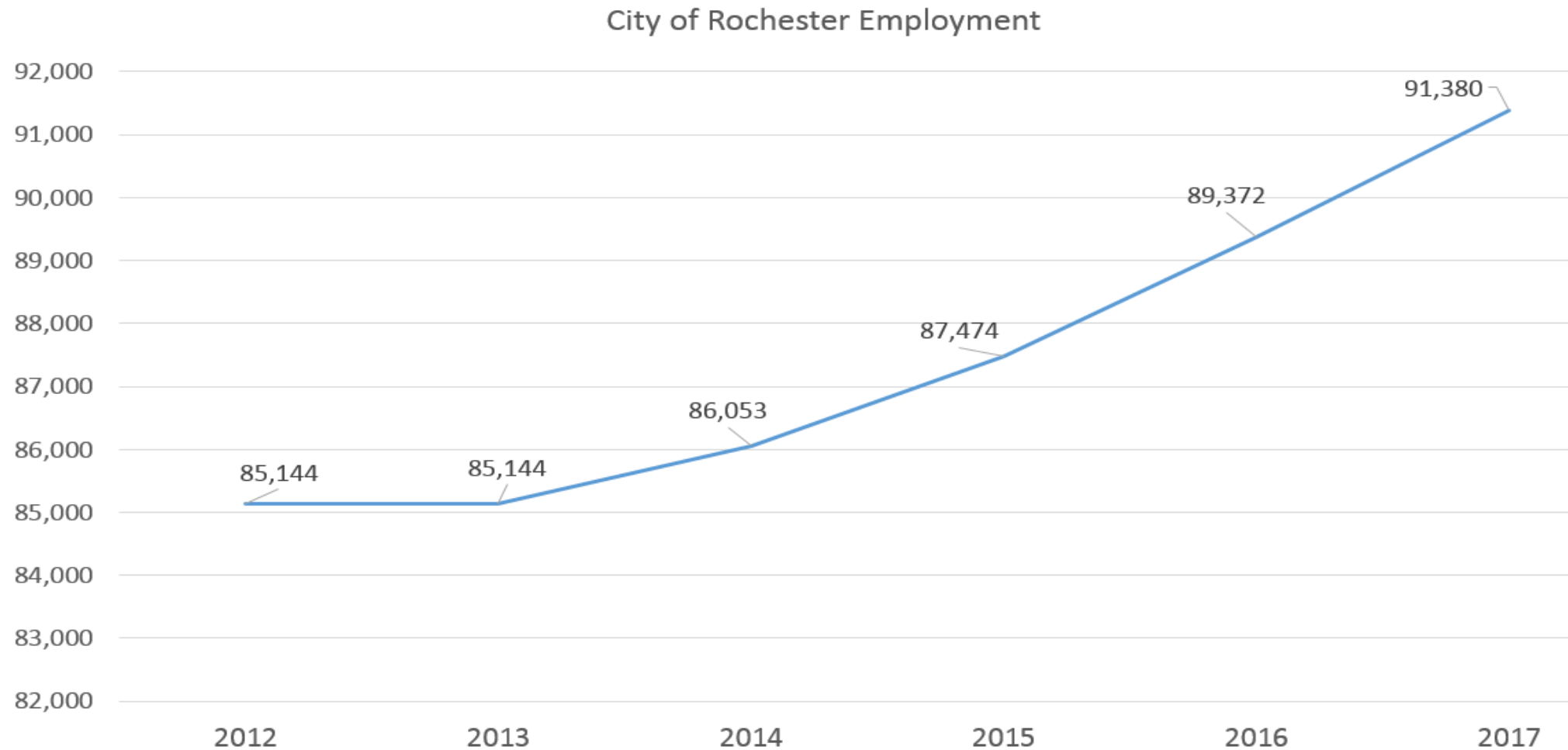
DMC Metrics

City & County Tax Revenues



DMC Metrics

[City of Rochester Job Growth](#)



DMC EDA OUTREACH

PAID MEDIA

Over **17.5 million** estimated impressions

89,700 DMC website visits

11,145 Social media followers

More than **3,000** DMC Newsletter
Subscribers

EARNED MEDIA

2,110 DMC related stories in the media

More than **180** leads generated from
marketing campaign

113 Investor & Developer Meetings

95 Speaking Engagements

75 Targeted Meetings with Discovery
Square Subdistrict Tenants

STRATEGY PRIVATE INVESTMENT

January – December, 2018

DEVELOPMENT
PROJECT
PROPOSAL

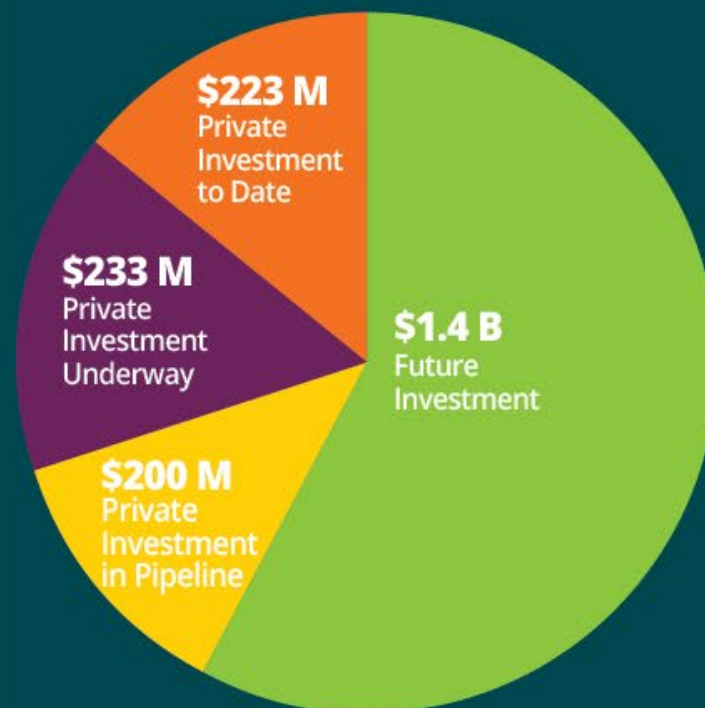
APPROVAL PROCESS

35 Hosted Community Meetings
and Events

4 Meetings with City Council

4 DMCC Board Meetings

\$2.1 BILLION
PRIVATE INVESTMENT
(NON-MAYO CLINIC)



Status of Private Development Projects Receiving Prior Approval

- **Titan Hilton Hotel**- Titan

(Approved as Broadway at Center Project)

- **Berkman Apartments**- Alatus

(Approved as Alatus 2nd Street Development)

- **Urban on First**- Titan/Opus

(Approved as Rochester 1st Avenue Mixed-Use Project)

- **One Discovery Square**- Mortenson

(Approved as Discovery Square- Phase I)

- **Bloom Waterfront**- Bloom International Reality LLC

(Approved as Bloom Waterfront)

- **Wells Fargo Renovation**- Ryan Companies US, Inc

(Approved as 21 1st Street SW)

- **Hotel Indigo Renovation**- RHI Hotel JV, LLC

(Approved as Holiday Inn Downtown Rochester)

- **Hyatt House**- First Civic Center, LLC

(Approved as Hyatt House Civic + First Rochester)

Titan Hilton Hotel

To: DMC Corporation Board of Directors
From: DMC EDA Staff
Date: January 29, 2019



Overview:

After being one of the first two projects approved for DMC funding in spring 2015, the Titan Hilton hotel broke ground in December 2016. The 19-story structure will include retail and dining amenities and be anchored by a Hilton hotel.

The most recent construction milestones include:

- Interior Guest Room Finishes (264 Total) are about 87% complete
- Owners Furniture, Fixtures & Equipment Installation is in progress
- Exterior Metal panels are substantially complete at South, East & West and is scheduled to be completed early February North Elevation is in progress
- Ballroom finishes on Level 3 & Level 4 is complete
- Level 1 Lobby Wall Tile is installed and Ceramic Floor Tile is in progress
- Guestroom Corridor VWC & Carpet complete on Level 6 thru Level 10 balance in progress
- Pittsburgh Blue Restaurant on Level 1 is in progress
- Level 5 Pool, & Steam Room Ceramic Tile work is in progress
- Level 19 Presidential & Governor Suite finishes are in progress
- Exterior Canopy Structural Steel has been erected and Glass Roof Panels are on order
- Broadway Avenue - both Northbound Lanes are open to traffic
- Anticipate Temporary Certificate of Occupancy from the City on 1/31/19 to enable Owners staff to start training employees

Next Steps:

Anticipated completion date is first quarter 2019 with a hotel opening date of April 15, 2019.

Berkman Apartments



To: DMC Corporation Board of Directors
From: DMC EDA Staff
Date: January 29, 2019

Overview:

The Berkman Apartments include construction of an approximately 327,965 square foot, thirteen-level commercial and residential complex. In December 2016, the DMC EDA Board of Directors acted unanimously in recommending the proposed project to the DMCC as a Public Infrastructure Project, consistent with the DMC Development Plan. It further recommended support in the amount of \$10.5 million in city Tax Increment Financing.

Demolition of existing buildings on the site took place in December of 2017. Financing closed in early February 2018. A ground breaking ceremony took place on May 2, 2018. Currently 40-45 workers are on site daily.

The most recent construction milestones include:

- Completion of deep foundations end of July 2018
- Elevator core – continue to build the elevator core up as tower floors are built up
- Northland – completed grade beams and foundation walls in August 2018
- Concrete pours of the tower floors (ongoing) – currently pouring Level 10, expected completion of all concrete pours end of March 2019.
- Utility installations within and around the building (ongoing) – i.e. electrical, plumbing, etc.
- Backfilling around the tower (ongoing)
- Exterior Framing (ongoing) – completed levels 1 through 3 of tower, expected completion through level 6 to be mid-late February 2019
- Skip elevator installation – Skips are running, serving up to level 5
- Construction of interior stairs – Stair B is installed up to level 4
- Interior framing (ongoing) – completed up to level 4
- Risers (ongoing) – Mechanical ductwork risers are up to level 6 and plumbing risers are up to level 3

Next Steps:

Final completion of the entire building is early summer 2020 with anticipated lower levels available for leasing in Q1 of 2020.

Urban on First



To: DMC Corporation Board of Directors
From: DMC EDA Staff
Date: January 29, 2019

Overview:

The Urban on First Mixed-Use Development includes construction of an approximately 238,717 square foot, six-story podium commercial and residential complex.

On January 12, 2017, the DMC EDA Board of Directors acted unanimously in recommending the proposed project to the DMCC as a Public Infrastructure Project, consistent with the DMC Development Plan. The board further recommended support in the amount of \$3.8 million in city Tax Increment Financing.

At its January 2017 meeting, the DMCC approved the funding request upon the condition that proof of financing be provided to the DMCC board of directors. Titan/Opus closed on its financing in March 2018 and commenced construction immediately thereafter. Construction continues to progress on schedule. Wood framing scheduled to be complete end of January, 2019 with 30-50 workers onsite daily.

Next Steps:

Anticipated completion date is summer of 2019.

One Discovery Square

To: DMC Corporation Board of Directors
From: DMC EDA Staff
Date: January 29, 2019



Overview:

One Discovery Square is a 90,000 gross square foot building with lab and office space that will cater to the life science economy. Mortenson submitted a Joint Funding Application on May 15, 2017. The DMC EDA report and recommendation for Joint Funding was brought forward and approved by both the DMC EDA Board and the DMC Corporation Board in July, 2017. The project was approved at City Council on August 7, 2017. Mortenson and DMC hosted a ground breaking event and community celebration around Discovery Square on November 2, 2017. Construction is underway. A topping off ceremony was held June 28, 2018.

The most recent construction milestones include:

- Core & Shell: One Discovery Square Core & Shell construction continues in January with Finishes, MEP Testing and Startup and Commissioning. Finishes will complete in January with punch list of the building occurring in February, all on track for Substantial Completion of Core & Shell at the end of March 2019. Landscaping around the building will occur in May 2019.
- Mayo TI – Mayo Clinic Tenant Improvements project started in November and is progressing along on floors 2, 3 and 4. Interior Framing, MEP In wall and overhead rough-in, and drywall is well underway in Biomedical Technology and Advanced Diagnostics. Overhead Mechanical and Electrical Rough-in along with clean room ceiling anchors is progressing on Level 4 for Advanced Manufacturing. Rough-in and finishes will continue with the Mayo TI spaces completing in May 2019.
- UMR TI – UMR TI started on January 2nd with wall framing. Overhead MEP will start next week, with drywall starting in February. UMR TI will complete in June 2019.
- Epic TI – Epic TI will get started in late January with completion occurring by the beginning of June 2019.

Next Steps:

Anticipated construction completion by end of Q1, 2019.

Bloom Waterfront

To: DMC Corporation Board of Directors
From: DMC EDA Staff
Date: January 29, 2019



Overview:

The Bloom Waterfront development is an approximately 650,000 square foot multi-tower and mixed-use development. The project includes senior living/memory care residential units, food and beverage, retail, parking, hotel, condominiums, a rehab clinic and public realm space.

Bloom International Realty LLC submitted a Joint Funding Application in March of 2018. The DMC EDA report and recommendation for Joint Funding was brought forward and approved by both the DMC EDA Board and the DMC Corporation Board in June 2018. The project was approved at City Council on July 2, 2018 and a purchase agreement was approved by City Council on August 6, 2018. The Conditional Use Permit, which grants site plan approval, was approved by City Council on September 17, 2018. The Developer Assistance Agreement was approved by City Council on October 15, 2018.

Next Steps:

- Securing the financing, executing the agreement document and closing on the real estate will be next steps for Bloom International Realty LLC.
- Bloom sent a letter to the City of Rochester mentioning their desire to proceed with Phase I (Senior Living) while rethinking Phase II (Condo/Hotel).
- Rochester City Council will take this up at an upcoming Committee of the Whole meeting.

Wells Fargo Renovation

To: DMC Corporation Board of Directors
From: DMC EDA Staff
Date: January 29, 2019



Overview:

Ryan Companies US, Inc. has proposed a renovation to the approximately 92,000 square foot, downtown Rochester Wells Fargo building located on Peace Plaza and First Avenue. This redevelopment is a catalyst for the public realm in Heart of the City and will achieve a sought after public connection of subway, street and skyway.

The developer submitted a Joint Funding Application on May 1, 2018. The DMC EDA report and recommendation for Joint Funding was brought forward and approved by both the DMC EDA Board and the DMC Corporation Board in June 2018. The Wells Fargo Project was approved at City Council on July 16, 2018. Interior construction work has begun.

Recent Construction Milestones Include:

- Received city approval to add an elevator off the Jewel Box lobby.
- 6th Floor Wells Fargo Tenant Improvement Project – Underway and on schedule to be completed by end of February. Wells Fargo will move into their space by end of March which will kick off larger project.
- Building Exterior and Jewel Box Permitting:
 - a. Site development plan was submitted week of January 7, 2019.
 - b. Building Permit – was submitted week of January 14, 2019.
 - c. Will go in front of city council on the 20th of February.
- Building Exterior and Jewel Box Project Design and Construction
 - a. Bid Package 1 is out for bid
 - b. MEP Design Bid Package is out for bid.

Next Steps:

Continued work on public realm integrated with Heart of the City design including improvements to be funded by TIF.

Hotel Indigo Renovation

To: DMC Corporation Board of Directors
From: DMC EDA Staff
Date: January 29, 2019



Overview:

The Hotel Indigo Development includes renovation to the existing 173 room Holiday Inn on the corner of Third Street and Broadway. The renovation includes a rebrand of the hotel, a new glass facade, improved restaurant, ballroom and other guest areas.

In June 2018, the DMC EDA Board of Directors voted in favor of recommending the Hotel Indigo project to the DMCC as a Public Infrastructure Project, consistent with the DMC Development Plan. The DMC Corporation approved the project on June 28, 2018 and City Council approved on July 2, 2018. The Holiday Inn is no longer operating. The Hotel Indigo Project is proceeding as planned. The demolition is 75% complete. All fixtures, furniture and equipment have been approved by IHG and ordered. Mockup of guest rooms will be set up soon and invitations going out shortly. Permits for Floors 4-8 received. Permits for podium, Floors 1-3 are in process and expected to be received soon without impact on project timeline.

Next Steps:

Upper floor framing began in January 2019. A completion date and opening of the new hotel is estimated for July 2019.

Hyatt House

To: DMC Corporation Board of Directors
From: DMC EDA Staff
Date: January 29, 2019



Overview:

The Hyatt House development is a 175 extended stay hotel with parking which will change the gateway along Civic Center Drive in the Central Station subdistrict.

First Civic Center, LLC submitted a Joint Funding Application in May of 2017. The DMC EDA report and recommendation for Joint Funding was brought forward and approved by both the DMC EDA Board and the DMC Corporation Board in July, 2017. The project was approved at City Council on July 2, 2018. The purchase of the property was completed summer, 2018. The developer is near completion of the construction design documents which will then be used to secure permits. Debt financing with the selected lender is in the finalization stages.

Next Steps:

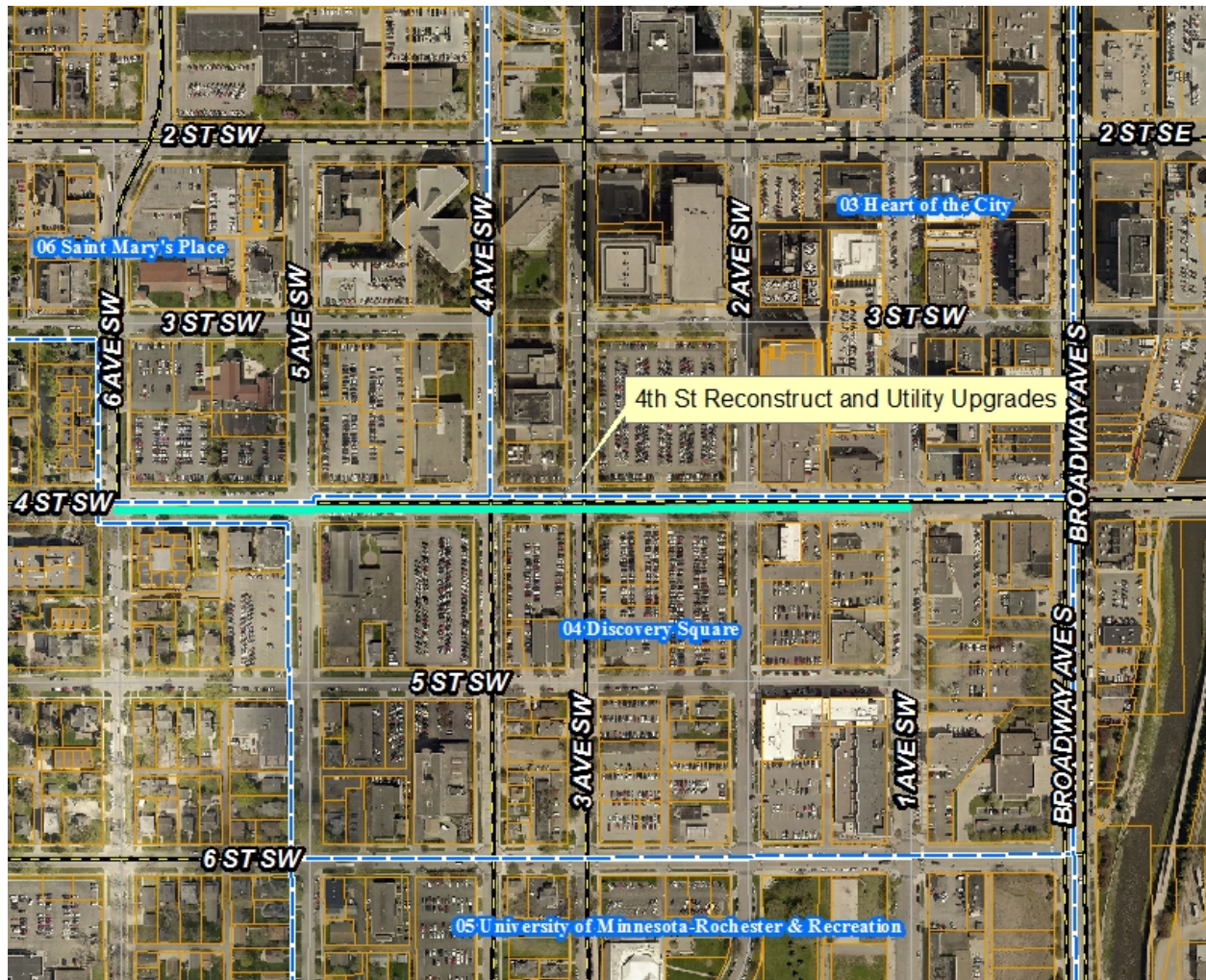
On February 4th the developer is expected to receive final incentive development approvals from the City Council. No remaining impediments to get to ground-breaking, which is currently planned for March 2019.

Status of Capital Improvement Projects

- Reconstruct 4th St SW
- Reconstruct 7th Ave NW
- Sanitary and Storm Sewer Improvements 13th Ave
- Reconstruct North Broadway Ave

2018 Capital Improvement Program

Reconstruct 4th St SW from 1st Ave to 6th Ave SW and upgrade public utilities.



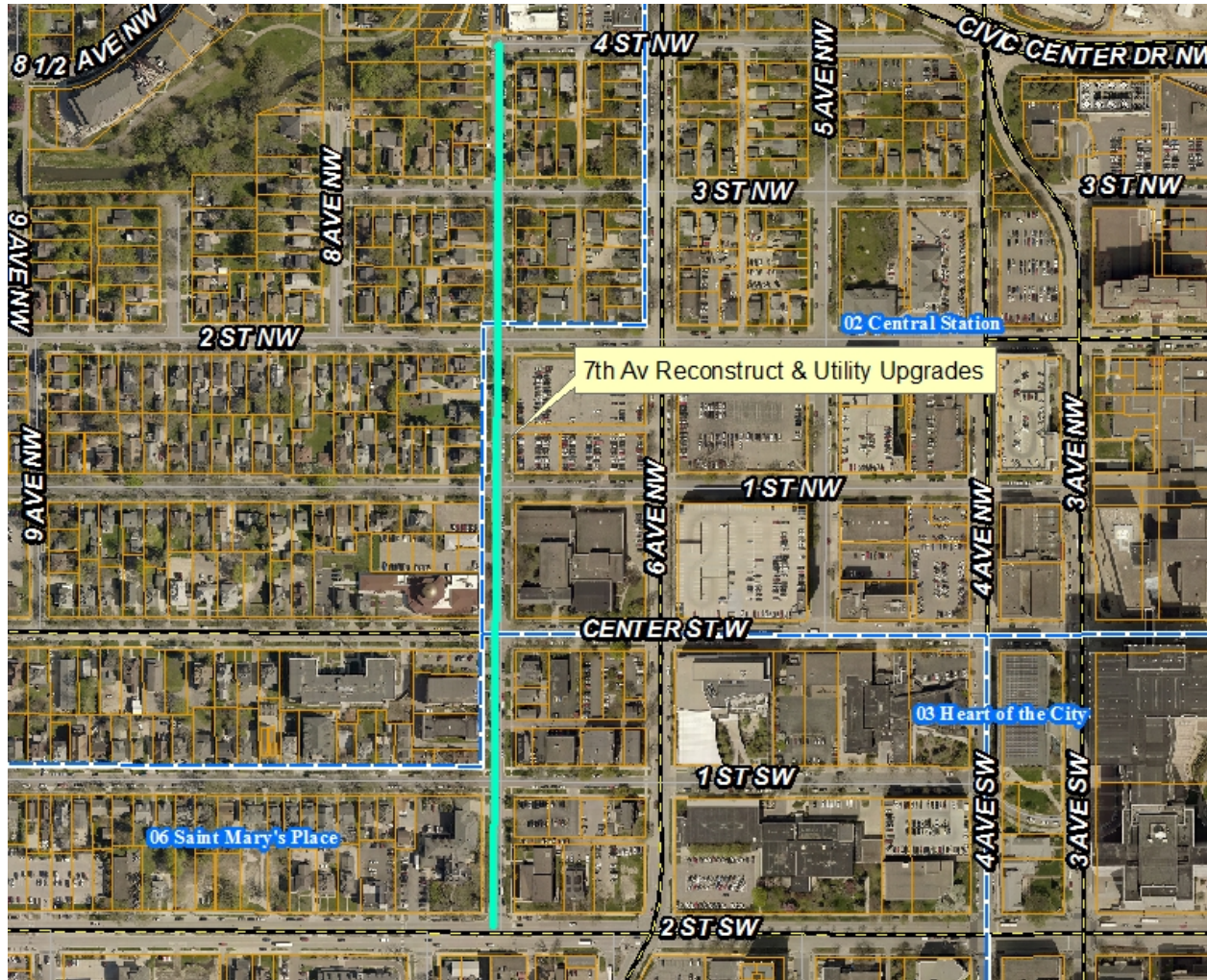
Total Project: \$12.25 million over 5 years (2018-- \$2.25 million-- Source DMC)

Purpose & Need: The Project includes reconstructing the street and replacing and up sizing the utilities. The 3rd Ave SW sanitary sewer is not adequate to handle future development and wet weather flows from 3rd St and 4th St SW.

Status: Street design consistent with DMC Design Guidelines and will accommodate future development of Discovery Square. Construction began in 2018 with completion in 2019.

2018 Capital Improvement Program

Reconstruct 7th Avenue NW / SW from 2nd St SW to Cascade Creek and replace undersized sanitary and storm sewers.



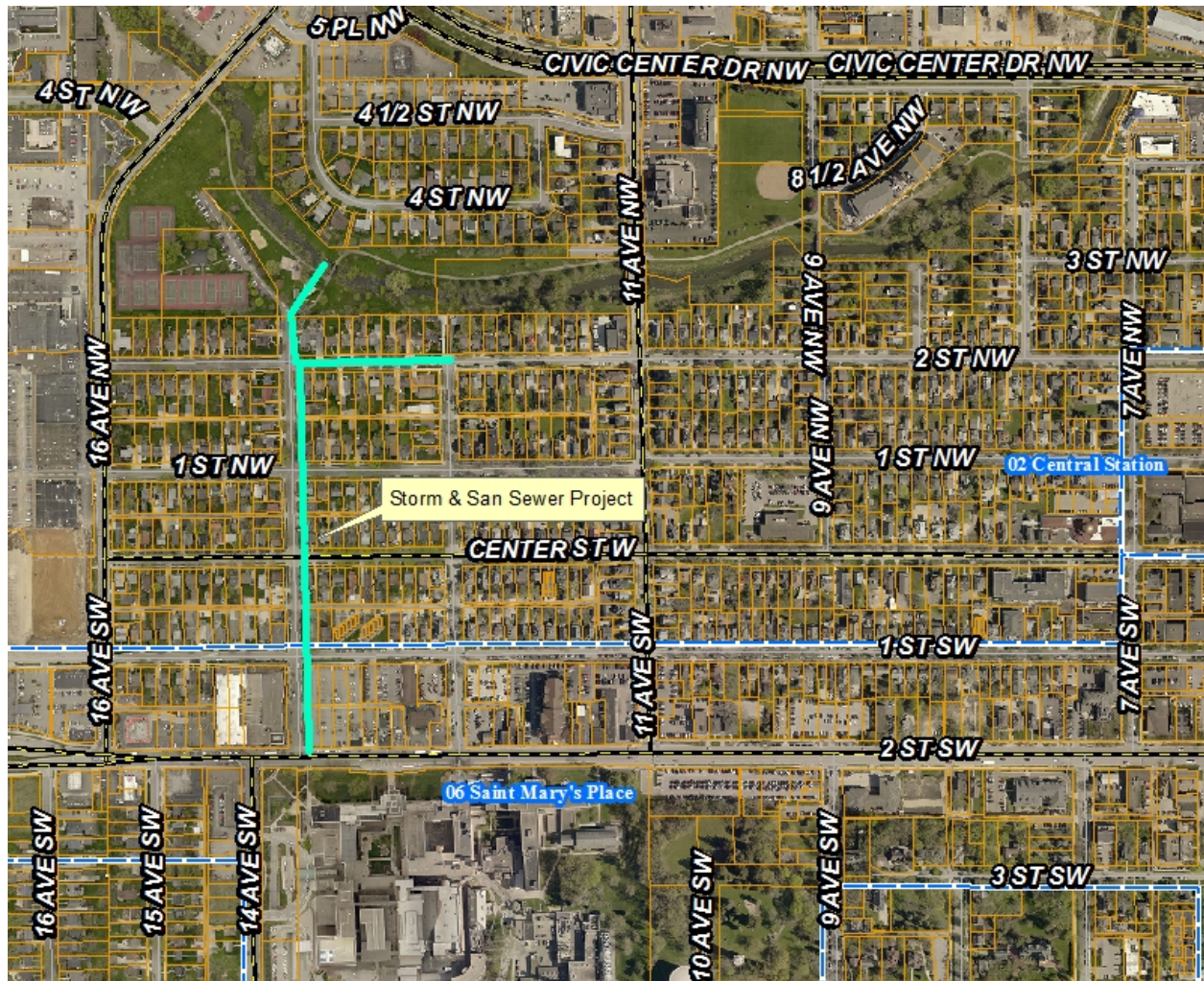
Total Project: \$3 million over 2 years (2018-- \$1.5 million-- Source DMC)

Purpose & Need: A street reconstruction project to provide additional capacity for storm and sanitary sewer and by directing it away from the downtown area it has the benefit of creating additional capacity in the downtown/DMC area. Capture sanitary and storm water flows west of the Downtown Business area and direct the flows north. This frees up capacity in the existing downtown system and may eliminate other downtown capacity improvements. This allows for the growth in the Discovery Square and other DMC related development to occur.

Status: This project has been postponed to 2019, hoping for a better bidding climate.

2018 Capital Improvement Program

SS1 13th Ave Sanitary and Storm Sewer Capacity Improvements from 2nd St SW to 2nd St NW.



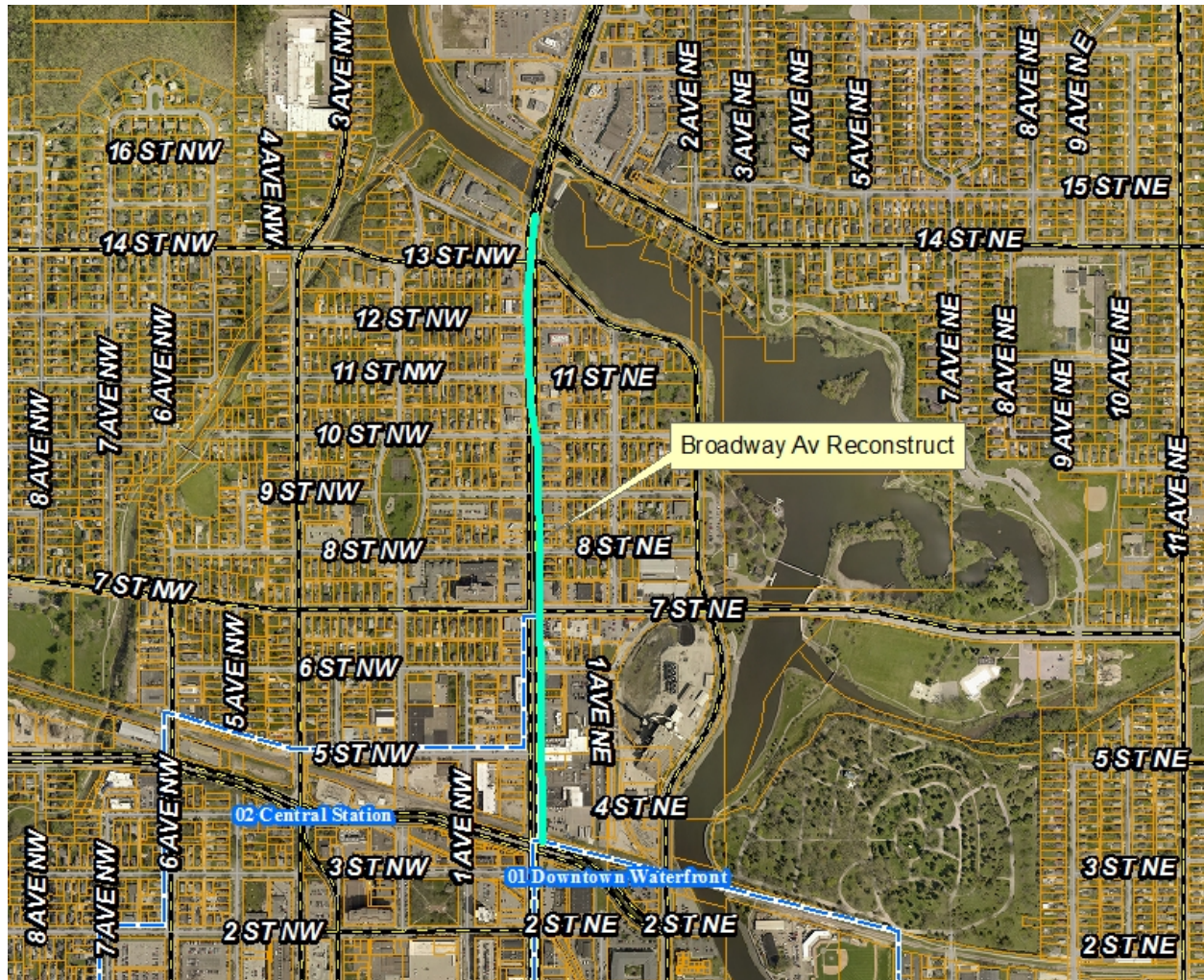
Total Project: \$6.1 million over 2 years (2019-- \$3.35 million-- Sources \$1.675 million City and \$1.675 million DMC)

Purpose & Need: Additional sewer capacity is needed for development along 2nd St SW, including the proposed growth of the Mayo / St Marys hospital complex. The storm sewer in 2nd Street SW does not have the capacity to meet future needs. The sanitary and storm water improvement have been included in the same street to limit disturbance to other neighborhood streets. The sewer and storm are being design to accommodate a future potential subway tunnel crossing on 2nd Street SW from St Marys to the retail businesses on the north side of 2nd Street SW.

Status: Redesign of the street is underway and encouraging the City to apply concepts from Saint Marys Place public realm design concepts. Construction will occur in conjunction with 2nd Street project.

2018 Capital Improvement Program

Reconstruct North Broadway Avenue from Civic Ctr Dr to Zumbro River Bridge.



Total Project: \$17.1 million over 2 years (2018 -- \$800k design-- Sources \$400K City, \$400K DMC)

Purpose & Need: N. Broadway is the north gateway to Downtown Rochester. North Broadway was identified in the 2015 Broadway Corridor study as a corridor in need of reconstruction. Broadway Avenue, formerly Trunk Highway 63 was a turnback roadway from MnDOT. It is a priority Primary Transit Network corridor that is expected to experience the modal shift from single occupancy vehicles to transit such as Bus Rapid Transit. A reconstruction project is needed for the pavements and utilities. A reconstruction project can have a transformational effect on abutting properties in the corridor with enhanced landscaping and public realm improvements.

Status: Street redesign has been the subject of a great deal of public discussion, focused primarily on potential bike ways, use of medians and turn lanes, and alignment of bus stops. City Council took action on final schematic decisions in June 2018. Construction to begin in 2019 and be complete by the end of 2020.

DMC Transportation Plan



To: DMC Corporation Board of Directors
From: DMC EDA Staff
Date: January 29, 2019

Past Approvals:

1. DMC Development Plan Adoption: Spring 2015
2. DMC Integrated Transit Studies Final Report Adoption (subject to clarifications of items below): Summer 2018
 - a. Key Clarifications Needed:
 - i. Mobility Hub A & B Locations
 - ii. BRT Circulator Route
 - iii. ITS Final Report Phasing
 - iv. Right-of-way Impacts on Private Property
 - v. Alternative Uses of General Purpose Vehicle Travel Lanes
 - vi. Parking Space Replacement
3. Mobility Hub Evaluation Criteria Adoption: November 2018
 - a. The five criteria are the following:
 - i. Accessibility (Ability to get to and from the site)
 - ii. Route efficiency (Speed / ridership, etc)
 - iii. Economic Development Opportunity (within the site, and along the route)
 - iv. Site Acquisition (Costs, timing, etc.)
 - v. Relationship to existing amenities
 - vi. Efficiency of building on site

Update:

Below, we summarize the updates regarding the transportation planning efforts in the four primary study categories of the ITS Transportation Plan including: transit circulator and mobility hubs, parking and transportation management authority (TMA), City Loop, and street typology.

1. Transit Circulator and Mobility Hubs

Since the November 13, 2018 board meeting the DMC EDA, City and SRF have undertaken a group of four studies meant to evaluate six potential sites for Mobility Hub A and B, located in northwest and southeast Rochester, respectively. These analyses are focused on evaluating each site against the criteria shared with the DMCC Board at the November 2018 board meeting.

At the DMC EDA Board meeting on January 16, 2019, the results of these four analyses were shared for Mobility Hubs A & B and it compared their potential locations in Northwest and Southeast Rochester.

In terms of affordable housing and mixed-use development, the analysis includes criteria to evaluate economic development opportunities within each site. It is a goal to incorporate a

range of housing options and promote mixed-use development as part of the mobility hub development opportunity.

2. Parking

In early 2019, Parking Garage 6, the newly developed downtown ramp behind the Hilton will be completed and opened to the public. In addition to the proposed mobility hubs, additional park and ride locations are being identified to support the park and ride strategy included in the ITS plan. Options will be presented at upcoming DMCC meetings.

3. Transportation Management Authority (TMA)

Early in 2019, Arrive Rochester has started to recruit businesses to participate in the TMA. The TMA has largely used email, on-site meetings, and webinars to communicate the offerings of the association and how they could benefit employers in the downtown core of the City. Work will continue in early 2019 to recruit additional members through the promotion of a carpool week in the early spring and continued meetings with organizational stakeholders.

4. City Loop

In 2019, three portions of the City Loop will undergo construction. These include an east-west portion along Center Street. The north-south portion of the loop will run along 3rd and 4th Avenue.

5. Street Typology

Within the street typology portion of ITS plan, two primary projects will be conducted in 2019. The first will be the completion of the 4th Street Reconstruction project. To date, the width and median within the road has been completed. In the spring and early summer, the landscaping, road striping and final finishes will be completed.

The last remaining segment of 2nd Street, (11th-16Ave) is being designed, with construction slated for 2020-2021. The design concepts will be tested during a demonstration project in the summer of 2019.

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. __-2019

Preliminary Approval of the Location of Mobility Hubs, Park and Ride Facilities and Circulator Route, Authorizing Expenditure of Funds and Providing Directions to Staff

BACKGROUND RECITALS

A. The Destination Medical Center Corporation (“DMCC”) adopted a development plan pursuant to statute on April 23, 2015 (the “Development Plan”). The Development Plan contained a transportation strategy which envisioned, among other elements, enhanced transit services, a transit circulator, enhanced bicycle access and facilities, a parking strategy, and multi-modal travel connections.

B. In furtherance of the goals of the Development Plan, the DMCC authorized and approved funding for the integrated transit studies which focused on four areas: (1) downtown transit circulation; (2) city loop; (3) parking and travel demand management; and (4) street use and operations.

C. On June 28, 2018, pursuant to Resolution No. 69-2018, the DMCC accepted the Integrated Transit Studies Final Report, dated June 20, 2018, (the “Transit Studies Final Report”) and further directed that additional study be performed in several specific areas, subject to approval by the DMCC and the City of Rochester (the “City”). Among the specific areas itemized for further review and approval in Resolution No. 69-2018 were the following:

- (a) Specific locations for public infrastructure investment in areas designated as Mobility Hub A and Mobility Hub B and alignments connecting the downtown transit circulator to the Mobility Hub areas are subject to further review and refinement as necessary to allow for the further consideration of joint public – private development opportunities that will achieve the land use and economic development goals of the Development Plan and take advantage of financing approaches that can attract private dollars to the provision of public infrastructure in these areas while meeting market driven business development needs and the transportation access and mobility needs in the Destination Medical Center Development District (the “Development District”).
- (b) Route(s) of the Bus Rapid Transit circulator will be further evaluated to best reflect location of the Mobility Hubs, opportunities for economic development, operational efficiencies, and other considerations.

D. The staff from the City and from the Destination Medical Center Economic Development Agency (“EDA”) have provided a report and recommendations, utilizing evaluation criteria approved by the DMCC, the Transit Studies Final Report, real estate evaluation of the proposed sites, demographic, accessibility and other data, an engineering evaluation of route efficiency, and ridership and portal capacities. Staff has identified proposed locations of two

mobility hubs, and a circulator route, and tentative areas for the locations for four park and ride facilities, (together the “Mobility Hub/Circulator Project”) attached as Exhibit A.

E. Staff for the City and EDA now request that the DMCC consider: (1) preliminary approval of the proposed location of the two mobility hubs, and the circulator route alignment and for the concept of four park and ride facilities (such final locations to be determined at a later date); (2) authorizing the expenditure of up to \$400,000.00 on further engineering, alternatives analyses and preliminary project development, which will include an evaluation of the “lid” concept over Highway 52; and (3) direct staff to continue its work and analysis with respect to the implementation of the Mobility Hub/Circulator Project, and develop a term sheet for the acquisition and development of the mobility hubs and park and ride facilities, all subject to final approval of the DMCC and City.

F. Staff further requests modifications to the development district, as defined in the Development Plan (“the Development District”) to encompass the location of the Mobility Hub/Circulator Project.

NOW THEREFORE BE IT RESOLVED, by the Destination Medical Center Board of Directors, that:

1. The locations of the mobility hubs, and the transit circulator route alignment, and the tentative areas for the locations of the park and ride facilities all as shown on Exhibit A, are preliminarily approved, contingent upon further analysis, engineering studies, and findings and recommendations, subject to final approval by the DMCC and City, and modification of the Development District;

2. Staff is directed to continue its analysis and evaluation, develop term sheets as appropriate, and employ engineering consultants and other experts as needed, not to exceed \$400,000.00, in order to make final recommendations for the planning, development, acquisition, construction and implementation of the Mobility Hub/Circulator Project, all subject to Board approval.

BE IT FURTHER RESOLVED, upon receiving a request from the City to modify the Development District to incorporate the Mobility Hub/Circulator Project, as set forth above, the Executive Committee is authorized to commence the modification process under Minnesota Statutes Section 469.43, subdivisions 1 and 4, including submitting the proposed modification to the City, making it available to the public, and arranging a public hearing. Any proposed modification will be considered by the DMCC after City approval and after holding a public hearing.

BE IT FURTHER RESOLVED, that the further evaluation, analysis, planning and recommendations with respect to the Mobility Hub/Circulator Project are deemed to be arising from and in furtherance of the Transit Studies Final Report, and the DMCC approves this work as a public infrastructure project within the meaning of Minnesota Statutes Section 469.40, Subdivision 11 and consistent with the Development Plan.

BE IT FURTHER RESOLVED, the Executive Committee is authorized to take such actions as are necessary and appropriate to effectuate the terms of this resolution and the timely progression of the approval process.

1112589-3.DOCX

Phase 1: Park and Ride for Express Bus Service at 75th and Highway 52 on MNDOT Property



Transportation





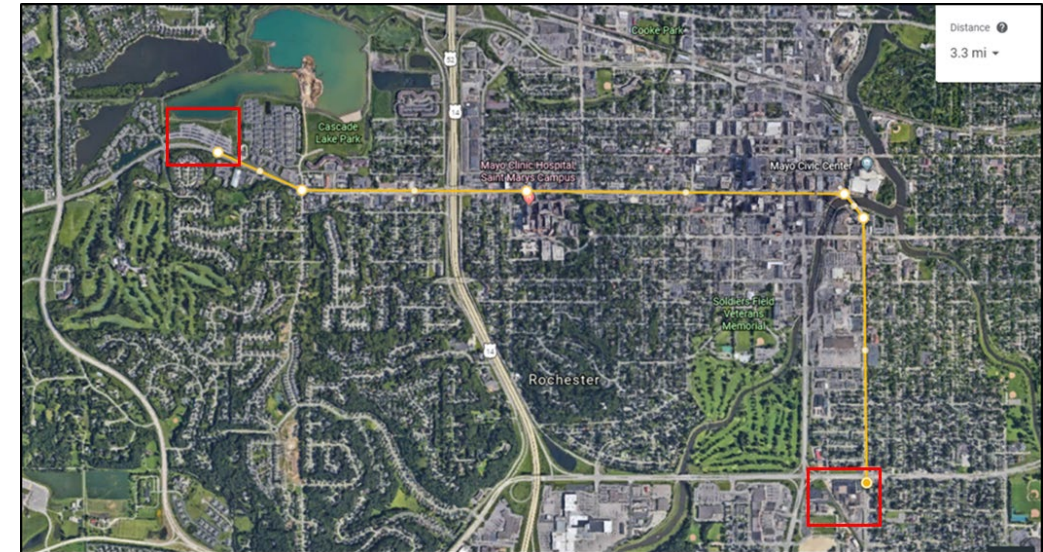
Purpose of Today's Discussion

Mobility Hub Location Preliminary Approval

1. Endorse two recommended mobility hubs
2. Preview potential park and ride locations
3. Authorize the necessary engineering work which includes Lid evaluation
4. Prepare term sheets for two potential mobility hub sites

Recommendation:

1. Mayo West Lot for NW Location
2. Graham Park for SE Location

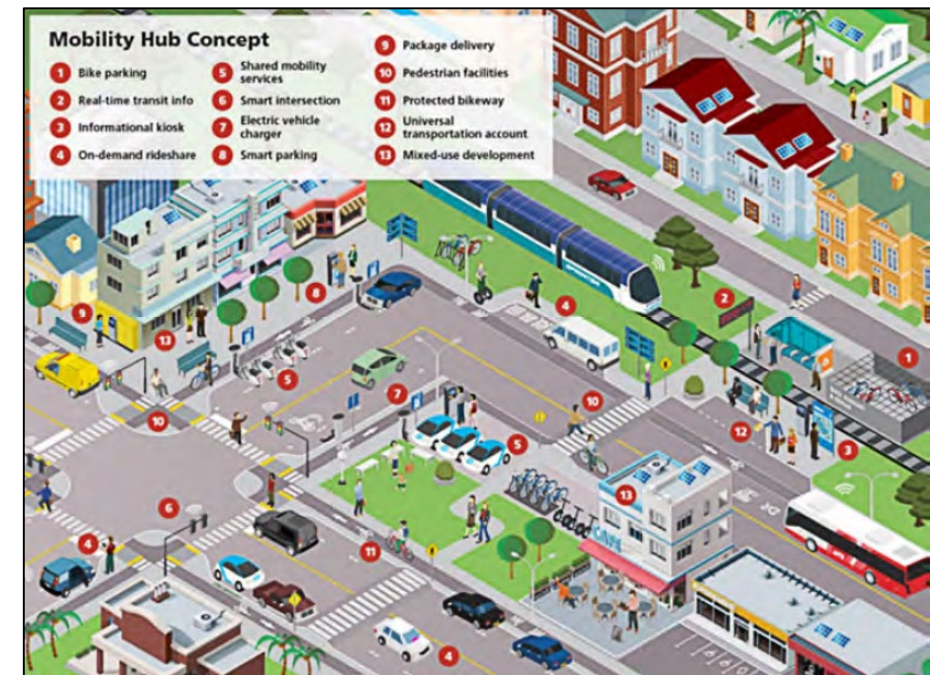




- “Places of connectivity where different modes of transportation – from walking to rapid transit – come together seamlessly and where there is an intensive concentration of working, living, shopping and / or playing” – Government of Ontario

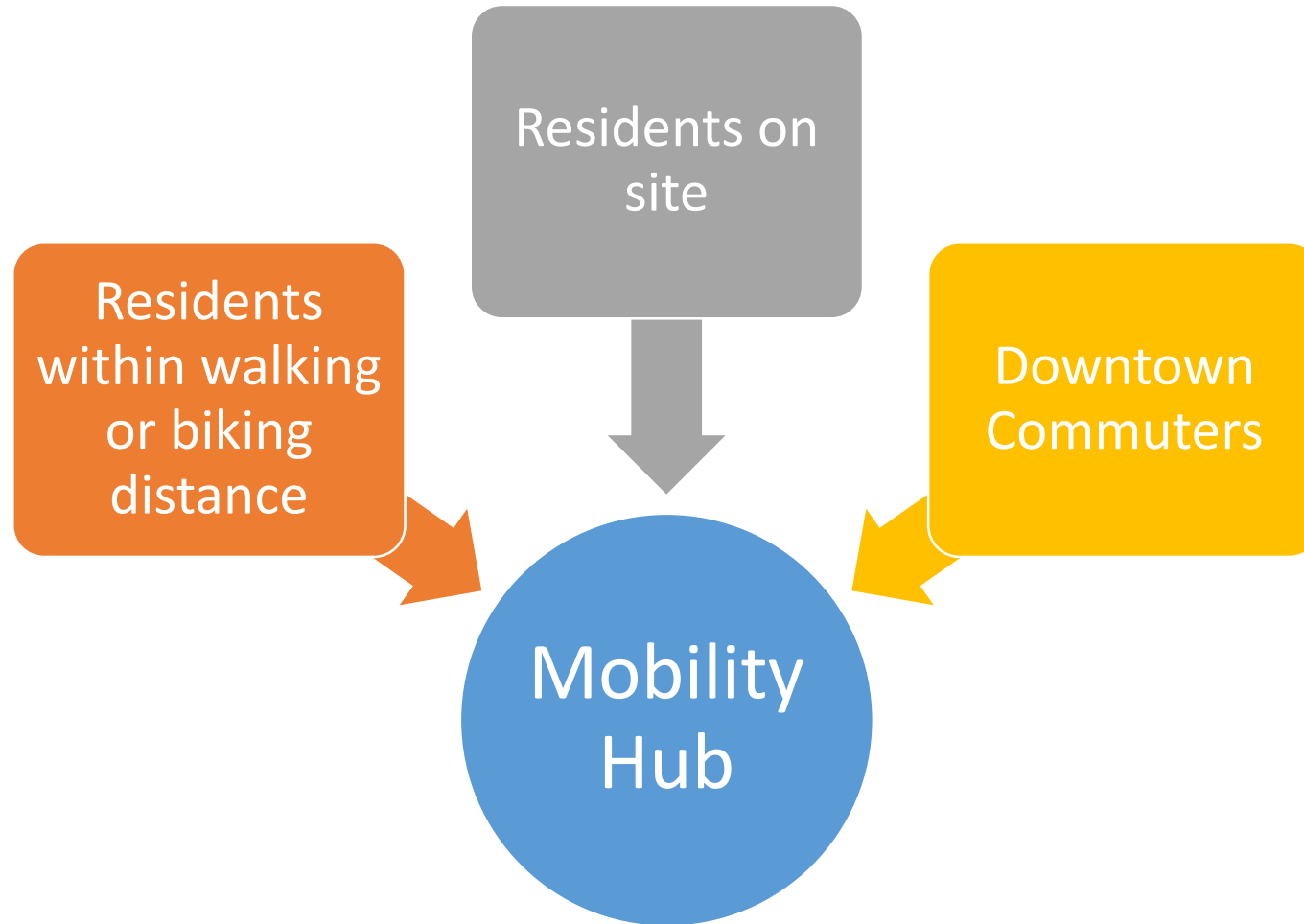
- “Parking lots with public transport connections that allow commuters and people heading to city center to leave their vehicles and transfer to a different transit mode” – Merriam Webster

- Bus rapid transit service will run between the two mobility hubs at ten-minute intervals, 18 hours a day. The circulator will bring commuters, community members and visitors downtown in a safe, reliable, efficient manner.





Mobility Hub User Groups



Best Solution is an Integrated Solution

Focus on moving
people, not cars



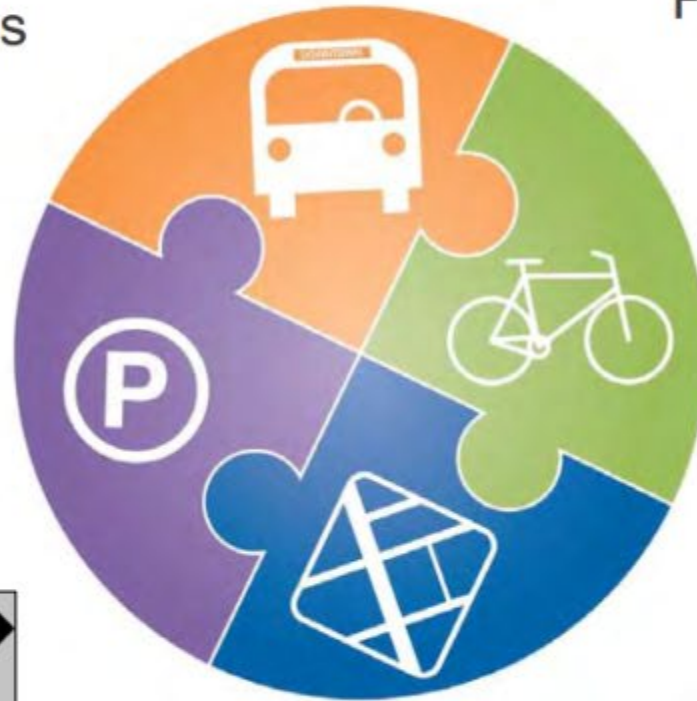
Pedestrians



Programs



Transit



Bikes



Cars

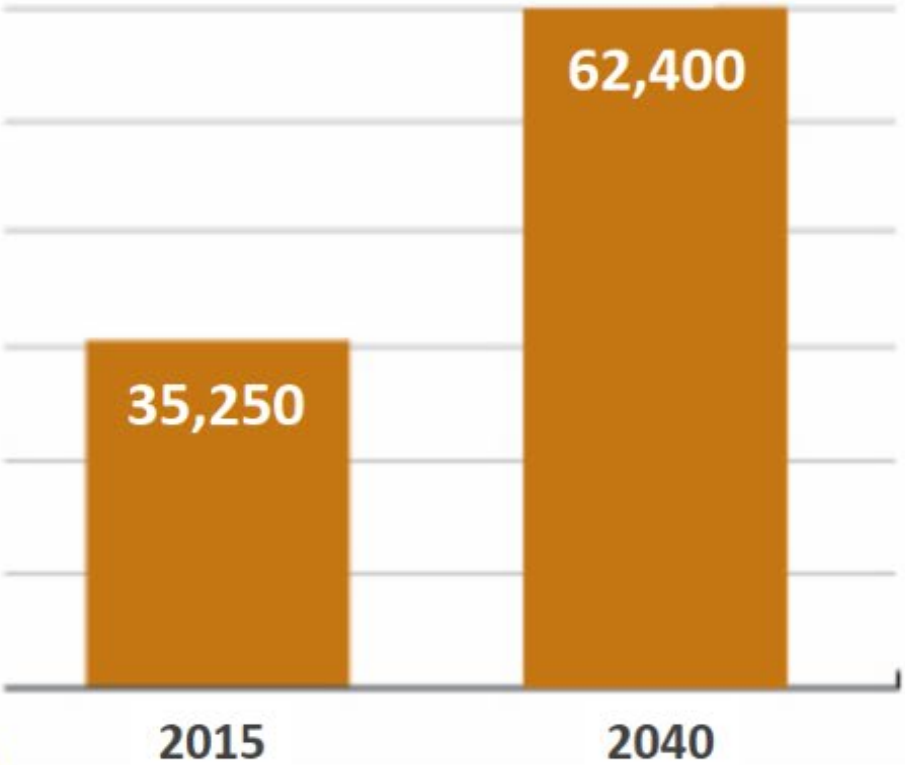


Policies

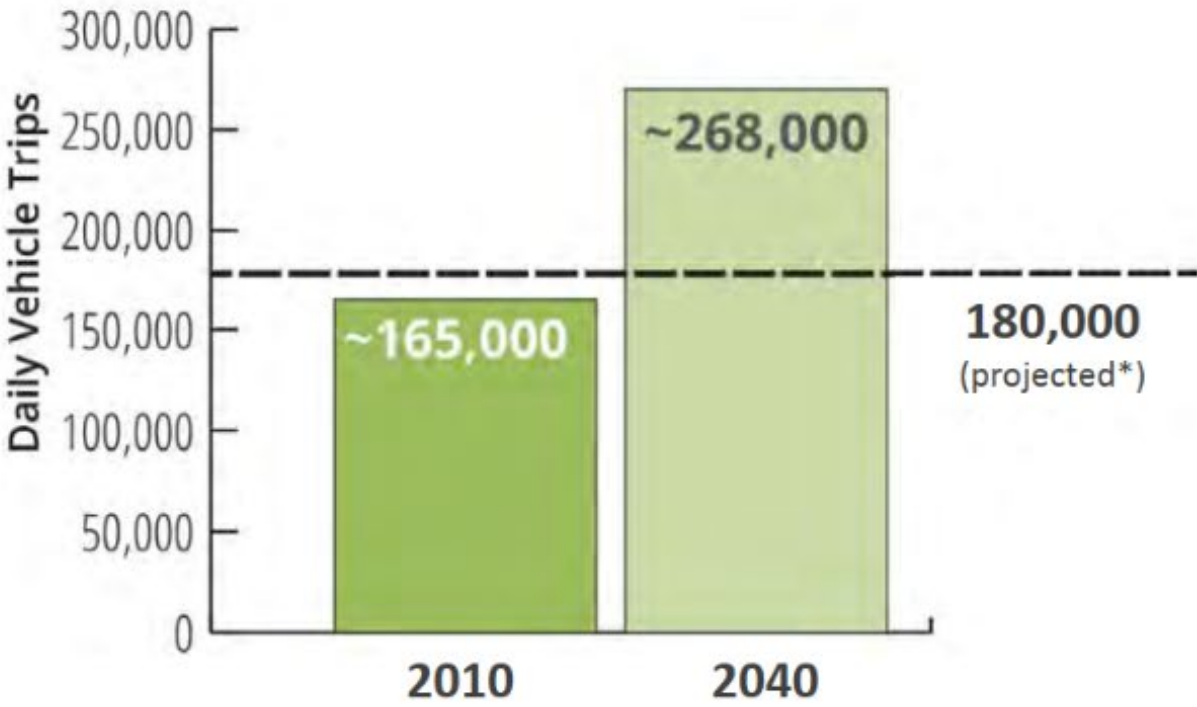


Growth in the DMC District

EMPLOYMENT:



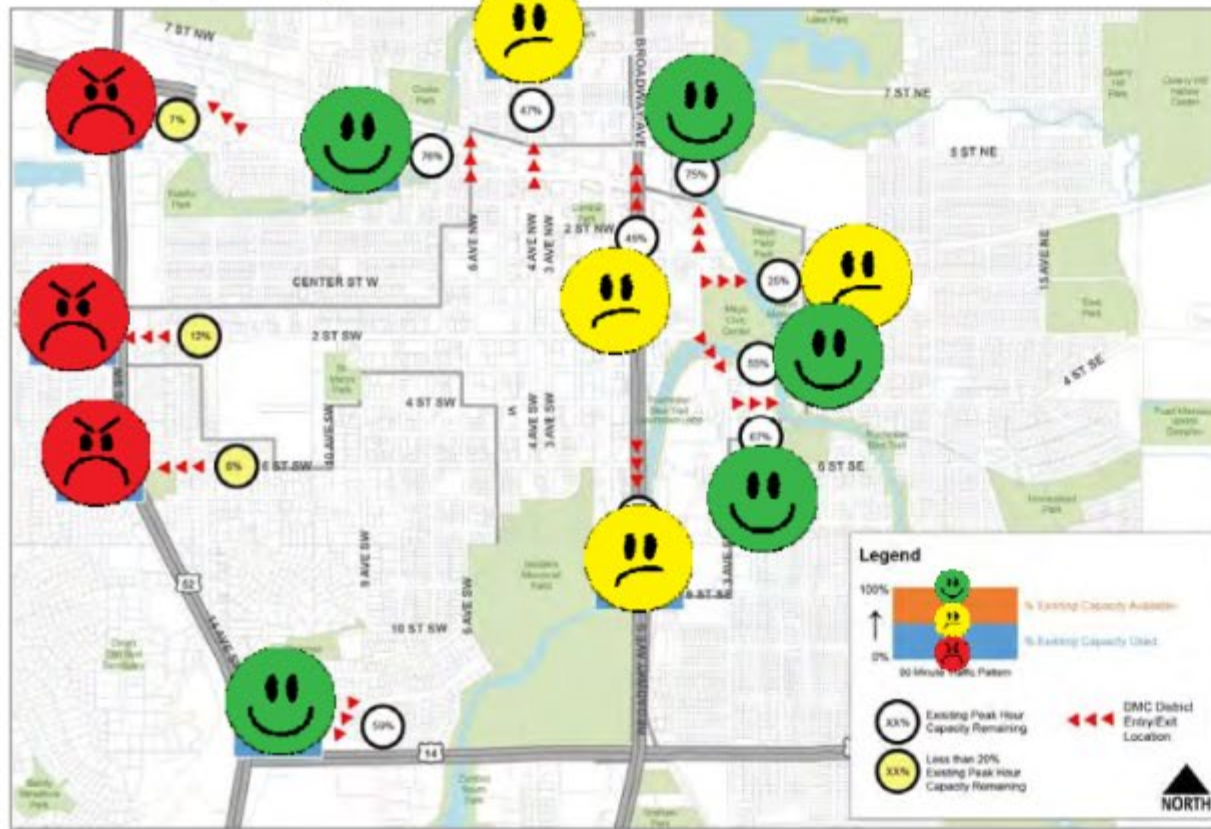
VEHICLE TRIPS IN/OUT OF DMC DISTRICT



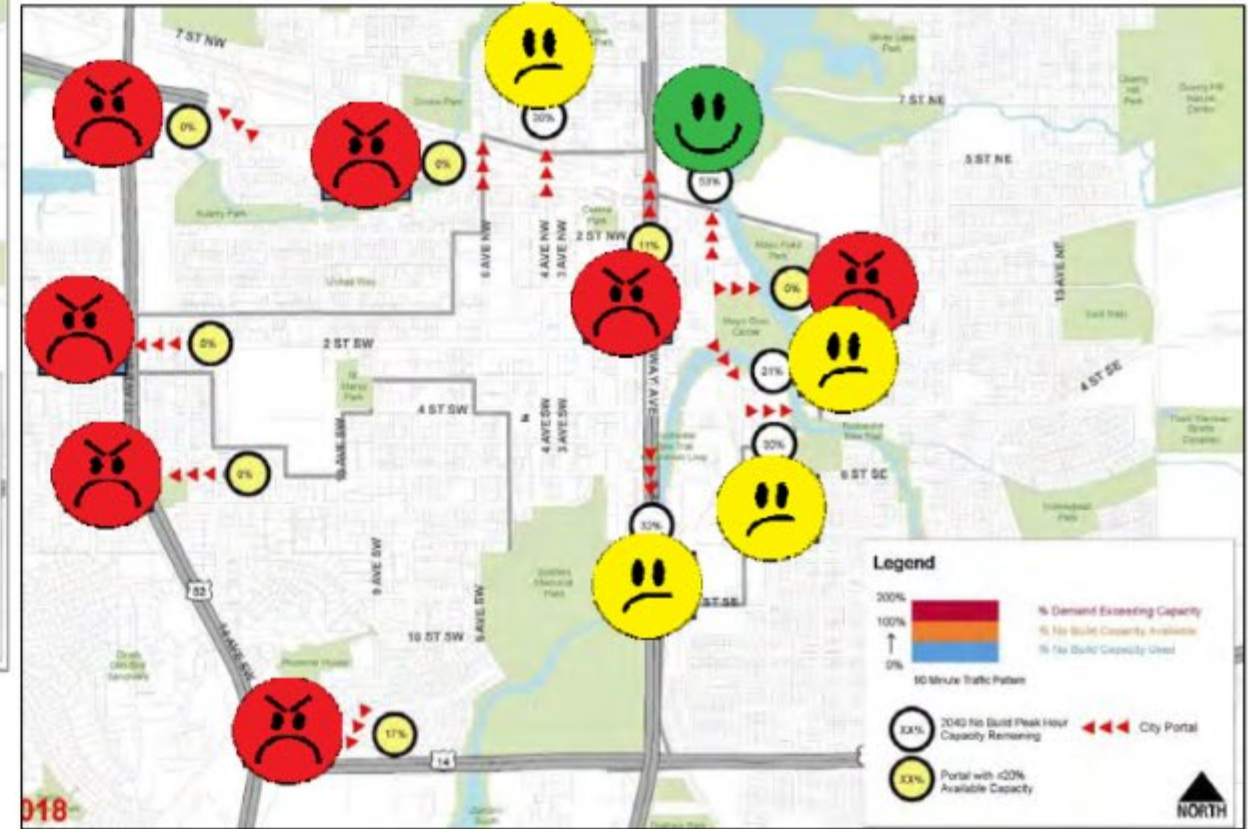
**Projected vehicle trips in 2040 assuming implementation of DMC and Comprehensive Plan transit and land use programs.*



Street capacity today



Street capacity in 2040 without commute changes





Comparable Existing Ramp
Mayo Employee West Ramp

9-STORY RAMP

AREA REQUIRED = 1 City Block

PARKING SPACES = 2,300

2,300 = 1 Block




New parking needed (in total)

AREA REQUIRED = 7 City Blocks

PARKING SPACES = ~16,500

16,500 = 7 Blocks

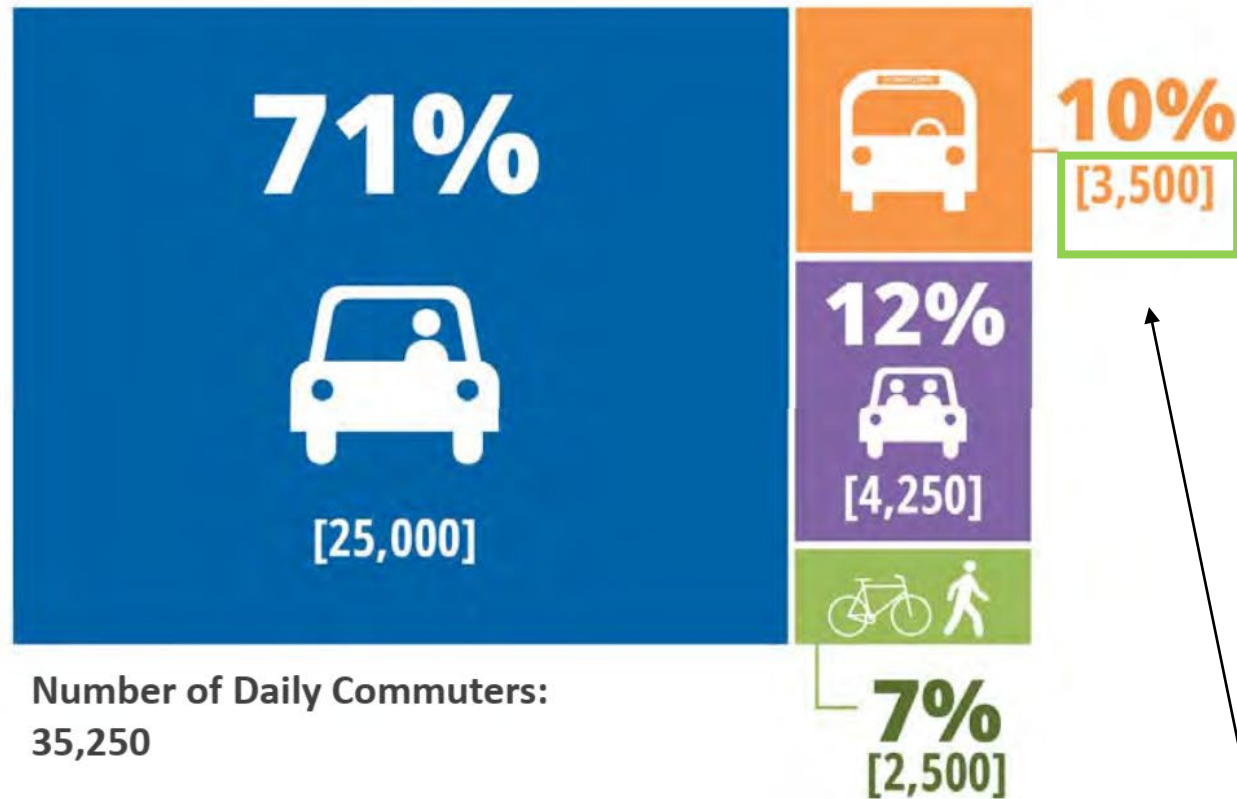
Ramp locations are for graphical purposes only

 = Parking

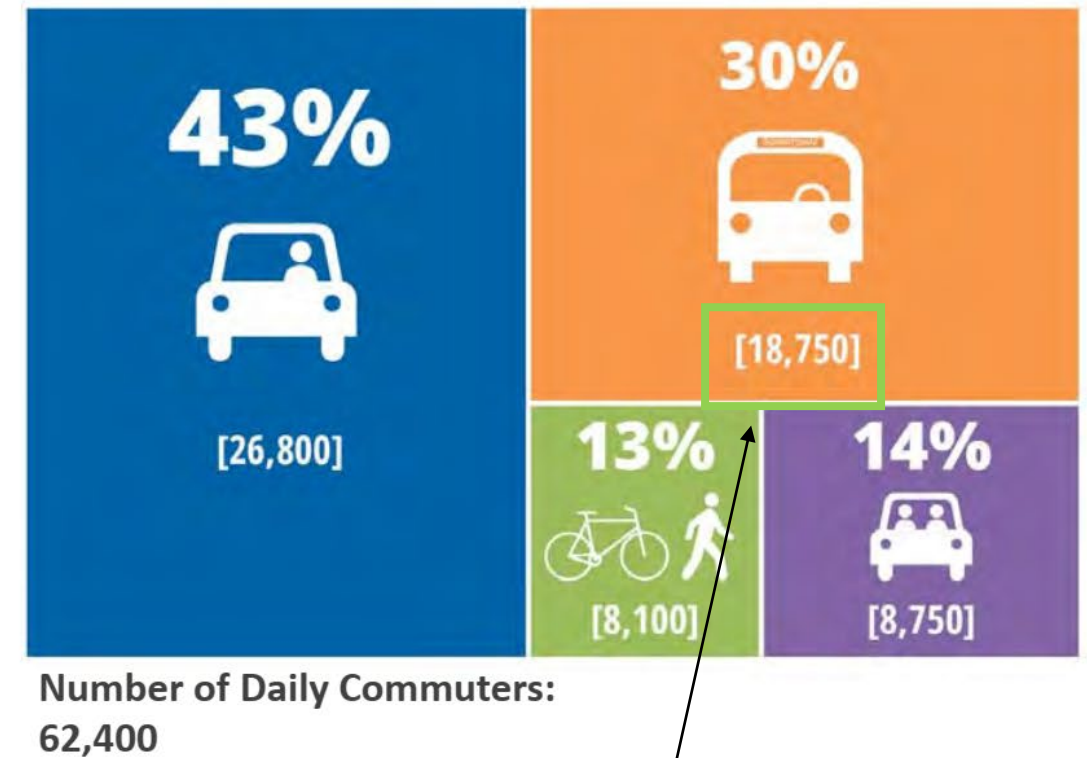


Using other modes an easy choice

TODAY

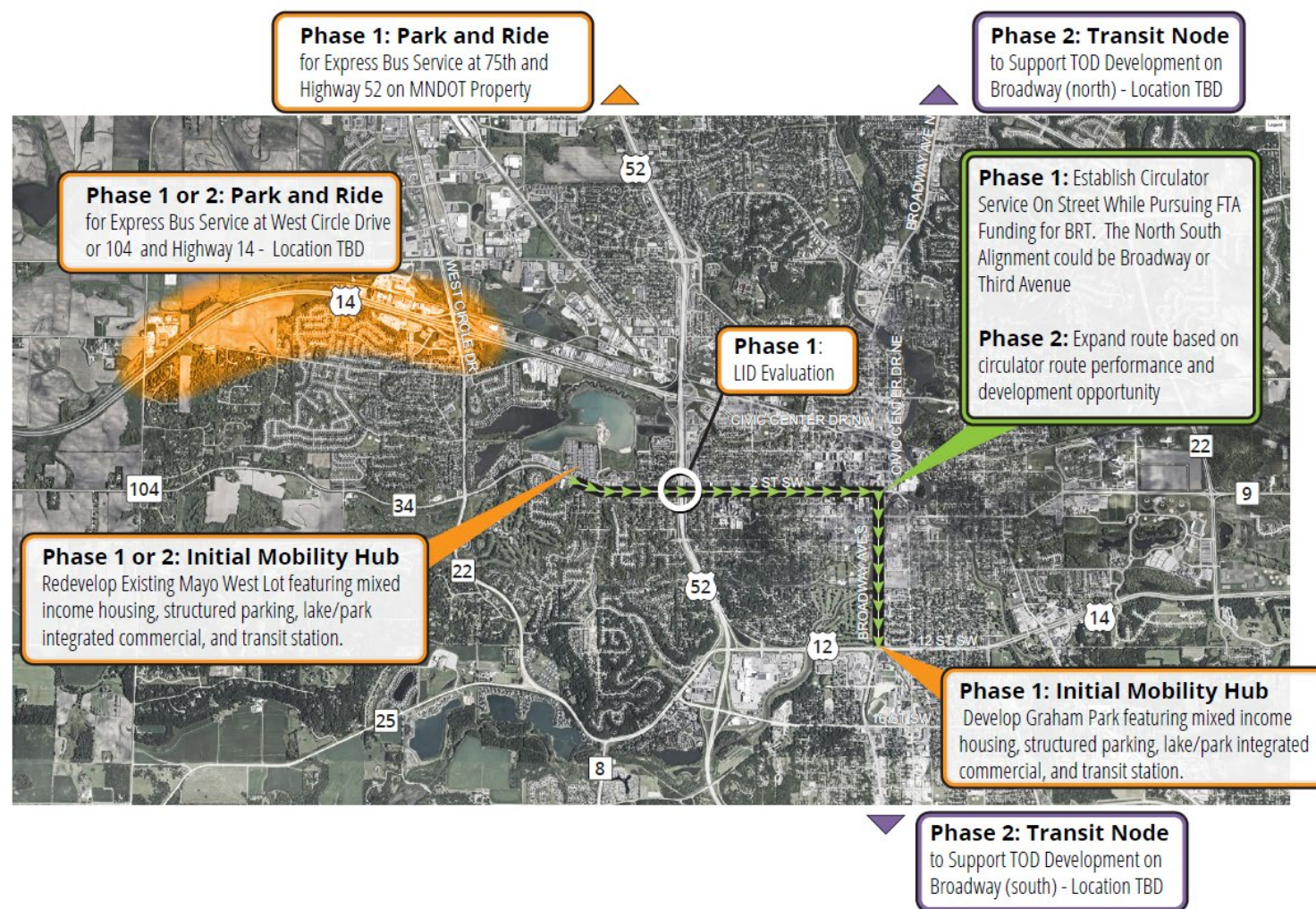


2040 TARGET



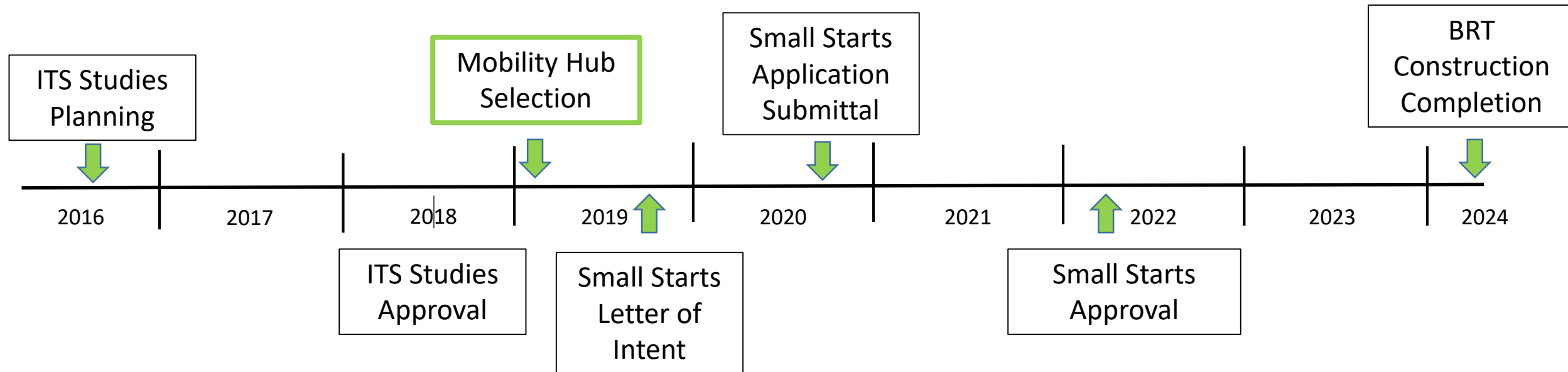
Transit ridership growth
of 15,250 riders a day





Growth in Transit Ridership Needed for 2040 Target	15250
Implementation Feature	
Mayo West Lot Mobility Hub (Net Increase Commuter Only)	2100
Graham Park Mobility Hub	3000
Highway 52 Park and Ride	400
Highway 14 Park and Ride	900
Remainder Needed to Meet 2040 Transit Ridership Goal	8850

Transportation Timeline





Mobility Hub Evaluation Criteria

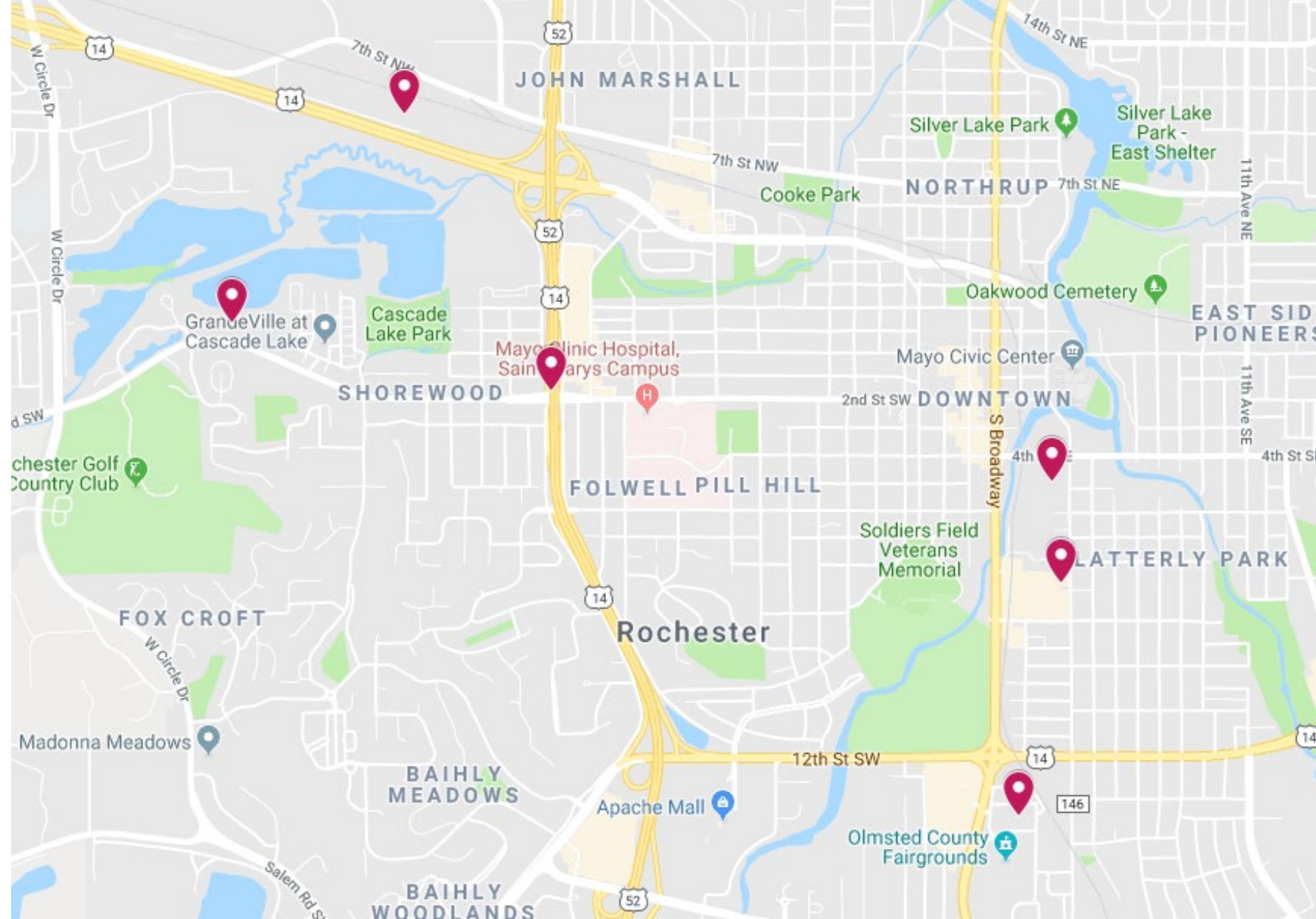
1. Accessibility (Ability to get to and from the site)
2. Route Efficiency (Speed / Ridership etc.)
3. Economic Development (Site itself / Along the Route)
4. Site Acquisition (Costs, Timing etc.)
5. Relationships to Existing Amenities
6. Efficiency of building on-site



Mobility Hub Evaluation Methodology

- DMC Development Plan
- Integrated Transit Studies
- Real Estate Evaluation of sites
- Demographic, existing services, accessibility analysis of sites
- Mobility Hub Conceptual Design
- SRF – initial evaluation of route efficiency, ridership, and portal capacities

- ✓ Mobility Hub Locations
- Storage Facility Site
- 52 and 2nd Street - NW Location #2
- Mayo West Lot - NW Location #3
- Mayo Fullerton Lot - SE Location #1
- KMART Site - SE Location #2
- Olmsted County Fairgrounds - SE Location ...



Mobility Hub – Six Evaluated Sites



Northwest Site 1: Storage Facility Site

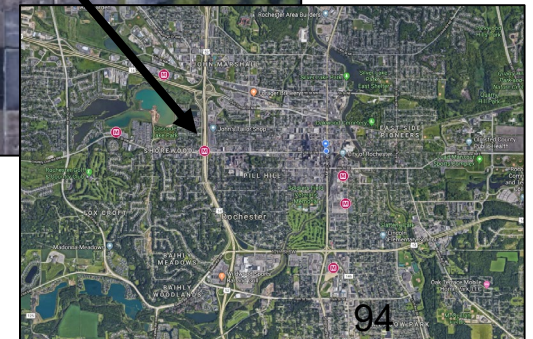
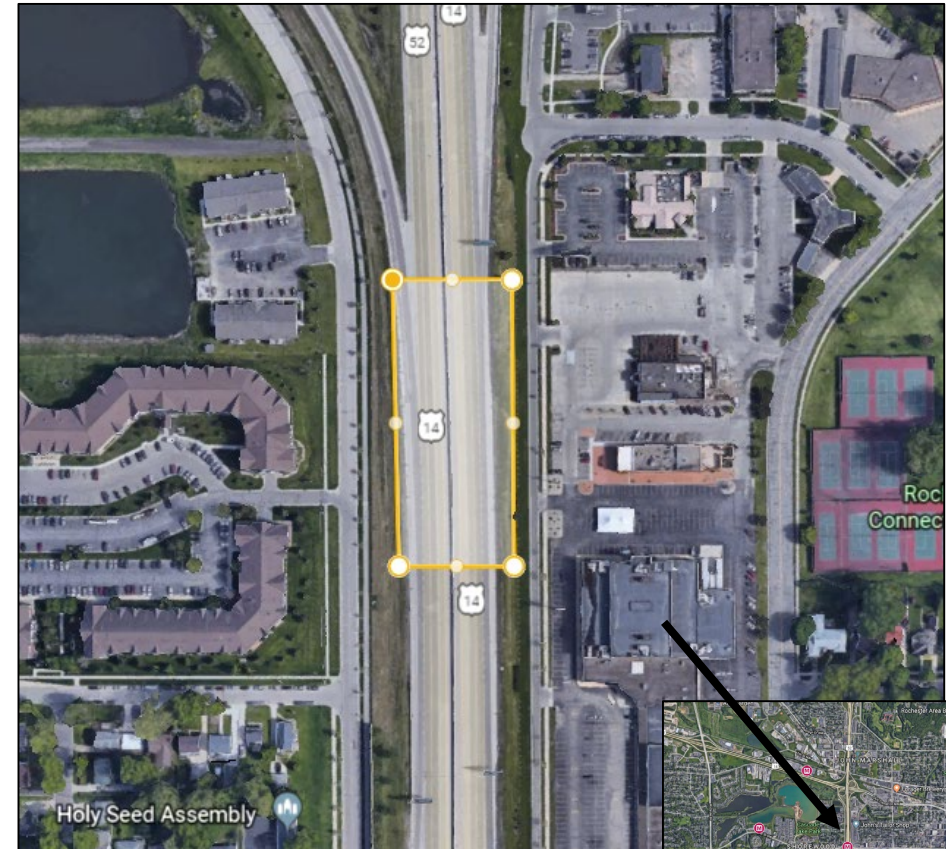
- Size = 10.8 acres
- Location: ~2301 US-14 West
- Ownership: Private
- Unique features: Adjacent to bike trail system, major roadway
- Distance to downtown: 2.0 miles





Northwest Site 2: 2nd St / 52 Interchange

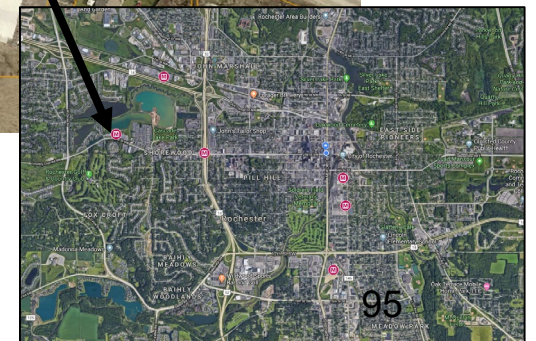
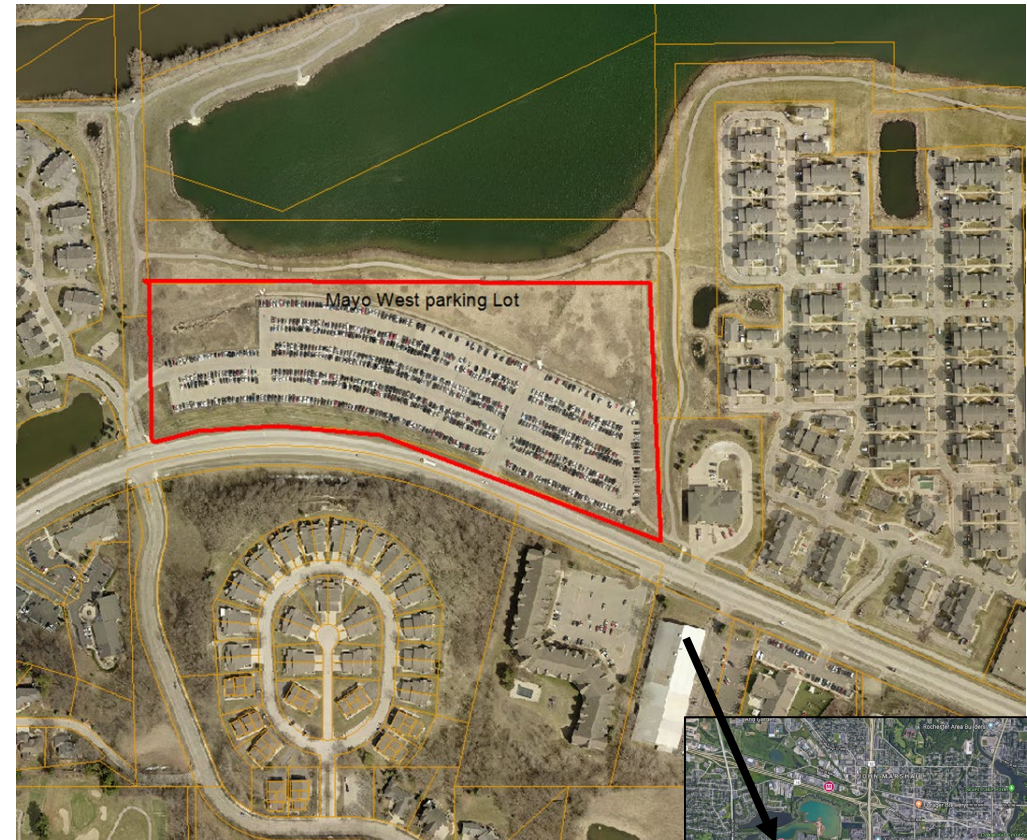
- Size = ~3.5 acres
- Location: ~1708 2nd Street SW
- Ownership: Minnesota Department of Transportation
- Unique features: Lid concept over 52
- Distance to downtown: 1.2 miles





Northwest Site 3: Mayo West Lot

- Size = 13.6 acres
- Location: ~2804 2nd Street SW
- Ownership: Mayo Clinic
- Unique features: Adjacent to Cascade Lake and bike trail system
- Distance to downtown: 2.0 miles





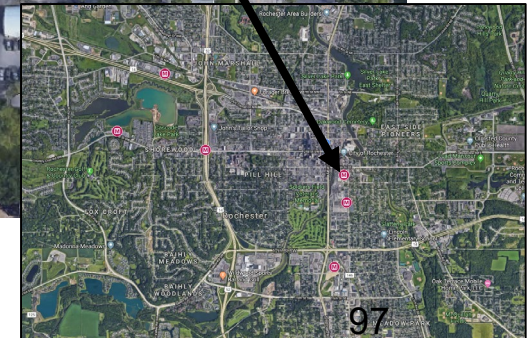
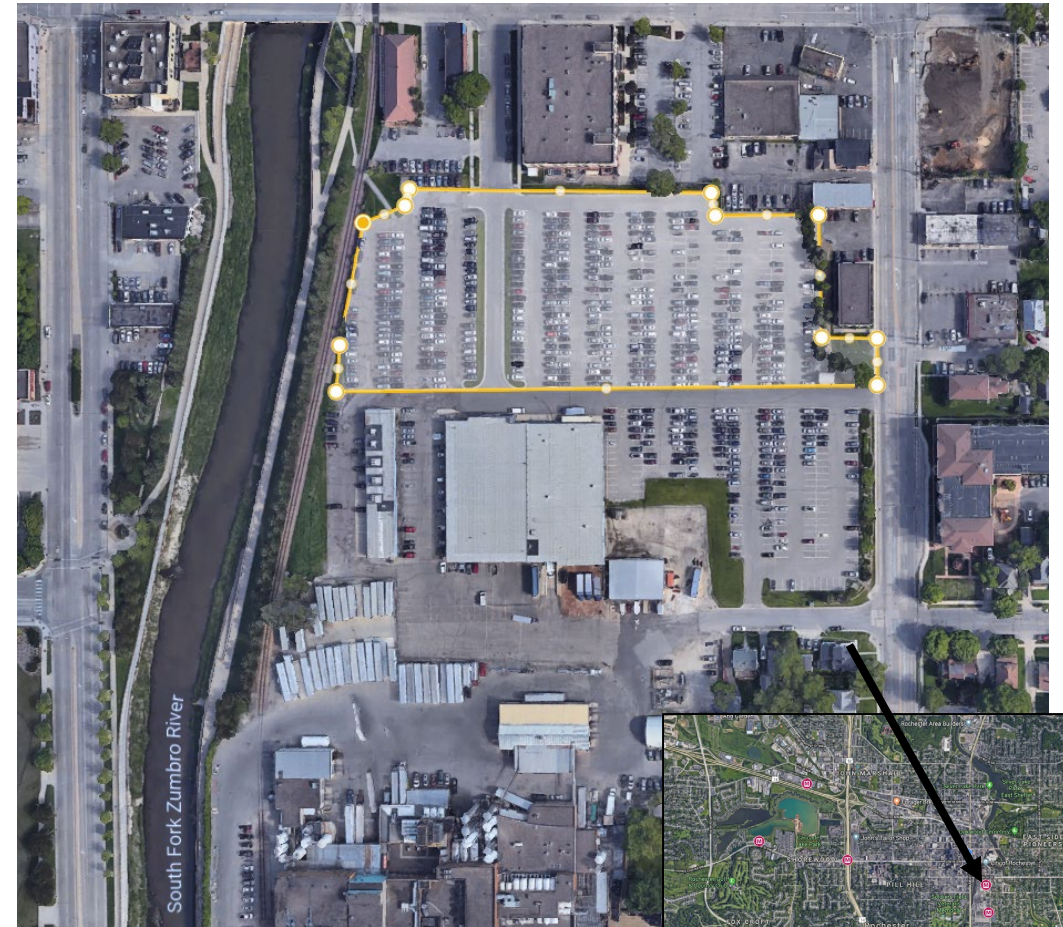
NW Mobility Hub Analysis

Criteria	14 / 52 Site	Mayo West Lot	52 / 2 nd St Lid
Accessibility (car, bike, pedestrian)	Low Compatibility	Compatible	Low to Medium Compatibility
Route Efficiency	Compatible	High Compatibility	Medium to High Compatibility
Economic Development (site, corridor)	Low to Medium Compatibility	High Compatibility	Low to Medium Compatibility
Site Acquisition (cost, schedule)	Low Compatibility	Compatible	Low Compatibility
Existing Amenities	Low to Medium Compatibility	Compatible	Medium to High Compatibility
Efficiency of Building on Site	Low to Medium Compatibility	Compatible	Low Compatibility



Southeast Site 1: Fullerton Lot

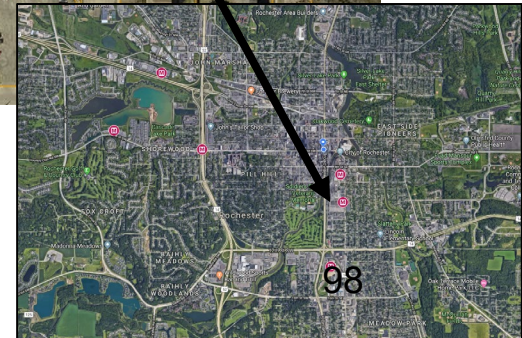
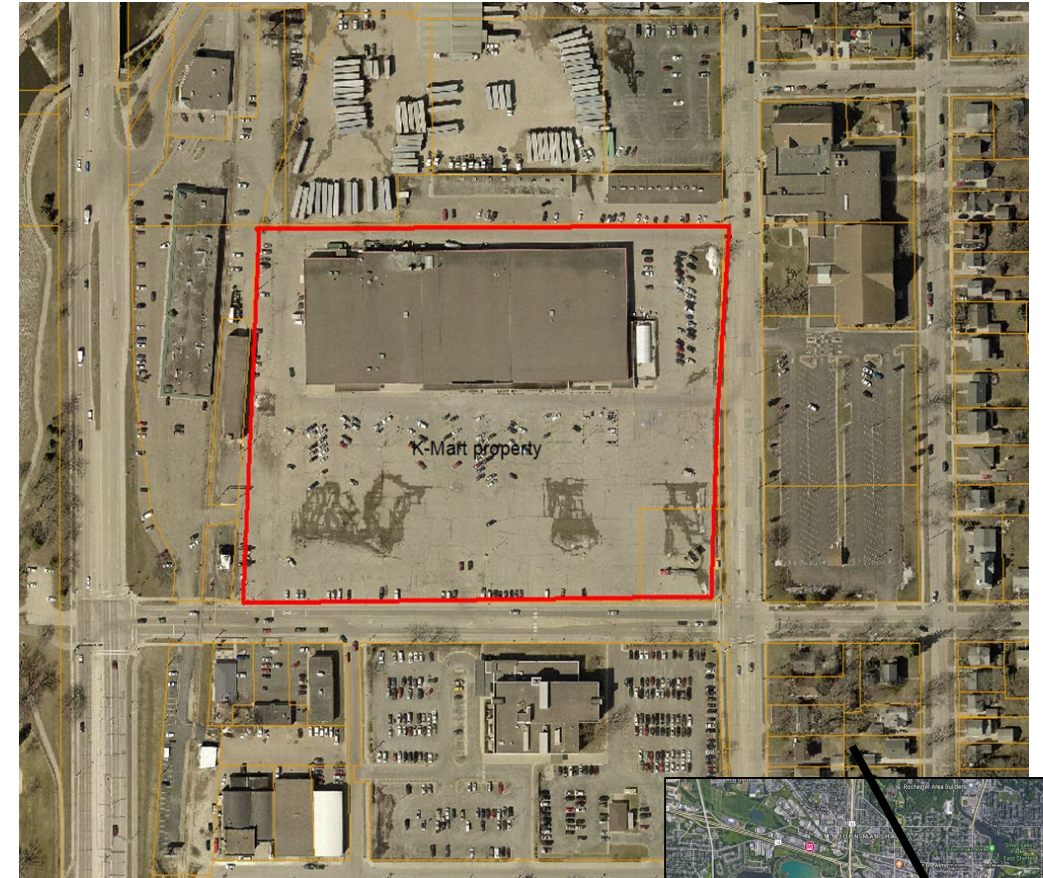
- Size = 3 - 5 acres
- Location: ~431 3rd Ave SE
- Ownership: Mayo Clinic
- Unique features: Adjacent to bike trail system
- Distance to downtown: 0.5 miles





Southeast Site 2: KMART Site

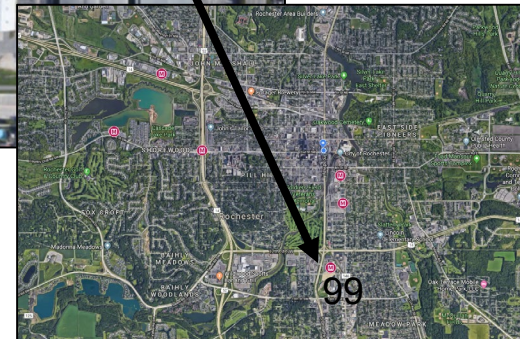
- Size = 10.9 acres
- Location: ~844 4th Ave SE
- Ownership: KMART
- Unique features: Large downtown lot
- Distance to downtown: 0.8 miles





Southeast Site 3: Graham Park

- Size = ~ 8.0 acres
- Location: ~35 Fairgrounds Ave SE
- Ownership: Olmsted County
- Unique features: Government property, operates park and ride
- Distance to downtown: 1.3 miles





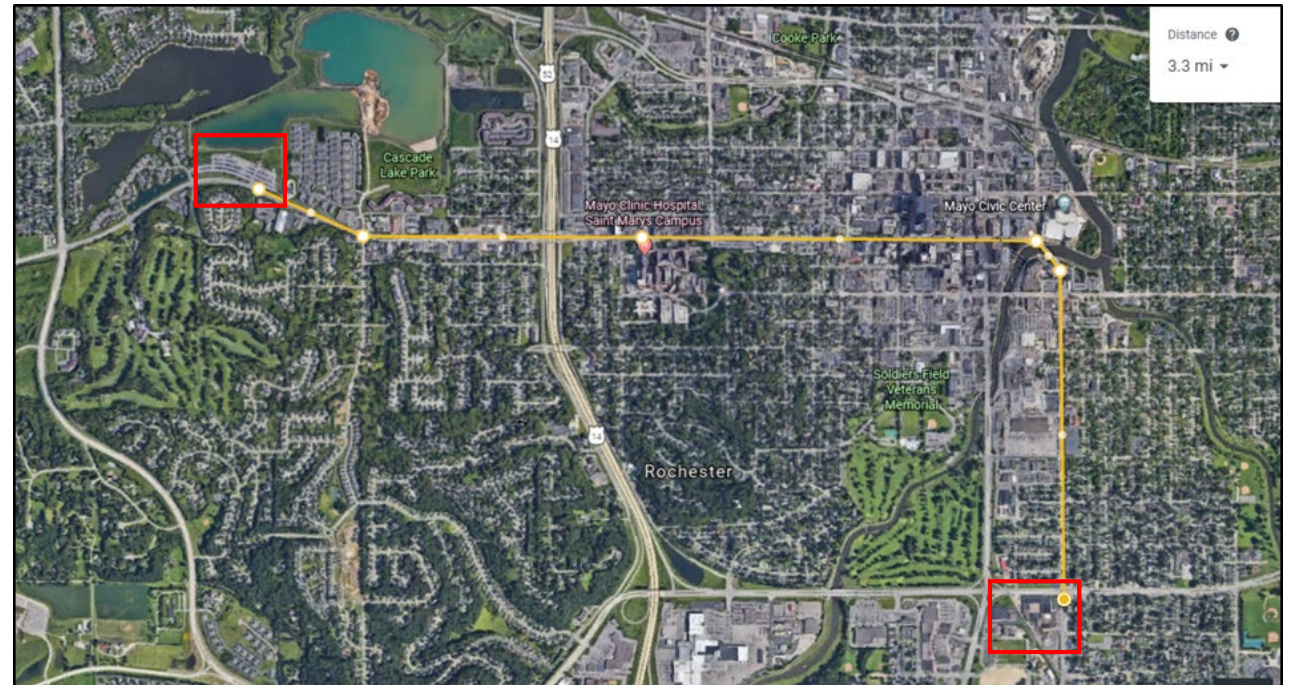
SE Mobility Hub Analysis

Criteria	Fullerton Lot	KMART Site	Graham Park
Accessibility (car, bike, pedestrian)	Medium to High Compatibility	Compatible	Low to Medium Compatibility
Route Efficiency	Medium to High Compatibility	Medium to High Compatibility	High Compatibility
Economic Development (site, corridor)	Low to Medium Compatibility	Medium to High Compatibility	High Compatibility
Site Acquisition (cost, schedule)	Compatible	Low to Medium Compatibility	Compatible
Existing Amenities	High Compatibility	High Compatibility	High Compatibility
Efficiency of Building on Site	Compatible	Compatible	Compatible



Conclusion and Recommendations

- Mayo West Lot for NW location
- Graham Park for SE location



Growth in Transit Ridership Needed for 2040 Target	15250
<i>Implementation Feature</i>	
Mayo West Lot Mobility Hub (Net Increase Commuter Only)	2100
Graham Park Mobility Hub	3000
Highway 52 Park and Ride	400
Highway 14 Park and Ride	900
<i>Remainder Needed to Meet 2040 Transit Ridership Goal</i>	1018850

Mobility Hub Conceptual Plan



LAND USE DIAGRAM

Parking Capacity	
Underground deck — Level One	900-950 cars
Underground deck — Level Two	900-950 cars
West ramp (Building 1) — 4 levels	250-300 cars
East ramp (Building 6) — 4 levels	350-400 cars
Parking under Buildings 1, 2, 4 and 6	100-125 cars
Parking under Building 8 — 2 levels	200-250 cars
Surface lot and on-street parking	100-125 cars

Total Parking 2800-3100 cars

Residential Units	
Building 1 — 4 levels	100-120 units
Building 2 — 4 levels	50-60 units
Building 3 — 5 levels	100-120 units
Building 4 — 4 levels	50-60 units
Building 5 — 5 levels	100-120 units
Building 6 — 4 levels	160-180 units
Building 8 — 5 levels	120-140 units

Total Residential Units 680-800 units

Retail and Service Space	
Building 3 — First level facing plaza	4000 sq ft
Building 5 — First level facing plaza	4000 sq ft
Building 7 — 2 levels	20000 sq ft
Building 8 — First level	30000 sq ft

Total Retail 58000 sq ft

Percent Open Space 40 percent

Mobility Hub Market Plaza Rendering

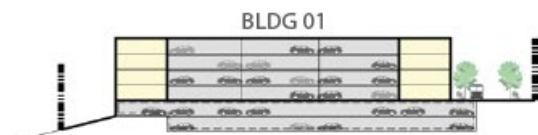


AERIAL PERSPECTIVE VIEW NORTH THROUGH MARKET PLAZA

Mobility Hub Conceptual Plan - Section



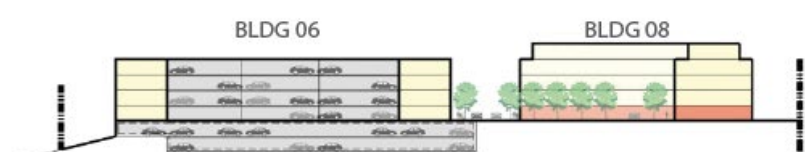
SECTION A-A' VIEW NORTH



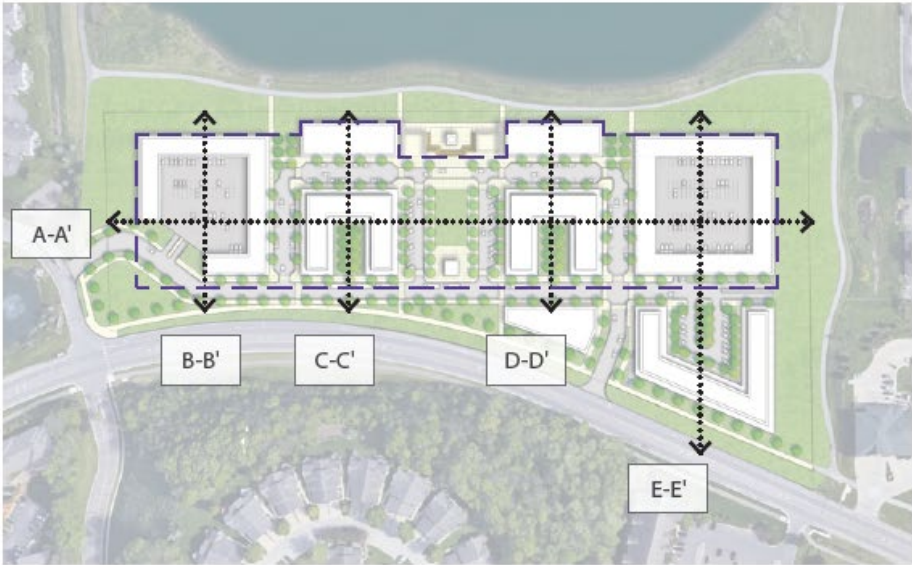
SECTION B-B' VIEW EAST



SECTION C-C' VIEW EAST



SECTION D-D' VIEW EAST



SITE PLAN SHOWING SECTION CUTS

Parking Capacity	
Underground deck — Level One	900-950 cars
Underground deck — Level Two	900-950 cars
West ramp (Building 1) — 4 levels	250-300 cars
East ramp (Building 6) — 4 levels	350-400 cars
Parking under Buildings 1, 2, 4 and 6	100-125 cars
Parking under Building 8 — 2 levels	200-250 cars
Surface lot and on-street parking	100-125 cars

Total Parking 2800-3100 cars

Residential Units	
Building 1 — 4 levels	100-120 units
Building 2 — 4 levels	50-60 units
Building 3 — 5 levels	100-120 units
Building 4 — 4 levels	50-60 units
Building 5 — 5 levels	100-120 units
Building 6 — 4 levels	160-180 units
Building 8 — 5 levels	120-140 units

Total Residential Units 680-800 units

Retail and Service Space	
Building 3 — First level facing plaza	4000 sq ft
Building 5 — First level facing plaza	4000 sq ft
Building 7 — 2 levels	20000 sq ft
Building 8 — First level	30000 sq ft

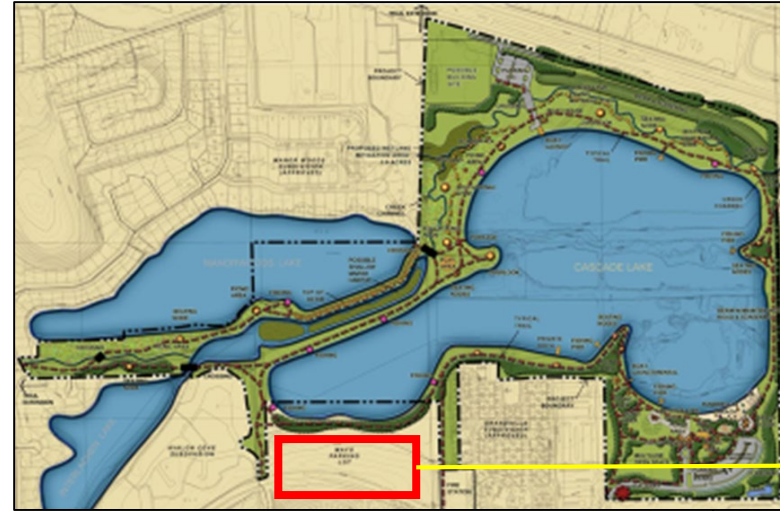
Total Retail 58000 sq ft

Percent Open Space 40 percent



Mobility Hub Resulting Corridor Benefits

1. ~4.0 mile route from Mayo West Lot to Graham Park
2. 10 minute Transit Circulator service, 18 hours per day
3. Opportunity for collaboration
4. Attractive economic development potential on sites and along corridor
5. Beneficial impacts on adjacent communities and infrastructure
6. Integrates two future regional assets



Cascade Lake Master Plan

Graham Park Master Plan





Next Steps

Mobility Hub Location Preliminary Approval

1. Endorse two recommended mobility hubs
2. Preview potential park and ride locations
3. Authorize the necessary engineering work which includes Lid evaluation
4. Prepare term sheets for two potential mobility hub sites
5. Continue conversations with partners

Affordable Housing

To: DMC Corporation Board of Directors
From: DMC EDA Staff
Date: January 29, 2019



Past Approvals:

1. DMC Development Plan Adoption: Spring 2015
2. Affordable Housing Work Plan Adoption: November 2018

Update:

Below, we summarize the updates regarding the affordable housing workplan efforts since its adoption in November 2018.

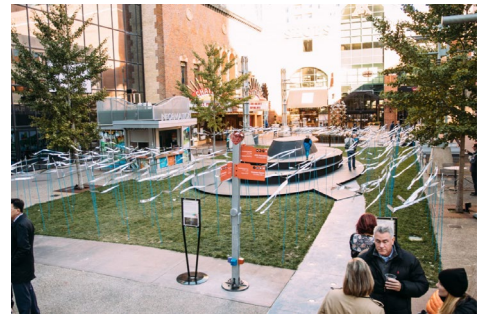
1. Parking Garage 6 Air Rights Request for Proposals (RFP)
The DMC EDA assisted the City of Rochester in its development of an air rights RFP over the soon to be completed Parking Garage 6 behind the Hilton Hotel development along North Broadway in Rochester, MN. The garage was constructed to support an additional ten floors of space and the City wrote the RFP to recruit developer interest in realizing additional affordable housing units downtown. Bids are welcome through June 2019.
2. Affordable Housing Data Gap Analysis
The DMC EDA is working with other community organizations to update affordable housing data for single family and multi-family housing in Rochester. This will act as an update to the Maxfield Report that was completed in 2014 and identified the need for 4,500 affordable housing units by 2020. This update will allow the DMC and others to clearly identify the quantities and types of housing quantities needed and understand the rental price points that aren't being achieved with current market tools and require further assistance.
3. Affordable Housing Developer Site Visit
In early 2019, the City, County and DMC EDA leadership hosted an affordable housing developer to introduce them to the financial tools and affordable housing activity available in Rochester.
4. Mobility Hub Location Analysis
As part of the mobility hub strategy and location analysis, economic development opportunities associated with the site have been incorporated into the evaluation criteria. These sites provide an opportunity for mixed-use development and specifically, the integration of a range of housing options, particularly affordable housing units tied to frequent and dependable transit.
5. DMC District Affordable Housing Location Analysis
In 2019, the DMC EDA is working with a consultant to identify areas of the DMC District well suited to support affordable housing development. Access to transit, community services, parcel size, and other variables are being used to identify areas of the district predisposed to supporting affordable housing development.

6. Real Estate Summit 2019

In the late spring of 2019, the DMC EDA is working to focus a portion of its annual Real Estate Summit program on affordable housing opportunities in collaboration with other City, County and non-profit organizations. The purpose is to highlight the financial tools available in Rochester, as well as the potential site opportunities for interested affordable housing developers.

Heart of the City

To: DMC Corporation Board of Directors
From: DMC EDA Staff
Date: January 29, 2019



Peace Plaza Public Realm Project

Project Description: The Coen + Partners led design team for Heart of the City Public Realm has been working very closely with community stakeholders, adjacent property owners, community advisory committee, and others in the redesign of Peace Plaza and other public space of Heart of the City.

Current Status: DMC and the City of Rochester have authorized a contract with Coen + Partners to proceed with design development and construction documents.

Next Steps/Key Milestones:

- Completion of design development- May 1, 2019
- Completion of construction documents- November 1, 2019
- Construction- November – December 2019

Chateau Theatre Renovation

Project Description: In March 2018, DMCC authorized use of CIP funds for design costs and capital improvements to Chateau Theatre to a) secure and protect the building; b) bring it up to code so that it can be used for “assembly” purposes; and c) design eventual integration with Peace Plaza and Wells Fargo building.

Current Status: Construction demolition (second story/escalator removal) along with other interior work has begun. Request for proposals regarding programing and operations for the venue are currently out for consideration. Tours and responses to questions and comments are being vetted along with a pre-submittal meeting scheduled for January 31, 2019.

Next Steps/Key Milestones:

- Roofing is tentatively planned for spring 2019.
- Formal submittals for programing and operating the venue are due February 15, 2019.
- Anticipated completion is mid-summer 2019.

Wells Fargo Building Renovation

Project Description: Renovation to approximately 92,000 square foot, downtown Rochester Wells Fargo building located on Peace Plaza and First Avenue. This redevelopment is a catalyst for the public realm in Heart of the City and will achieve a sought after public connection of subway, street and skyway.

Current Status: Interior construction underway on street level and 6th floor. Permitting for the building exterior and public interfacing project (Jewel Box) are in process along with the construction bid package is out for bid.

Next Steps/Key Milestones:

- Wells Fargo will go in front of city council on February 20, 2019.

Gonda/PLG Development

Project Description: Vertical addition to the Gonda Building which will accommodate a 4 level addition for Mayo clinical activities, and a 7+ floor addition for a luxury hotel which is funded through a Joint Venture between Mayo Clinic and Pontiac Land group.

Current Status: Planning efforts are underway with Mayo Clinic and Pontiac Land Group.

Next Steps/Key Milestones: A joint RFP will be initiated for the exterior design and enabling works.

Kahler Grand Hotel Renovation

Project Description: The Kahler Hospitality Group plans to start construction in the 97-year-old downtown hotel in December 2019. \$30 million in renovations will take place on the second to 11th floors with the goal of bringing the historic hotel at 20 Second Ave. SW “back to life.” The hotel, built in 1921, currently has 660 rooms. Many of those rooms will be expanded, reducing the number to 605. Hotel operations will continue during renovations.

Current Status: Anticipated construction to begin December 2019.

Next Steps/Key Milestones:

- Completion date has not been determined.
- Phased approach to minimize disruption to guests.

Retail Development

Project Description: Retail developments that are occurring in the Heart of the City subdistrict.

Current Status:

- Moka Coffee- Under Construction
- Luxe Beauty Bar- Open
- Fuji Seafood and Steakhouse- Under Construction

Next Steps/Key Milestones: Work with other organizations in Rochester to develop a new Downtown Retail Strategy.

3rd Street Alley Activations (Rochester Downtown Alliance)

Project Description: Activating and beautifying underutilized public spaces like alleys integrates exciting and healthy public spaces into our existing urban environments. It also tends to increase the perception of safety and reduce unwanted behaviors in those areas.

Current Status:

Over the past few months, the Rochester Downtown Alliance (RDA) has been working on a new project that aims to re-purpose the 3rd Street Alley (300 block between 3rd and 4th Streets SW) in Downtown Rochester by integrating art and design installations into the space.

Tentative Next Steps/Key Milestones:

- Starting April 2019- Hanging art installations will highlight underutilized urban spaces and routes.
- Starting May 2019- Alley doors and other objects will be re-purposed into an outdoor gallery featuring the work of local artists.
- Starting June 2019- Artists, businesses and the community will collaborate in the process of mural-making, in hopes to create powerful works of art and transform public spaces and identities.

Discovery Square

To: DMC Corporation Board of Directors

From: DMC EDA Staff

Date: January 29, 2019



Background:

The DMC Discovery Square (DS) sub-district is a live-work-play environment positioned immediately south of the Heart of the City sub-district. The DMC team has been executing the strategy endorsed in 2018 which is focused on six elements of the “work” environment deemed critical to the long-term success of Discovery Square. This update focuses on four elements of that strategy: 1) business recruitment; 2) space development; 3) workforce development; and 4) entrepreneurial ecosystem. The recently completed DMC market analysis indicated that a greater emphasis on deal-making and the startup ecosystem will accelerate growth of the Discovery Square sub-district. That market analyses is guiding our DS activities in 2019 and beyond.

Other notable development activity in the Discovery Square sub-district is also highlighted in this report.

Business Recruitment

- Current state
 - One Discovery Square Executed leases (45K sf): Mayo Clinic, UMR and Epic.
 - Many other lease discussions approaching completion, approximately 90% of the space is spoken for.
- Next steps
 - Continue DMC Discovery Square sub-district tenant recruitment.
 - Help more startup businesses launch in Discovery Square by aggressively growing the entrepreneurial ecosystem.
 - Develop an international business recruitment strategy.

Space Development

- Current state
 - One Discovery Square: Core & Shell construction continues, on track for completion at the end of March 2019. Landscaping around the building will occur in May 2019.
- Next steps
 - Develop DMC business recruitment strategy for Two Discovery Square.
 - Execute on a startup company space strategy, critical to our ability to be competitive and to realize Discovery Square’s aggressive vision as the economic driver of DMC.

Entrepreneurial Ecosystem

- Current state
 - Partnering with regional groups to coalesce a single calendar of 2019 events for business, social, educational and scientific programming.
 - First Assistive Tech (AT) Challenge finalized, winning team pursuing business startup.
 - Executing on SMIF grant with MSU Mankato for them to host design workshops on campus in anticipation of Assistive Tech Challenge 2.0.

- As of the end of 2018, the Southern Minnesota Initiative Foundation awarded seven Rochester-based businesses, including Geneticure, GoRout, Marblehead Medical, Sonex Health, and Thaddeus Medical Systems, \$420,000 in loans and equity funding.
- Next steps
 - Hire a part-time program coordinator to manage the 2019 Discovery Square programming.
 - Partner with Musicant Group's new One Discovery Square event coordinator.
 - Get new Discovery Square businesses integrated into the community, initial outreach is underway.
 - Assist Rochester Public Schools as needed with launch of IncubatorEdu curriculum.
 - Launch planning for 2019 AT Challenge 2.0 with even more regional strategic collaborators

Workforce Development

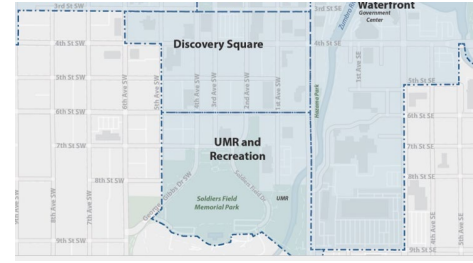
- Current state
 - DMC Discovery Square Experiential Learning Program (ELP) requirements developed through Interviews with ten universities and six businesses.
 - Long-term DMC ELP strategy drafted, centered on the mission of equipping learners for the workplace and fulfilling critical workforce need of Discovery Square businesses.
- Next steps
 - Finalize long-term DMC ELP strategy.
 - Develop DMC ELP activation plan, including diversity tactics, relationships with universities, and an operational plan for learner recruitment, onboarding, monitoring, and exit.

Other notable activity in Discovery Square

- Kraus Anderson moved into new space in the 501 on 1st building.
- Residences at Discovery Square construction continues, opening planned for 2019.
- Urban on First construction continues, opening planned for 2019.
- Fourth Street reconstruction mostly completed in 2018, final work planned for 2019.
- New childcare facility opened on 4th Street at Christ United Methodist Church.

UMR & Recreation Subdistrict

To: DMC Corporation Board of Directors
From: DMC EDA Staff
Date: January 29, 2019



Overview:

- The DMC development plan described the UMR and Recreation subdistrict as a “place that is the recreation and education hub of the downtown. Located south of the downtown adjacent to Discovery Square, the area creates a welcoming and inspirational destination for the community, students and visitors by activating the space with programming for all seasons, ages and abilities. UMR is programmed to reach a broad audience of users and blend spaces and connections between the park, campus and city, leveraging opportunities for collaboration between students, instructors and industry professionals. Amenities provided within the area enhance access by including convenient walking paths, biking trails, mass transit, vehicular drop-offs and parking.”
- Over the past 24 months there have been several steps taken to better understand the needs and interests of potential partnering organizations.
- It is anticipated to be home to the University of MN Rochester, and potentially other community based organizations.

Next Steps:

The DMC EDA, City of Rochester, and University of Minnesota Rochester will begin discussions about future sub-district development. The City and UMR have asked the DMC EDA to facilitate future discussion among potential partners.



January 29, 2019

TO: DMCC Board
From: Patrick Seeb, DMC Director of Economic Development and Placemaking
Aaron Parrish, Deputy City Administrator
RE: Destination Medical Center Program Management Alternative

Policy Considerations

1. Do the City Council and DMCC Board agree with our approach to evolve DMC project management and delivery?
2. Is developing in house capacity operationally and financially preferable to contracting for DMC program and project management?

Overview

In 2015 the City Council and DMCC approved the retention of SRF to provide program management services for the City's DMC effort. As we have had the opportunity to review the best approach to city project delivery for the DMC initiative, we would suggest that an alternative approach featuring in house staff would most effectively advance the DMC priorities at this time. Key factors supporting this recommendation include:

1. Long Term Initiative- The DMC will be a long term initiative that we need to devote time and attention to. Retaining consultants on projects that are short in duration and to supplement peak volumes of work are viable in the near term, but not for long term efforts such as the Destination Medical Center.
2. Cost Effectiveness- To date we have spent significant resources on program management. Our estimate for 2018 is \$700,000. It is anticipated that our in house model will cost significantly less and allow more hours to be allocated to project needs. See the financial summary below for additional information.
3. It is important to note that the proposed positions are not intended to supplant the substantive efforts of existing teammates who spend time ensuring the success of the DMC project.

Proposed Model

The following team is proposed to meet the program management functions previously performed by SRF:

City DMC Team	Notes and Key Areas of Focus
Project Manager: Integrated Transportation and Infrastructure (2)	➤ Serves as the City's representative for delivery of key DMC transit projects including mobility hub, transit station, parking ramp, and park and ride development. Key components of this role includes acting as an



	<p>owners representative during the design phase, FTA process for BRT development, construction phase, managing project financing, and managing consultants retained for project delivery.</p> <ul style="list-style-type: none"> ➤ Serves as the City's representative for the design and construction of DMC infrastructure projects including water, sewer, street reconstruction, and sewer projects. Key components of this role includes acting as an owners representative during the construction phase, managing project financing, and managing consultants retained for project delivery.
Project Manager: Special Initiatives	<ul style="list-style-type: none"> ➤ Focus project development, delivery, and management for transformative projects such as Heart of the City, Discovery Walk, affordable housing, and strategic redevelopment.
Project Manager: WMBE and Legislative Compliance	<ul style="list-style-type: none"> ➤ Take a lead role promoting, developing, and evolving the Women and Minority Business Enterprise program, prevailing wage, and American made steel requirements for public infrastructure projects and private projects receiving DMC support.
Administrative Assistant	<ul style="list-style-type: none"> ➤ Support the work of the project managers and other team working on DMC efforts.

To ensure that the efforts are synergistic and intentionally targeted toward DMC activities the team is recommended to be placed within City Administration. This will ensure that their efforts are effective both cross departmentally and organizationally. Attached is a graphic that illustrates the project management model that will be established to ensure that the DMC and City Team continue to have strong collaboration. In addition, the development of an annual work plan approved by the DMCC and City Council will be integral to the success of this transition.

Financial Summary

Below is a summary of the estimated financial costs to ensure successful project development and delivery for the DMC effort:



City DMC Capacity Building and Alternative Approach to Program Management				
Revenues				
DMC Sales Tax				\$ 582,587.84
Allocate City Water and Sewer Funds in Current DMC CIP				\$ 50,000.00
Allocate administrative costs in current DMC CIP				\$ 100,000.00
TOTAL REVENUES				\$ 732,587.84
Expenditures				
Position	Number	Max Salary	Benefits	Total Cost
Project Manager: ITS and Infrastructure	1.00	\$ 105,000.00	\$ 36,750.00	\$ 141,750.00
Project Manager: ITS and Infrastructure	1.00	\$ 105,000.00	\$ 36,750.00	\$ 141,750.00
Project Manager: WMBE	1.00	\$ 105,000.00	\$ 36,750.00	\$ 141,750.00
Project Manager: Special Projects	1.00	\$ 105,000.00	\$ 36,750.00	\$ 141,750.00
Administrative Assistant II	1.00	\$ 63,398.40	\$ 22,189.44	\$ 85,587.84
	5.00			
Summary of Personnel Costs				\$ 652,587.84
Other Costs				
Professional Development				\$ 8,000.00
Vehicle				\$ 2,000.00
Facility				\$ 10,000.00
Miscellaneous				\$ 30,000.00
IT Expense (file sharing, Upnet, and personal software)				\$ 30,000.00
Total Other Costs				\$ 80,000.00
TOTAL EXPENDITURES				\$ 732,587.84

Total expenditures are not substantially different than our costs under the current program management contract with SRF. With that being said, this project delivery model will provide savings in two other key areas outside of the SRF program management scope:

1. Women and Minority Business Enterprise and Legislative Compliance- A scope of work for legislative compliance is currently developed with SRF for each public infrastructure and private redevelopment project receiving DMC funding. Areas of compliance include prevailing wage, progress toward achieving the projects women and minority owned business goals, and the American made steel requirements in the legislation. These costs are incorporated into each individual project. Below is a list of current contract scopes and future scopes in this area



Project	Construction Amount	Construction Duration	SRF Contract Amount	SRF Hours	Amount for Salaries
Parking Ramp #6	35 million	14 months	\$ 60,662	460	\$ 50,470
Broadway @ Center	110 million	22 months	\$ 46,139	374	\$ 43,020
Alatus	84.7 million	18 months	\$ 71,507	514	\$ 57,960
Urban on First	25.3 million	18 months	\$ 63,257	434	\$ 50,034
Discovery Square	20 million	17 months	\$ 70,421	504	\$ 59,372
6th & 7th Ave Utility Project	5 million	11 months	\$ 53,680	356	\$ 59,759
4th Street SW Reconstruction	5.3 million	5 months	\$ 30,804	165	\$ 25,106
Chateau Theatre	1.1 million	4 months			
Hotel Indigo	14 million	9 months	\$ 47,987	258	\$ 38,334
Wells Fargo Building	9 million	16 months	\$ 69,137	428	\$ 62,840
Hyatt Hotel	31 million	13 months			
Bloom Riverfront	180 million				
North Broadway Reconstruction					
3rd Ave San sewer - siphon 2019-2020	6 million				
3rd Street SW 2019-2020	360,000				
Heart of the City 2019-2021	16.7 million				
Discovery Walk 2021-2023	16.8 million				
St Marys Place Public Realm 2022	3 million				
1st St NW san sewer diversion 2020	750,000				
13th Ave San and storm Sewer 2020	5.5 million				
2nd St SE San Sewer bypass 2020	1.3 million				
			\$ 513,594		\$ 446,895

As you can see we have over **\$446,895** in expenses for approximately two years worth of work. A significant amount of work is forecasted as well so it is anticipated that this will be a sustained need.

2. **Project Management**- In many instances SRF has been retained to provide project management and oversight for various DMC related projects. In 2018, it is projected that approximately **\$150,000** in costs outside of program management were incurred that we would have the ability to deliver with the proposed service model. Examples of these costs include project coordination for the first City loop project, oversight of the Arrive Rochester Implementation (brought in house this fall), grant application development and related items. This does not include any expenses associated with the Integrated Transit Studies which was an additional stand alone scope/project.

Requested DMCC Action

1. Authorize the alternative approach to program management through repurposing existing resources within the DMC CIP conditioned on work plans being approved annually by the DMCC Board and City Council.



Marketing & Communications 2018 Recap

DMC Marketing Plan Objectives 2018:

- Build awareness and support DMC and Discovery Square development by driving qualified investor/developer, entrepreneur and life science leads and engagement
- Demonstrate continued momentum
- Drive traffic to targeted pages on DMC.mn, specifically Investor & Developer and Discovery Square pages

2018 Results:

Advertising Key Highlights

- Total impressions delivered in 2018 via digital/video display, radio and print: 17,895,329
- 188 leads generated through social media platforms
- High click-through-rates of display banner ads from commercial real-estate and medical healthcare target audiences
- Pre-roll video completion rate has performed at or above industry averages throughout all of 2018

Website Analytics

DMC marketing efforts have been successful in driving increased traffic to key pages, including Investor & Developer and Discovery Square pages, with increased time spent on site and number of pages visited.

WEBSITE SESSIONS (VISITS), TIME ON SITE, PAGES VISITED

YTD Sessions	Time on Site	Pages Visits/Session	Invest/Dev. Visits	Disc. Square Visits
89.7K	+36.2%	+14.1%	+170%	+59.4%
				(+Compared to 2017)

GEOGRAPHIC REACH (Google Analytics)

Goal: Drive national traffic to DMC.mn by diversifying and growing audiences beyond Rochester and state of Minnesota

Success Metric: Geographic reach

Description	Target Metric	Current Metric
Geographic reach beyond Rochester	80% beyond Rochester	Q1 = 77% Q2 = 81% Q3 = 81% Q4 = 79%
Geographic reach beyond Minnesota	67% beyond Minnesota	Q1 = 69% Q2 = 72% Q3 = 72% Q4 = 70%

Current geographic reach includes about 75 cities across U.S.

Fluctuations occur depending on content (i.e. local events will spike visits from local traffic) however goal is to consistently be above 67% outside Minnesota

Top cities beyond Rochester in order of visits include: Minneapolis, Chicago, Coffeyville, New York, Houston, Ashburn, St. Paul, Dallas, Washington, San Francisco, Philadelphia, Atlanta, Phoenix, Los Angeles

Top engaged regions include: Colorado, Minnesota, Wisconsin, Illinois, Texas and Florida

Blogs and e-Newsletters (as of 12/31/18)

Blogs Published	Newsletter Sent	Subscribers Reached
81	24	77,649

Open rate is 32.2% over the past twelve months/24 newsletters. (Industry avg. = 21.9%)

Click rate is 6.6% over the past twelve months/24 newsletters. (Industry avg. = 2.2%)

Social Media

In 2018, DMC increased social media posting and presence to communicate progress on projects, events, educational resources and information available on the website with strong increases in followers and engagement over 2017.

Facebook Likes

Twitter Followers

LinkedIn Followers

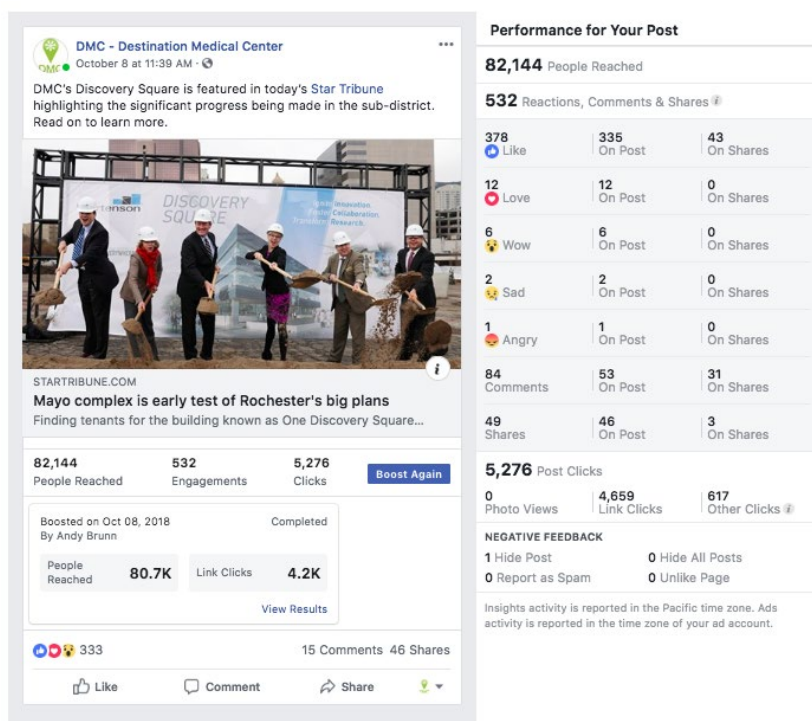
6,866
+5.0%

3743
+6.2%

446
+153.4%

Popular Posts (Boosted): Star Tribune Article on Discovery Square

The post on the Star Tribune's article on Discovery Square was boosted to reach 82,144 people who clicked into the article 5,276 times.



Popular Posts (Organic/ Non-Paid): Ken Burns Documentary on Mayo Clinic

The Ken Burns Documentary post had strong organic reach and engagement. Reaching 10,886 people, 606 reactions and 60 shares.



Earned Media

From January 1, 2018 – December 31, 2018, 2,110 DMC-related stories in the media were tracked.

Year-to-date story highlights include: Bloom Waterfront Project, Discovery Walk, Chateau Theatre, New DMCC Board Members, Integrate Transit Studies, Games on the Grass, Alatus Groundbreaking, Vyriad Rochester Expansion, Ken Burns Mayo Clinic Documentary, DMC Annual Meeting, DMCC Board meetings, DMC market demand studies, DMC Sustainability Series, election

DMC in the Community



Stakeholder and Media Tour of One Discovery Square



DMC Monthly Sustainability Series

TO: Jim Bier, Treasurer
Kathleen Lamb, Attorney

FR: Dale Martinson, Assistant Treasurer

Date: January 29, 2019

RE: December 2018 Budget Summary



The attached financial summary through December 2018 reflects total year-to-date DMCC expenditures of \$2,616,738 of the approved 2018 budget plus carryover encumbrances of \$2,963,974. The remaining amount unspent represents 12% of the available budget.

You will remember at the end of 2017, DMC EDA staff received approval of a budget carryover encumbrance of \$111,868.49 which represented open contracts at year-end 2017. They have used all of this encumbrance in 2018, but I understand they intend to request a new carryover into 2019 for work underway from the 2018 budget program.

The second page of this summary provides a listing of DMCC authorized projects managed by the City of Rochester. A total of \$6.4 million has been spent on these projects in 2018. The largest share of spending was for the construction of the 4th Street project followed by the DMCC Street Use Study and the wrap up of the Broadway @ Center Parking Ramp. Total life-to-date expenditures on these projects was approaching \$32 million.

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

Destination Medical Center Corporation
Financial Budget Summary
December 2018
(Preliminary/Unaudited)

	2018 Approved Approved Budget	Curent Month December 2018	December 2018 Year To Date	Amount Remaining	Percent Remaining
General Administrative Expenses	41,200	2	24,375	16,825	41%
Professional Services	294,500	18,695	172,316	122,184	41%
Insurance and Bonds	20,000	(305)	24,478	(4,478)	-22%
City Support Expenses		-	-	-	
Subtotal DMCC	355,700	18,392	221,169	134,531	38%
Third Party Costs - DMC EDA **					
Payroll, Staff, Administration & Benefits-EDA	724,740	71,585	624,117	100,623	14%
Operating Expenses	30,220	18,280	134,573	(104,353)	-345%
Operational Costs - Contracted	43,880	12,135	41,856	2,024	5%
Economic Development Outreach & Support	760,672	36,025	690,312	70,360	9%
Professional Services	871,894	81,628	747,926	123,968	14%
Miscellaneous Expenses	65,000		44,917	20,083	31%
Subtotal EDA	2,496,406	219,653	2,283,700	212,706	9%
Total DMCC 2018	2,852,106	238,046	2,504,870	347,236	12%
2017 Budget Carryover - Encumbered Funds for EDA Contracts	111,868	-	111,868	0	0%
Totals in 2018 Including Encumbrance	2,963,974	238,046	2,616,738	347,237	12%
** Unaudited Report. Some additional 2018 expenses may yet be recorded/adjusted					
		DMCC	Working Capital Note	1,000	
		EDA	Working Capital Note	50,000	

DMCC Projects
Managed by the City of Rochester
As of December 31, 2018 (unaudited)

Project	YTD Expenditures	Project Budget	Life To Date Expenditures
8611C- - Sn/S12AvSW/NW<2StSW>2StNW	304,938	2,850,000	412,569
8612C- - WZmbrRvrSn/SRlfLin<CookPk>CCDr	8,635	950,000	46,592
8613C- - ChateauTheatrePre-OccupancyM&O	61,586	3,326,802	260,092
8614C- - DMCTransit&InfrastrctrPgrmMgmt	510,855	1,800,000	1,655,016
8617C- - Broadway @ Center Parking Ramp	733,913	10,500,000	10,500,000
8618C- - SharedParkngStudy&PrgmDevlpmnt	334,058	2,061,854	1,607,716
8620C- - City Loop Plan	246,217	1,209,938	967,038
8621C- - Transit Circulator Study	471,347	2,241,532	1,769,356
8623C- - DMCC Street Use Study	790,186	3,117,708	2,885,882
8624C- - ChateauTheatreBldgImprov/Purch	104,021		6,852,549
8625C- - Heart of the City	61,275	948,940	660,212
8626C- - Sn/SUsize1Av&3AvSE<4StS>1StN	346,915	5,000,000	1,788,401
7326 C - Reconst4thStSW<1stAve>6thAveSW	2,250,000		2,250,000
8627C- - Property & ROW Acquisition			
8702C- - RPTSolarPwrBusFleetGrntApp	51,333		51,333
8703C- - FTA TOD Pilot PrgmGrntApplctn	26,058		26,058
8704C- - FTA Low-NoEmissions PrgGrntApl	1,140		1,140
8705C- - TransitCrlctr-FTAGrntBus&Facit	19,258		19,258
8804C- - TH 52 LID Bld GrantApplication	22,145		22,145
8901C- - TH 14/52 InterchangeBldGrntApp	36,331		36,331
8902C- - FestivalAreaStdy&ConceptDesign	14,204		14,204
8903C- - DedctdBikeLns-3rd/4thAve&CtrSt	618		618
Grand Total	6,395,031	34,006,774	31,826,509

* Note: Broadway @ Center Parking Ramp Maximum DMCC Local Share Credit = \$10,500,000