



DMC  
Destination  
Medical Center

Destination Medical Center Corporation  
Board of Directors Meeting

Thursday, February 6, 2020

9:30 A.M.

Mayo Civic Center  
Rochester, Minnesota



DESTINATION MEDICAL CENTER CORPORATION (DMCC)

BOARD MEETING

Thursday, February 6, 2020  
9:30 A.M.

AGENDA

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XV. Meeting Schedule

A. Next Regular Meeting: May 28, 2020 at 9:30 A.M.

B. Next Executive Committee Meeting: March 26, 2020 at 9:30 A. M.

XVI. Adjournment

*Please Note: Immediately following the meeting, a joint meeting is planned with the DMCC, the Rochester City Council, the Olmsted County Board of Commissioners and the Destination Medical Center Economic Development Agency (“EDA”) Board of Directors. The meeting will be convened at 12:00 pm in Suites 102-103 of the Mayo Civic Center. A quorum of the DMCC Board may be present. Members of the public are welcome and encouraged to attend the joint meeting.*

DESTINATION MEDICAL CENTER CORPORATION (DMCC)  
BOARD MEETING

Tuesday, November 12, 2019  
9:30 A.M.

MINUTES

- I. Call to Order. Chair R.T. Rybak called the meeting to order at 9:30 a.m. at Mayo Civic Center Suite 101, located at 30 Civic Center Drive, Rochester, MN 55904.
- II. Roll Call. Chair R.T. Rybak, Mayor Kim Norton, Michael Dougherty, Paul Williams, Jim Campbell, Commissioner Jim Bier and Council Member Nick Campion were present.
- III. Approval of Agenda. Commissioner Bier moved approval of the Agenda. Council Member Campion seconded.  
  
Ayes (7), Nays (0). Motion approved.
- IV. Approval of Minutes: October 18, 2019. Commissioner Bier moved approval of the Minutes. Council Member Campion seconded.  
  
Ayes (7), Nays (0). Motion approved.
- V. Public Comment Period. Carrie Noble O'Keefe from Exhibits Development Group thanked the DMCC and City of Rochester for investing in the Chateau Theatre. The public re-opening of the theatre will be held on November 23, 2019 and will feature exhibits and other ongoing programming.
- VI. Chair's Report. Chair Rybak highlighted several 2019 milestones, including: certifying more than a quarter-billion dollars in private investment, the completion of the downtown Hilton hotel; approval of construction for the first phase of the Heart of the City public realm; advancement of the Discovery Walk design, and many transportation activities.  
  
Chair Rybak also outlined 2020 priorities, including transportation and affordable housing, and asked the Board for input. Council Member Campion suggested that communication between DMC stakeholders will become more important. Lisa Clarke, EDA Executive Director, stated that a joint meeting was being planned of the DMCC and EDA boards, Rochester City Council, and Olmsted County Board of Commissioners. Mayor Norton discussed the City's participation in the Bloomberg-Harvard Leadership Collaborative. Chair Rybak suggested that communication could be a topic of discussion at a future board meeting.
- VII. DMC Metrics. Aaron Parrish, City of Rochester Deputy Administrator, described the targeted workforce and business requirements of the DMC statute. Chair Rybak stated that State goals for southeast Minnesota and the City's goals for DMC could be aligned. Mr. Parrish reported that the City has hired a DMC-funded project manager to coordinate this work, which has allowed the targeted workforce and business strategy to add development, communication, and outreach tactics.

Board members noted the need to balance between benefiting local and targeted businesses and workers, understanding where non-Rochester workers come from, and accounting for the

effect of low unemployment on local businesses. Council Member Campion suggested data breakdowns by geography and general- and sub-contractors.

Mr. Parrish noted the establishment of a local chapter of the National Association of Minority Contractors and outlined 2020 priorities. Council Member Campion suggested that staff consider evaluating how the community can mitigate risks presented to minority business owners and entrepreneurs. Mr. Parrish also described the regional targeted business and workforce standards established by the Minnesota Department of Human Rights and noted that DMC projects must strive to achieve the goals approved by the Rochester City Council. Mr. Williams requested that staff provide a more detailed update and recommendations at the next meeting.

- VIII. Mayo Clinic 2030 Plan. Adam Brase, division chair for Strategic Intelligence in Mayo Clinic's Department of Planning Services, described Mayo Clinic's "Bold Forward" 2030 business strategy. Mayo Clinic's strategy anticipates that the healthcare industry will be significantly affected by a number of factors, including employment and patient needs. Chair Rybak suggested that Mayo Clinic could indicate how this strategy could be supported by the DMCC. Mayor Norton noted that Mayo Clinic's strategy could affect other regional assets, such as Rochester International Airport, and Council Member Campion stated that Mayo Clinic's success is central to Rochester's success. Ms. Clarke indicated that the Mayo Clinic strategy will inform the five-year DMC development plan update.

IX. Project Updates (City of Rochester, DMC EDA).

- A. Heart of the City. Patrick Seeb, EDA Director of Economic Development and Placemaking, provided the Heart of the City update. Mr. Seeb stated that construction bidding documents will be issued in spring 2020 and described DMC's "Business Forward" strategy. Business Forward will prioritize accessibility, safety, communication, activation and programming before, during and after construction in order to minimize disruptions to the businesses adjacent to the redeveloped public spaces.
- B. Discovery Square. Chris Schad, EDA Director of Business Development, stated that Rion, a local start-up, and BioSig, a NASDAQ-listed bio-tech firm, will occupy space in Discovery Square and noted Vyriad's partnership with Regeneron. Mr. Schad also reported that the Collider Foundation, a local non-profit organization formed to encourage entrepreneurship, recently received a \$250,000 grant from the Kauffman Foundation. Mr. Schad described ongoing Discovery Square subdistrict development and planning efforts, including discussions related to Discovery Square Two, parking, Discovery Walk, district energy, and a climate-controlled pedestrian experience.
- C. Transportation. Mr. Seeb presented a recommendation from City and EDA staff to amend the FTA grant entry letter project list. Adding the recommended projects, which include parking at the southeast mobility hub and the Saint Marys Place transit station, also requires adding the project engineering costs to the 2021 capital improvement program. Committing \$2.5 million toward these engineering costs could garner up to \$50 million in federal transportation funds. Mr. Parrish added that the recommendation should have no impact on bid scoring and will provide a more efficient delivery of infrastructure improvements.

Chair Rybak suggested that interim transit solutions could be adopted while the transit circulator is developed and constructed. Mayor Norton asked if DMC transit plans need

to be incorporated into the Rochester-Olmsted Council of Governments Long-Range Transportation Plan. Mr. Parrish stated that the DMC plans could be added to the current plan or the planned update.

Resolution A: Amending Prior Approval of Downtown Circulator Locally Preferred Alternative and Revising Project Development Funding for the Entry Letter into the FTA Small Starts Program.

Commissioner Bier moved to amend the resolution to include demolition and site development costs for the southeast mobility hub as additional project features eligible for FTA reimbursement. Mr. Dougherty seconded the amendment.

Ayes (7), Nays (0). Amendment approved.

Council Member Campion asked if the resolution initiates the process to amend the DMC development district. General Counsel Lamb replied that the resolution does not initiate the process but allows the DMCC Executive Board to do so if needed. Commissioner Bier moved approval of the amended resolution. Council Member Campion seconded.

Ayes (6), Nays (1, Norton). Motion approved.

- D. Affordable Housing. Mr. Seeb reported on the ongoing development of a community housing strategy and efforts to include housing in the mobility hubs. Mr. Seeb also reported that CommonBond, a St. Paul-based affordable housing development firm, intends to submit a DMC funding application to develop affordable housing atop parking ramp six. Mr. Williams reported that he had asked staff to evaluate whether DMC funding could be committed to the Coalition for Rochester Area Housing. General Council Lamb responded that funds may be committed to infrastructure costs associated with approved projects but that it is likely not appropriate to commit DMC funding to a fund that lacks similar specificity.

- X. Development Plan Five Year Update. Mr. Seeb outlined the DMC development plan statutory requirements and described the significant plans DMC, the City, the County, and other partners have completed since the 2015 adoption of the development plan. Mr. Seeb said that the update will be an effort to keep the plan understandable, to demonstrate progress, and to focus on a 2020-2025 implementation strategy.

Resolution B: Providing Final Approval for the Expenditure of Funds from the 2020 CIP Budget for the Five Year Update to the Development Plan.

Commissioner Bier moved approval of Resolution B. Mr. Dougherty seconded.

Ayes (7), Nays (0). Motion approved.

- XI. EDA Update. Ms. Clarke described several proposed development efforts, including the City's Riverfront Reimagined request for statements of interest and joint University of Minnesota Rochester (UMR)-YMCA request for proposals.
- XII. DMCC 2019 Budget: Year-to-Date Update. Commissioner Bier provided a budget update.
- XIII. Meeting Schedule.

- A. Next Regular Meeting: February 6, 2020 at 9:30 A.M.

XIV. Adjournment. Mr. Williams moved to adjourn the meeting. Commissioner Bier seconded.  
Ayes (6), Nays (0). Motion approved.

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**DESTINATION MEDICAL CENTER CORPORATION**

**RESOLUTION NO. \_\_\_\_\_ - 2020**

**Authorizing an Extension to the Agreement Between Destination Medical Center Corporation and CliftonLarsonAllen, LLP, Subject to Successful Negotiation of Terms**

**BACKGROUND RECITALS**

A. The Destination Medical Center Corporation (“DMCC”), together with the Destination Medical Center Economic Development Agency (“EDA”), issued a Request for Proposals for professional auditing services in 2015. The firm of CliftonLarsonAllen LLP (“CLA”) was selected. The DMCC and CLA entered into the CliftonLarsonAllen LLP Professional Services Agreement, dated May 11, 2015 and an additional two-year extension, dated February 23, 2018 (together, the “CLA Agreement”). The EDA entered into a similar engagement with CLA.

B. On behalf of the DMCC, the Assistant Treasurer of the DMCC recommends that the CLA Agreement be extended for an additional year, provided that satisfactory terms can be agreed upon.

**RESOLUTION**

**NOW, THEREFORE, BE IT RESOLVED**, by the Destination Medical Center Corporation, that the Assistant Treasurer and legal counsel are authorized to negotiate terms for a one-year extension of the CLA Agreement, subject to approval by the Chair or Treasurer of the DMCC.

MEMO

To: Jim Bier, DMC Corporation Treasurer

From: Dale Martinson, DMC Corporation Assistant Treasurer

Date: 1/24/2020

RE: Request for 2019 Budget Encumbrance

The DMC EDA, from time to time, uses consultants to complete the work designated in the DMC development plan. This work varies in scope and complexity and, due to its detailed nature, occasionally requires several months to complete.

In November 2019, the DMC EDA contracted with AECOM Technical Services, Inc. to evaluate direct, indirect, and induced investment, development, and employment impacts of the DMC initiative from 2014-present. The scope of work is intended to be complete in early 2020 at a total cost of \$42,000.

In December 2020, AECOM billed the DMC EDA \$25,200 for the completed portion of the scope of work.

The balance of the contract amount, \$16,800, is expected to be invoiced upon completion of the work.

After a discussion with me and DMC Corporation general counsel Kathleen Lamb, the DMC EDA requests that the DMC Corporation Board of Directors allow the \$16,800 remaining balance of the DMC EDA – AECOM contract be carried forward to the 2020 budget in order to complete the work budgeted for and commenced in 2019.

**DESTINATION MEDICAL CENTER CORPORATION****RESOLUTION NO. \_\_\_\_-2020****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, 2020, 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**

February \_\_\_, 2020

The Honorable Eric Pratt  
Chair, Jobs and Economic Growth Finance  
and Policy Committee  
Minnesota State Senate  
3219 Minnesota Senate Building  
95 University Ave W  
St. Paul, MN 55155

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 Julie Rosen  
Chair, Finance Committee  
Minnesota State Senate  
2113 Minnesota Senate Building  
95 University Ave W  
St. Paul, MN 55155

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

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 Patricia Torres Ray  
Local Government Committee  
Minnesota State Senate  
2225 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 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

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

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

The Honorable Matt Flynn  
Chair, Olmsted County  
Board of Commissioners  
151 4th St SE  
Rochester, MN 55904

Re: Destination Medical Center  
February 15, 2020 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, 2019, was a transformative year for the Destination Medical Center (“DMC”) initiative. Together, with our partners, we certified over \$262 million in 2018 private investments, marked the completion of seven new major private and public infrastructure projects, determined our approach to transit and transportation, confirmed our commitment to affordable housing, and adopted a budget for 2020 that reflects our strategic priorities, which include: transportation, common ground, housing, workforce, transformative projects and sustainability.

Specifically, in 2019, we certified a total of \$262,001,626.37, for the year ending December 31, 2018, which includes \$126,492,416.01 in Mayo Clinic investments and \$135,509,210.36 in other private investments. This annual private investment total is nearly

double the 2018 private investment amount, and set single-year records for both Mayo Clinic and non-Mayo-Clinic private investment in the DMC initiative. The cumulative total of Mayo Clinic and other private investments, since 2013, is \$690,664,413.37, a figure that is within one percent of the DMC development plan investment forecast. The City of Rochester has contributed \$46,235,161.24 in certified expenditures from July 1, 2013, through December 31, 2018.

There are currently more than 25 projects either proposed, under construction, or completed, the majority of which are private investments with no DMC-provided public assistance. Approved DMC projects have created construction jobs that generate median wages of more than \$39 per hour, plus benefits. This extraordinary combination of private investment, Mayo Clinic expenditures, City and Olmsted County (the “County”) contributions and state funding is making Destination Medical Center a reality.

In 2019, 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.

One Discovery Square, an 89,000 square foot building designed to support the acceleration and translation of the most promising health-related therapies and technology, is a key component to the continued development of the Discovery Square subdistrict innovation ecosystem. It was completed and opened in 2019. Current or future tenants include the University of Minnesota Rochester, Motion Medical (a joint Mayo Clinic-Boston Scientific business accelerator), Royal Philips, Mayo Clinic, Epic Systems, and Rion.

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 subdistricts, and is also home to the historic Chateau Theatre, a DMC project which was renovated and re-opened in November 2019. A schematic design and design development for the Heart of the City subdistrict is complete and construction will begin in spring 2020.

Transportation: A forward-thinking transportation plan is integral to DMC’s success, and great momentum occurred in 2019. Previously, 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 provided the basis for development of a transportation strategy and implementation plan that supports economic development and the realization of the DMC vision. In 2019, the focus was on the selection of the locally preferred alternative for route and mode of the transit line, with an additional emphasis on creating transit villages. The City, County, the DMCC and the Destination Medical Center Corporation Economic Development Agency (the “EDA”) are collaborating to pursue federal matching funds for this critical transportation infrastructure. Additionally, the City has established bike and car-sharing programs, piloted scooter-sharing, and marketed the services offered by the “Arrive Rochester” transportation management association,

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. Private Investment Leads the Public Investment.

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.

B. 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](http://www.dmc.mn).

C. 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.

D. Website.

The DMCC's website is: [www.dmc.mn](http://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, subdistrict descriptions, market research, and ongoing activities of the EDA. The City's website, [www.rochestermn.gov](http://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](http://www.dmc.mn).

The Act requires that the Development Plan be updated not less than every five years. In 2020, a priority goal will be to review the Development Plan and update it where necessary. The statute also requires that the City approve any updates or modifications to the Development Plan, and the DMCC must hold a public meeting prior to its adoption.

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” subdistrict as described in the Development Plan. In 2015, the DMCC approved the acquisition of the Chateau Theatre by the City for the purchase price amount of \$6,000,000, of which Mayo Clinic contributed \$500,000. The acquisition of this 10,000 square foot, historically-designated landmark is considered key to the planning and enhancement of the Heart of the City subdistrict. In 2018, the DMCC approved funds to secure and protect the building, and to bring it up to code. After construction of the capital improvements, the Chateau re-opened in 2019. The City selected St. Paul-based Exhibits Development Group to manage and program the building for the next 3-5 years.

The Titan Hilton Hotel (formerly known as the “Broadway at Center” project): is located in the “Downtown Waterfront” subdistrict as described in the Development Plan. Approved in 2015, this 371,000 square foot mixed-use project includes a 264-room hotel, restaurants, retail space, a skyway connection, and a five-level public parking ramp with 540 public spaces and 90 private spaces. The restaurants and hotel opened in 2019.

The Berkman Apartments (formerly known as the “Alatus Project”): is located on 2<sup>nd</sup> Street SW in the “Saint Marys” subdistrict as described in the Development Plan. Approved in 2016, this mixed-use project involves the construction of an approximately 350,000 square foot, thirteen-level commercial and residential complex. It will include 350 market-rate rental units, create 235 construction jobs and eight permanent jobs, and is expected to generate \$115 million in private investment. Project completion is targeted for summer 2020.

The Maven on Broadway (formerly known as Urban on First): is located south of 4<sup>th</sup> Street SW between 1<sup>st</sup> Avenue SW and Broadway Avenue, and is in the “Discovery Square” subdistrict as described in the Development Plan. Approved in 2017, this approximately \$38 million mixed use project includes a six-story building with 156 market rate rental units, parking, and street level commercial and retail space for a total of 238,700 square feet. The Maven on Broadway was completed in 2019.



One Discovery Square (formerly known as Discovery Square Phase One): is on First Avenue SW in the “Discovery Square” subdistrict as described in the Development Plan. Approved in 2017, this approximately \$35 million bio-science building will be a center of innovation and is housing companies whose mission is to accelerate bio-science and technology discoveries to market. The four-story, 89,000 square foot building includes 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. One Discovery Square was completed in 2019 and is approximately eighty-five percent rented.

Wells Fargo Renovation (21 1<sup>st</sup> Street SW): This project is a renovation of a 92,000 square foot existing building, located in the “Heart of the City” subdistrict as described in the Development Plan. Approved in 2018, this project is a catalyst for the public realm in the Heart of the City subdistrict and will achieve connections of the street and pedestrian skyway. The renovation is making approximately 23,000 additional square feet of commercial or office space available. The project is expected to create 30 construction jobs and sustain 115 permanent jobs. Construction is underway and is scheduled for completion in 2020.

Hotel Indigo Renovation: The Hotel Indigo project involves the renovation of an existing 172-room Holiday Inn, located in the “Downtown Waterfront” subdistrict as described in the Development Plan. Approved in 2018, the \$42 million redevelopment will include adding 33,000 square feet to the existing 114,500 square feet, and will provide approximately 111 construction jobs and 28 new permanent jobs. Opening of the new hotel is scheduled for 2020.

Hyatt House: The Hyatt House project is located in the “Central Station” subdistrict as described in the Development Plan. Approved in 2018, the \$44 million project includes an eight-story, 172-room extended-stay hotel, and will create approximately 257 construction jobs and 38 permanent jobs. Construction began in mid-2019, with completion expected in 2021.

There are several other projects underway, in the initial stages of planning, or expected to come to fruition in 2020. 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 2020. Projects identified in the CIP are categorized as follows: Infrastructure, Transit, and Economic Development and Public Realm Improvements.

Infrastructure Projects include:

- Sanitary Sewer Replacements and Upgrades
- North Broadway Reconstruction
- Reconstruction of 6<sup>th</sup>/7<sup>th</sup> Avenues NW/SW
- Transit Circulator Prototyping
- District Energy Evaluation and Implementation
- Smart City Implementation: Air Quality Monitoring

Transit Projects include:

- Phase 1 DMC Transit Plan Implementation

- Transportation Management Association (“Arrive Rochester”) Implementation
- Integrated Transit Studies Implementation
- Dedicated Bike Lanes on 3<sup>rd</sup> and 4<sup>th</sup> Avenues and Center Street
- Mobility Hub Site Selection and Circulator Route Development
- St. Marys Station Design
- Transit Villages: Design and Acquisition

Economic Development and Public Realm Improvements include:

- 3<sup>rd</sup> Street SW Reconstruction and Design
- Heart of the City, Peace Plaza and 1<sup>st</sup> Avenue, Alley
- Chateau Theatre Improvements
- Discovery Walk Design and Implementation

The DMC-funded projects above are only a portion of the number and type of public and private development projects in the DMC district. Early strategic DMC investments in public infrastructure and commercial and residential projects successfully established Rochester as a destination for investment and development. Other projects, which are now proceeding without the need for public DMC support, include workforce and market-rate housing, extended stay hotels for patients and companions, renovations to historic properties, world-class medical care and research facilities, co-working space, small business improvements, and more. These efforts have also positioned Rochester as a testing ground for innovative public-private partnerships; for example, downtown Rochester will soon host a year-long automated “EasyMile” vehicle pilot operated by First Student and sponsored by the Minnesota Department of Transportation.

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 and 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. The cumulative total amount of private and Mayo Clinic certified investments to date is \$690,664,413.37.

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 15, 2019, and the revised annual certification of City expenditures, that was submitted to DEED on May 31, 2019 (Exhibit A). DEED conducted its own audit process of the certified expenditures, requested revisions, and then approved the expenditures. The DEED certifications, dated June 25, 2019, are also attached (Exhibit B).

In addition, we offer the following information:

1. Through December 31, 2019, State Infrastructure Aid in the amount of \$22,468,468.36 has been received. No State Transit Aid has been received.
2. Actual costs paid by the City from commencement through December 31, 2019 have totaled \$57,255,483, based on year-end unaudited costs. The funding source was initially City internal borrowing, which is being repaid along with the costs for new projects and initiatives by the City’s 0.25% DMC sales tax. The City

has also issued capital debt for a new parking ramp in the district. 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, 2019, Olmsted County has contributed \$10,500,000.

4. The 2020 combined operating and capital improvements budget for the DMCC totals \$60,333,966, a portion of which (approximately \$20 million) is being paid for with funding other than DMC funds. Of this amount \$3,000,000 will be provided by Olmsted County from its wheelage tax. The remaining amount is to be provided by the City of Rochester from a variety of City funding sources, including its .25% DMC sales tax. In addition, Mayo Clinic has pledged financial and in-kind funding to the EDA in the amount of \$ 1,313,742.

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 2020.

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R.T. Rybak, Chair  
Destination Medical Center Corporation

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Kim Norton, Mayor  
City of Rochester

Enclosures

cc: Legislative Reference Library

**EXHIBIT A**  
**to February 15, 2020 Report**

## **EXHIBIT A**

Revised Annual Certification of Mayo Clinic and Other Private Investment Submitted to  
DEED on May 15, 2019

and

Revised Annual Certification of City Contributions Submitted to DEED on May 31, 2019

## EXHIBIT A

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

May 15, 2019

Steve Grove  
Commissioner  
Minnesota Department of Employment and Economic Development  
1<sup>st</sup> 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 6, 2019

Dear Commissioner Grove:

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, 2019 certification, pursuant to Minnesota Statutes Section 469.47, Subdivision 2. Since our original submission of the Certification of Expenditures dated March 25, 2019, 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, 2018 ("Attachment 1"). The City of Rochester, Minnesota, assisted with the compilation of this report. The amount of expenditures set forth in this report is \$135,509,210.36.

2. Mayo Clinic Certification: The Mayo Clinic certification has not changed since our submission dated March 25, 2019. I enclose correspondence and accompanying materials from Jeffrey W. Bolton, Vice President of Administration at Mayo Clinic, dated March 20, 2019 ("Attachment 2"). Mayo Clinic is certifying expenditures for the period of January 1, 2018 through December 31, 2018 in the amount of \$126,492,416.01.

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

Commissioner Steve Grove  
May 15, 2019  
Page 2

enclosed, setting forth total cumulative expenditures through December 31, 2018, in the amount of \$690,664,413.37 ("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.T. Rybak', written in a cursive style.

R.T. Rybak  
Chair  
Destination Medical Center Corporation

Enclosures

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

## ATTACHMENT 1



# 2018 Tracking Worksheet

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

Year	Completed Projects
2013	\$ 94,425.00
2014	\$ 94,498.00
2015	\$ 83,301.00
2016	\$ 5,020,000.00
2017	\$ 6,165,666.00
2018	\$ 1,731,468.00
<b>TOTAL</b>	<b>\$ 13,189,358.00</b>

2016/2017 Destination Medical Center - Partially Completed Projects Tracking

Project	Address	Total Building Permit Value	2016 Partial Completed Work Claimed	2017 Completed Work Claimed	2018 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		\$ 442,995.79
Flats on 4th (Buckeye)	412 SE 3 Avenue	\$ 13,082,292.00	\$ 8,906,937.40		\$ 4,175,354.60
Total		\$ 41,679,210.32	\$ 32,764,921.33	\$ 4,295,938.60	\$ 4,618,350.39
Dollar Value of building permits finalized in 2016		\$ 1,555,125.00			
Dollar amount submitted for partial work in 2016		\$ 31,209,796.33			

2017/2018 Destination Medical Center - Partially Completed Projects Tracking

Project	Address	Total Building Permit Value	2017 Partial Completed Work Claimed	2018 Completed Work Claimed	Payments AIA Documentation thru 12/31/2018
Broadway @ Center	10 East Center Street	\$ 84,282,463.00	\$ 33,866,963.98	\$ 50,415,499.02	\$ 85,216,473.59
Discovery Square	202 SW 4 Street	\$ 16,009,000.00	\$ 2,965,073.30	\$ 13,043,926.70	\$ 21,476,167.17
Dollar amount submitted for partial work		\$ 100,291,463.00	\$ 36,832,037.28	\$ 63,459,425.72	

# 2018 Tracking Worksheet

## 2018 Destination Medical Center - Partially Completed Projects Tracking

Project	Address	2018	
		Total Building Permit Value	Partial Completed Work Claimed
Ronald McDonald House	850 2nd Street SW	\$ 10,126,000.00	\$ 4,872,363.01
Hotel Indigo (Holiday Inn)	220 South Broadway	\$ 5,500,000.00	\$ 1,156,333.15
Residence @ Dis. Sq.	511 3rd Ave. SW	\$ 19,000,000.00	\$ 9,820,880.09
Urban on First	429 South Broadway	\$ 28,600,000.00	\$ 12,455,954.00
Berkman (Alatus)	217 & 301 14th Ave SW	\$ 98,206,800.00	\$ 25,936,546.00
		\$ 161,432,800.00	\$ 54,242,076.25

**TOTAL \$ 135,509,210.36**

2016 Destination Medial Center - Partially Completed Projects Tracking

2016 Destination Medical Center - Partially Completed Projects Tracking													To Be Claimed					
Project	Address	2016		2017						2017		2018						
		Partial Completed Work Claimed		Permit Number	Value	Completion Date	Permit Number	Value	Completion Date	Total Permits	Balance Claimed	Balance Claimed						
1st Avenue Flats	400 NW 1 Avenue	\$	4,976,744.00	R16-0024MFB	\$	622,000.00			R16-0008MFB	\$	8,097,735.57	6/26/2017	\$	8,719,735.57	\$	3,743,491.57		
	123 SE 6 Avenue	\$	6,347,552.97	R15-0079MFB	\$	794,323.00	3/6/2017		R16-0011MFB	\$	6,105,677.00	8/17/2017	\$	6,900,000.00	\$	552,447.03		
	501 SW 1 Avenue	\$	12,534,186.96	R15-0053MFB	\$	1,555,125.00	9/2/2016		R15-0058MFB	\$	11,422,057.75	1/28/2018	\$	12,977,182.75	\$	442,995.79		
	Flats on 4th (Buckeye)	\$	8,906,937.40	R15-0107MFB	\$	2,400,000.00	12/6/2018		R16-0009MFB	\$	10,682,292.00	2/12/2018	\$	13,082,292.00	\$	4,175,354.60		
TOTAL for 2016		\$	32,764,921.33										\$	41,679,210.32	\$	4,295,938.60	\$	4,618,350.39

2017 Destination Medial Center - Partially Completed Projects Tracking

Project	Address	2017					2018					To Be Claimed	
		Partial Completed Work Claimed	Permit Number	Value	Completion Date	Permit Number	Value	Completion Date	Permit Number	Value	Completion Date	Total Permits	Balance to Claim
Boulevard @ Center	10 East Center Street	\$ 33,866,963.98	R15-0081CB	\$ 1,000,000.00	12/6/2018	R15-0384CB	\$ 45,000,000.00	11/13/2018	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	11/13/2018	R17-0454CB	\$ 1,290,000.00	11/13/2018	R17-0492CB	\$ 12,969,000.00		\$ 16,009,000.00	\$ 13,043,926.70
TOTAL for 2017		\$ 36,832,037.28										\$ 100,291,463.00	\$ 63,459,425.72
Dollar amount finalized in 2017		\$ -											
Dollar amount submitted for partial work in 2017		\$ 36,832,037.28											
TOTAL for 2018		\$ 63,459,425.72											

2018 Destination Medial Center - Partially Completed Projects Tracking

Project	Address	2018					2019					To Be Claimed	
		Partial Completed Work Claimed	Permit Number	Value	Completion Date	Permit Number	Value	Completion Date	Permit Number	Value	Completion Date	Total Permits	Balance to Claim
Ronald McDonald House	850 2nd Street SW	\$ 4,872,363.01	R18-0048CB	\$ 10,126,000.00								\$ 10,126,000.00	\$ 5,253,636.99
Hotel Indigo (Holiday Inn)	220 South Broadway	\$ 1,156,333.15	R18-0294CB	\$ 500,000.00		R18-0389CB	\$ 5,000,000.00					\$ 5,500,000.00	\$ 4,343,666.85
Residence @ Dis. Sq.	511 3rd Ave. SW	\$ 9,820,880.09	R17-0143MFB	\$ 1,750,000.00		R17-0141MFB	\$ 17,250,000.00					\$ 19,000,000.00	\$ 9,179,119.91
Urban on First	429 South Broadway	\$ 12,455,954.00	R18-0003MFB	\$ 220,000.00		R18-0015MFB	\$ 28,380,000.00					\$ 28,600,000.00	\$ 16,144,046.00
Berkman (Alatus)	217 & 301 14th Ave SW	\$ 25,936,546.00	R17-0157MFB	\$ 4,900,000.00		R18-0037MFB	\$ 86,237,507.00			\$ 7,069,293.00		\$ 98,206,800.00	\$ 72,770,254.00
TOTAL for 2018		\$ 54,242,076.25											

PARTIAL PROJECTS  
GRAND TOTAL FOR 2018 \$ 122,319,852.36

**2016 Destination Medial Center - Partially Completed Projects Tracking**

To Be Claimed

Project	Address	2016				2017				2018	
		Partial Completed Work Claimed	Permit Number	Value	Completion Date	Permit Number	Value	Completion Date	Total Permits	Balance Claimed	Balance Claimed
1st Avenue Flats	400 NW 1 Avenue	\$ 4,976,244.00	R16-0024MFB	\$ 622,000.00		R16-0008MFB	\$ 8,097,735.57	6/26/2017	\$ 8,719,735.57	\$ 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	8/17/2017	\$ 6,900,000.00	\$ 552,447.03	
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	1/28/2018	\$ 12,977,182.75		\$ 442,995.79
Flats on 4th (Buckeye)	412 SE 3 Avenue	\$ 8,906,937.40	R15-0107MFB	\$ 2,400,000.00	12/6/2018	R16-0009MFB	\$ 10,682,292.00	2/12/2018	\$ 13,082,292.00		\$ 4,175,354.60
TOTAL for 2016		\$ 32,764,921.33							\$ 41,679,210.32	\$ 4,295,938.60	\$ 4,618,350.39

Dollar amount finalized in 2016 \$ 1,555,125.00  
 Dollar amount submitted for partial work in 2016 \$ 31,209,796.33  
 TOTAL for 2017 \$ 4,295,938.60  
 TOTAL for 2018 \$ 4,618,350.39

**2017 Destination Medial Center - Partially Completed Projects Tracking**

Project	Address	2017				2018				2019	
		Partial Completed Work Claimed	Permit Number	Value	Completion Date	Permit Number	Value	Completion Date	Total Permits	Balance to Claim	Balance to Claim
Broadway @ Center	10 East Center Street	\$ 33,866,963.98	R15-0081CB	\$ 1,000,000.00	12/6/2018	R15-0384CB	\$ 45,000,000.00		\$ 38,282,463.00	\$ 50,415,499.02	
Discovery Square	202 4th Street SW	\$ 2,965,073.30	R17-0384CB	\$ 1,750,000.00	11/13/2018	R17-0492CB	\$ 12,969,000.00	11/13/2018	\$ 16,009,000.00	\$ 13,049,926.70	
TOTAL for 2017		\$ 36,832,037.28							\$ 100,291,463.00	\$ 63,459,425.72	

Dollar amount finalized in 2017 \$ -  
 Dollar amount submitted for partial work in 2017 \$ 36,832,037.28  
 TOTAL for 2018 \$ 63,459,425.72

**2018 Destination Medial Center - Partially Completed Projects Tracking**

Project	Address	2018				2019				2020	
		Partial Completed Work Claimed	Permit Number	Value	Completion Date	Permit Number	Value	Completion Date	Total Permits	Balance to Claim	Balance to Claim
Ronald McDonald House	850 2nd Street SW	\$ 4,872,363.01	R18-0048CB	\$ 10,126,000.00					\$ 10,126,000.00	\$ 5,253,636.99	
Hotel Indigo (Holiday Inn)	220 South Broadway	\$ 1,156,393.15	R18-0294CB	\$ 500,000.00		R18-0389CB	\$ 5,000,000.00		\$ 5,500,000.00	\$ 4,343,666.85	
Residence @ Dis. Sq.	511 3rd Ave. SW	\$ 9,820,880.09	R17-0143MFB	\$ 1,750,000.00		R17-0141MFB	\$ 17,250,000.00		\$ 19,000,000.00	\$ 9,179,119.91	
Urban on First	429 South Broadway	\$ 12,455,954.00	R18-0003MFB	\$ 220,000.00		R18-0015MFB	\$ 28,380,000.00		\$ 28,600,000.00	\$ 16,144,046.00	
Berkman (Alatus)	217 & 301 14th Ave SW	\$ 25,936,546.00	R17-0157MFB	\$ 4,900,000.00		R18-0037MFB	\$ 7,069,293.00		\$ 98,206,800.00	\$ 72,270,254.00	
TOTAL for 2018		\$ 54,242,076.25									

PARTIAL PROJECTS \$ 122,319,852.36  
 GRAND TOTAL FOR 2018



**2017 Building Permits (Entire Year) CLOSED BUILDING PERMITS**  
(Within DMC Boundary does not include Mayo Projects  
(Completed in 2016))

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Permit Number	Address Info	Permit Valuation	Work Description	Owner	Current Permit Status	Current Permit Status Date	Changed as of 1/04/2019
Commercial Bldg	Phased Partial Permit	R15-0281CB	1/6/2017	017996	10 E CENTER ST, ROCHESTER, MN 55904	\$1,006,000	CP-3 package: Footings, Foundation, Waterproofing (Broadway on Center)	Legacy Fund I, LLC 30 1 St SE ROCHESTER, MN 55904	Finished	12/5/2015	Yes
Commercial Bldg	Alteration	R17-0222CB	2/22/2017	070415	400 SW 6 AVE, ROCHESTER, MN 55902	\$27,291	Alterations to add a unit in lower level (Christ United Methodist Church)	CHRIST UNITED METHODIST CHURCH 400 6 AVE SW ROCHESTER, MN 55902	Finished	12/17/2015	Yes
Commercial Bldg	Auto Elev	R17-0264CB	9/2/2017	081068	222 SW 6 AVE, ROCHESTER, MN 55902	\$285,000	Footings and foundations for future vestibule addition (Phase 1). Site retaining walls and alterations to the existing parking lot. (Trinity Lutheran Church) The vestibule construction above grade will be part of Phase 2 which is a future project.	TRINITY EVANGELICAL LUTHERAN CHURCH 222 6 AVE SW ROCHESTER, MN 55902	Finished	12/17/2015	Yes
Commercial Bldg	Alteration	R17-0268CB	12/6/2017	069036	102 SE 2 ST, ROCHESTER, MN 55904	\$5,200,000	Kitchen and bathroom remodels of cabinets and sinks, unit exhaust alterations, new windows in units, corridor painting and flooring, generator replacement, new hot water boilers (Fontaine Towers)	FONTAINE TOWERS II LP 30 1 ST SE STE 600 ROCHESTER, MN 55904	C of O Issued	10/22/2019	Yes
Commercial Bldg	Alteration	R17-0365CB	10/11/2017	017990	9 NW 9 AVE, ROCHESTER, MN 55901	\$250,000	Alterations to create boiler area for disconnection from the Franklin Heating Station. (Kahler Inn & Suites)	KINN 9 3RD AVENUE LLC 20 2 AVE SW ROCHESTER, MN 55902	C of O Issued	02/12/2018	Yes
Commercial Bldg	Phased Partial Permit	R17-0364CB	12/11/2017	050975 089795	202 SW 4 ST, ROCHESTER, MN 55902	\$1,750,000	Phased partial permit for underground combined utilities, deep foundations (columns) and basement construction. (Discovery Square Phase 1)	Mortenson Properties, Inc. 700 Meadow Lane N Minneapolis, MN 55402	Finished	11/13/2015	Yes
Demolition	Residential	R17-0035D	10/25/2017	017718	318 SW 3 AVE, ROCHESTER, MN 55901	\$64,000	demo of house	RESIDENCE AT DISCOVERY SQUARE LLC 3886 CHAPPLIN TRL FARIBAULT, MN 55921	Closed	12/07/2015	Yes
Demolition	Residential	R17-0042D	10/25/2017	017728	304 SW 8 ST, ROCHESTER, MN 55902	\$19,000	demo of house	RESIDENCE AT DISCOVERY SQUARE LLC 3886 CHAPPLIN TRL FARIBAULT, MN 55921	Closed	12/27/2015	Yes
Demolition	Residential	R17-0044D	10/25/2017	017723	609 SW 3 AVE, ROCHESTER, MN 55902	\$69,000	demo of house	RESIDENCE AT DISCOVERY SQUARE LLC 3886 CHAPPLIN TRL FARIBAULT, MN 55921	Closed	12/27/2015	Yes
Demolition	Commercial	R17-0013D	10/17/2017	054926	401 S BROADWAY AVE, ROCHESTER, MN 55904	\$25,000	Demolition of Lattes Club and commercial building for 401-413 South Broadway Avenue	Daly, Janice 620 S Ave SW ROCHESTER, MN 55902	Closed	12/16/2015	Yes
Residential Bldg	Alteration	R17-1156RB	7/26/2017	209172	426 NW 1 ST, ROCHESTER, MN 55902	\$30,000	Kitchen and bathroom remodels, replacement windows, alterations on all 3 levels and basement.	UP Development-Henderson, Ross 1624 Echo Ridge Rd Sw ROCHESTER, MN 55902	Finished	4/10/2016	Yes
Commercial Bldg	Alteration	R17-0364CB	9/20/2017	057422	20 SE 4 ST, ROCHESTER, MN 55904	\$10,000	Interior alteration of first level, (Heath and Cedar)	ROCK AND CELLAR LLC 20 4 ST SE ROCHESTER, MN 55904	C of O Issued	1/12/2018	Yes
Commercial Bldg	Alteration	R17-0319CB	10/16/2017	014310	310 S BROADWAY AVE, ROCHESTER, MN 55904	\$70,000	Interior alterations to create a new ice cream and candy shop. (The Chocolate Twist - Boys & Girls Club - Palms Building)	Boys and Girls Club - Jodi Millerbernd 1095 East Center Street ROCHESTER, MN 55904	C of C Issued	1/9/2018	Yes
Commercial Bldg	Alteration	R17-0325CB	11/06/2017	017897	100 SW 1 AVE, ROCHESTER, MN 55902	\$65,000	Remodel of space of new restaurant. (Zy Tanyah Restaurant - 100 1st Avenue Building - Subway level)	Yang Kathy & Tom 107 Peregrine Dr SE ROCHESTER, MN 55904	C of C Issued	1/15/2018	Yes

\$8,915,866  
\$2,759,000 covered under partial permits  
\$6,156,866

2019 Building Permits (Entire Year)  
**CLOSED BUILDING PERMITS**  
 (Within DMC Boundary, does not include Mayo Projects)  
 (Completed in 2018)

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Owner	Current Permit Status	Current Permit Status	Changed (as of 1/24/2019)
1 Commercial Bldg	Alteration	R16-0197CB	5/31/2016	018454	300 NW 1 AVE, ROCHESTER, MN 55901	\$26,000	Replace accessible entrance on north end of building (Broadstreet Café)	DM41 BROADSTREET LLC 216 1 AVE SW ROCHESTER, MN 55902	Finalized	5/8/2018	Yes
2 Commercial Bldg	Addition	R16-0220CB	10/24/2018	061707	20 SW 2 AVE, ROCHESTER, MN 55902	\$5,000,000	Massive addition for child & boiler serving Kahler Grand & Marriott Hotel (Kahler Grand Hotel)	KAH 20 SW 2 AVE LLC 20 2 AVE SW ROCHESTER, MN 55902	Finalized	9/27/2018	Yes
3 Multi-Family Bldg	Phased Partial Permit	R15-0107MFB	4/23/2016	062439	412 SE 3 AVE, ROCHESTER, MN 55904	\$2,400,000	Partial phase footing and foundation with precast concrete (The Buckeye) 3 Ave & 4 St SE	Nathan Stenzel PO Box 89524 Sioux Falls, SD 57105	Finalized	12/6/2018	Yes
4 Multi-Family Bldg	New	R16-0009MFB	9/20/2016	062439	412 SE 3 AVE, ROCHESTER, MN 55904	\$10,682,292	New 126,925 sq ft 6 story, 52 unit apartment building with underground parking, business tenants on main level (The Buckeye) 3 Ave & 4 St SE	Nathan Stenzel PO Box 89524 Sioux Falls, SD 57105	C of O issued	2/12/2018	Yes

\$16,102,282  
 \$19,082,292 - Cover under partial permits  
 \$5,680,000

2015 Building Permits (Entire Year)  
**CLOSED BUILDING PERMITS**  
 (Within DMC Boundary, does not include Mayo Projects)  
 (Closed in 2018)

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Owner	Current Permit Status	Current Permit Status Date	Changed (as of 1/31/2018)
1 Demolition	Commercial	R14-0043D	1/30/2015	017700	116 SW 8 ST. ROCHESTER, MN 55902	\$33,970	Demolishing the old University Village Inn	UNIVERSITY VILLAGE INN 626 LENSKE AVE PO BOX 263 NEW HAMPTON, IA 50659	Closed	12/13/2018	Yes
2 Demolition	Residential	R15-0003D	2/26/2015	012704	607 SW 2 ST. ROCHESTER, MN 55902	\$12,300	Demolish building, 1945 1-family dwelling	BROOKS EDWARDS 811 FOX POINT LN SW ROCHESTER, MN 55900	Closed	12/13/2018	Yes
3 Sign	Business	R15-0129S	5/21/2015	052802	500 SW 1 AVE. ROCHESTER, MN 55902	\$17,331	Free-standing sign "Southern MN Municipal Power Agency"	SD MN MUNICIPAL POWER AGENCY 500 1 AVE SW ROCHESTER, MN 55902	Closed	12/6/2018	Yes
4 Multi-Family Bldg	New	R15-0093MFB	10/16/2015	017090	601 SW 1 AVE. ROCHESTER, MN 55902	\$11,862,088	New 130,000 sq ft, 5 - story, 84 unit apartment with underground parking, main level future tenant spaces (501 on 1st Apartments)	MR DOWNTOWN LLC PO BOX 263 NEW HAMPTON, IA 50659	C of O Issued	1/25/2018	Yes

\$11,905,359  
 \$11,622,058 Cover under partial permits  
 \$283,301

2014 Building Permits (Entire Year)  
**CLOSED BUILDING PERMITS**  
 (Within DMC Boundary, does not include Mayo Projects)  
 (Completed in 2018)

(Completed in 2018)												
	Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Owner	Current Permit Status	Current Permit Status Date	Changed (as of 1/24/2018)
1	Demolition	Commercial	R14-00010	3/24/2014	017935	8 S BROADWAY, ROCHESTER, MN 55904	\$16,666	Demolition of this building incorporates two addresses (8 and 9 South Broadway)	BROADWAY COMMONS ROCHESTER LLC 7381 AIRPORT VIEW DR SW ROCHESTER, MN 55902	Closed	12/5/2018	Yes
2	Demolition	Commercial	R14-00020	3/14/2014	017937	10 S BROADWAY, ROCHESTER, MN 55904	\$16,666	Demolition of this building (10 South Broadway)	ATTN JAKOBSSON MANAGEMENT CO 10 BROADWAY SOUTH ROCHESTER, MN 55904	Closed	12/5/2018	Yes
2	Demolition	Commercial	R14-00030	3/24/2014	017936	12 S BROADWAY, ROCHESTER, MN 55904	\$16,666	Demolition of this building (12 South Broadway)	AMP PROPERTIES LLC 6617 WYKOTA TRAIL	Closed	12/11/2018	Yes
4	Demolition	Commercial	R14-00070	4/10/2014	025324	615 SW T AVE, ROCHESTER, MN 55902	\$14,500	Demolition of building 615	O'CONNOR RECREATION COMPANY LLC 600 4 ST SW ROCHESTER, MN 55902	Closed	12/11/2018	Yes
5	Demolition	Residential	R14-00240	10/16/2014	017724	507 SW 3 AVE, ROCHESTER, MN 55902	\$20,000	Demolition	MEYER TIMOTHY D 2002 Hwy 14 ROCHESTER, MN 55904	Closed	12/11/2018	Yes

\$94,498



2013 Building Permits (3rd and 4th Quarter - July 1st to December 31st)

**CLOSED BUILDING PERMITS**

(Within DMC Boundary, does not include Mayo Projects)

	Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Owner	Current Permit Status	Current Permit Status Date	Changed (as of 1/24/2016)
1	Commercial Bldg	Alteration	R13-0199CB	7/1/2013	010046	101 N BROADWAY, ROCHESTER, MN 55905	\$31,425	Reroof 4600 sq ft flat roof (International African Mall)	M&S OF ROCHESTER LLC 707 S AVE NW ROCHESTER, MN 55901	Finalized	1/21/2016	Yes
2	Commercial Bldg	Alteration	R13-0223CB	8/15/2013	077384	705 SW 2 ST, ROCHESTER, MN 55902	\$60,000	Convert 3-season porch to family room (Gift of Life Transplant House)	Mayo Clinic 200 1 ST SW ROCHESTER, MN 55905	Finalized	11/25/2016	Yes

\$94,426

**2016 Building Permits (End of Year)**  
**CLOSED BUILDING PERMITS**  
(Water OAC Boundary does not include Mayo Projects)

Job Type Level	Category Level	Permit Number	Permit Issue Date	Within 1 Year Boundary	Parcel Number	Address Info	Permit Valuation	Work Description	Major Project	Owner	Current Permit Status	Closed Permit Date
Commercial Bldg	Project Partial Permit	R15-04525	01/01/17	Yes	000000	100 SW 4 ST ROCHESTER, MN 55902	\$1,500,000	Partial apartment unit through level 2 (Chapman Square Phase 1)	No	Rockwell Properties, LLC 100 Graham Lane N Minneapolis, MN 55442	Project	11/13/17
Commercial Bldg	Project Partial Permit	R15-05125	08/02/16	Yes	010015	400 SW 5 AVE, ROCHESTER, MN 55902	\$37,800	Interior Renovation (St. Paul's United Methodist Church)	No	CHURCH LUTHERAN ST. PAUL'S CHURCH 400 S AVE SW ROCHESTER, MN 55902	Project	12/15/16
Commercial Bldg	Alteration	R15-05870	03/11/16	Yes	014432	326 S BROADWAY AVE ROCHESTER, MN 55904	\$190,000	Adding outdoor space, roller system, changing stairway (Fager Studios)	No	Steven Fager 324 South Broadway Rochester, MN 55904	Project	03/05/17
Commercial Bldg	Alteration	R15-06410	02/12/15	Yes	010774	207 SW 1 AVE, ROCHESTER, MN 55901	\$60,000	Fit up of a white box space for Rochester Home Division office (Blue Business)	No	Rochester Home Division 221 1st Ave SW Rochester, MN 55902	Project	10/02/16
Commercial Bldg	Alteration	R15-01870	10/20/16	Yes	010521	18 SW 1 ST 102 ROCHESTER, MN 55902	\$145,000	Removal of scale 101-102 into a salon (Luna Beauty Bar)	No	Luna Beauty Bar 2481 Hawk Hill Lane SW Rochester, MN 55907	C of D Issued	10/20/16
Commercial Bldg	Alteration	R15-01880	09/28/16	Yes	010586	111 S MCDONNELL AVE ROCHESTER, MN 55904	\$750,000	Removal of two escalators and replace with steel stairs (Shops at University Mall)	No	BCD LLC 301 S 5th St ROCHESTER, MN 55904	Project	09/12/16
Commercial Bldg	Alteration	R15-04308	11/02/16	Yes	010410	400 SW 5 AVE, ROCHESTER, MN 55902	\$69,000	Add equipment to building kitchen and storage to allow for serving kitchen for Day Care - Install new units and room into existing storage room (First United Methodist Church)	No	CHRIST UNITED METHODIST CHURCH 400 S AVE SW ROCHESTER, MN 55902	C of D Issued	05/05/17
Commercial Bldg	Alteration	R15-02000	01/12/16	Yes	010770	85 SW 3 ST ROCHESTER, MN 55902	\$15,000	Alterations to existing space for a bar and rest rooms (Bar Buffalo)	No	Blue Line 1000 1st St NE ROCHESTER, MN 55906	Project	10/05/16
Commercial Bldg	Alteration	R15-05470	01/11/16	Yes	000100	900 SW 2 ST ROCHESTER, MN 55902	\$63,300	Removal of existing laundry equipment building	No	Joe Lockman 1012 S.W. 2nd St Rochester, MN 55901	Project	10/05/16
Commercial Bldg	Alteration	R15-01870	04/02/16	Yes	010770	18 SW 1 ST Suite 1, ROCHESTER, MN 55902	\$75,275	Remove equipment and built-in furniture, rework entry, install plumbing and HVAC (Bitter & Poir LLC - Merchant Exchange Building)	No	John Rachwell 300 S AVE SW ROCHESTER, MN 55902	C of D Issued	11/09/16
Commercial Bldg	Alteration	R15-02508	11/02/16	Yes	000101	400 SW 2 AVE, ROCHESTER, MN 55902	\$475,000	Interior improvement to existing shell space for relocated Kraus-Anderson Rochester (Kraus-Anderson)	No	Kraus-Anderson Construction Co 410 South Broadway Rochester, MN 55901	C of D Issued	11/02/16
Demolition	Commercial	R15-00000	02/10/16	Yes	000000	34 SW 6 ST ROCHESTER, MN 55902	\$10,000	Demolition and removal of building concrete and asphalt	No	WFW Real Estate 1000 1st St NE Rochester, MN 55906	Project	10/10/16
Demolition	Commercial	R15-00000	01/10/16	Yes	000000	40 SW 6 ST ROCHESTER, MN 55902	\$81,000	Demolition and removal of building concrete and asphalt	No	WFW Real Estate 1000 1st St NE Rochester, MN 55906	Project	10/10/16
Demolition	Multi-Family	R15-00000	03/02/16	Yes	010586	8 NW 1 AVE ROCHESTER, MN 55901	\$289,000	Demolition of Structure	No	SPRINT LLC 800 Minnesota Ave PO BOX 363 ROCHESTER, MN 55901	Project	10/10/16
Multi-Family Bldg	Alteration	R15-00000	03/02/16	Yes	000000	100 S BROADWAY AVE APT 18 140, ROCHESTER, MN 55904	\$48,000	Remodel (Hobby for South #400)	No	Ying Mao 100 S BROADWAY AVE S #140 ROCHESTER, MN 55904	C of D Issued	03/10/16
Multi-Family Bldg	Alteration	R15-00000	08/20/16	Yes	000100	207 SW 5 AVE APT 502 ROCHESTER, MN 55902	\$40,000	Remodel two beds and kitchen	No	Moby, LLC 207 S AVE SW ROCHESTER, MN 55901	Project	10/05/16

\$3,021,000  
\$1,205,000  
\$1,816,000

Cover under partial permits

## ATTACHMENT 2



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

March 20, 2019

Steve Grove  
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 Grove:

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, 2018 and ending December 31, 2018. The amount of qualified investment is approximately \$126.5 million. Major projects included the modernization and expansion of Mayo Clinic Hospital, Saint Marys Campus and the fit-out of the Mary Brigh building's third-floor operating rooms.

As in prior years, Mayo Clinic is taking a conservative approach when counting DMC-eligible capital expenditures, and we remain committed to achieving the long-term DMC development and investment goals. Overall, Mayo Clinic expended more than \$274 million on capital projects and equipment in Rochester, Minnesota in 2018. In addition to our commitment to DMC, these investments include continued improvements to our IT infrastructure and electronic health record, the purchase of world-class medical equipment, and more. In total, Mayo Clinic will invest more than \$1 billion in Rochester facilities and equipment between now and 2021.

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

Thank you.

Sincerely,

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

Jeffrey W. Bolton  
Chief Administrative Officer  
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, 2018

Approval Date	Project/Equipment Name	Total Expenditures reported for 2018	Total Spent as of December 31st 2018
02/18/11	Mary Brigh East Expansion	4,100.00	2,065,139.65
11/09/12	Dermatology Remodel	-	9,123,648.24
11/09/12	Sports Medicine Center	-	5,666,939.49
07/03/13	2915 Warehouse Infrastructure	-	693,219.52
07/10/13	Core 200 SMH Operating Room Renovation	-	1,411,411.46
07/10/13	Anatomic Pathology Office Remodel	-	476,041.94
07/10/13	Psychiatry and Psychology Master Plan, Phase 1A - Generose Main	-	1,213,985.91
07/11/13	Development Remodel	-	2,679,274.32
08/01/13	Bed Tower Modernization MB east	1,390,771.52	44,116,778.02
08/01/13	Dornitilla 3 Modernization	10,471.83	7,762,425.78
08/14/13	Remodeling laboratory space on Guggenheim 5.	-	265,065.75
08/29/13	Saint Marys Hospital Chiller Addition	93,892.23	4,631,632.46
09/25/13	Institute Hills Chiller Replacement	-	441,903.16
11/06/13	Radiation Oncology Room "E" Linear Accelerator Replacement	-	188,793.94
12/11/13	DLMP Phlebotomy Remodel	-	1,615,648.60
02/05/14	Mary Brigh Electrical Upgrades (Phase 3)	-	2,002,781.62
02/21/14	SDSC Expansion Construction Only	270,639.13	21,491,384.97
02/26/14	Creation of the consolidated freezer and BAP facility at the 2915 Warehouse	-	4,006,693.46
02/26/14	Remodeling of multiple laboratories on Guggenheim 8	-	774,090.58
03/19/14	Four Operating Rooms Off Core 700	-	3,082,756.73
04/23/14	Remodeling within the Metabolomics Core on Alfred 5	-	616,212.48
20/2014	Thermo TSQ Triple Quadrupole MS (assets 147506 & 145344)	-	596,292.00
04/23/14	Remodeling within Opus 1 to accommodate space for a new CT machine.	-	480,162.90
04/30/14	Employee and Community Health Southeast Clinic	-	4,326,200.60
04/30/14	Cardiac Catheterization Procedure Room 103 Remodel - Saint Marys, Mary Brigh 4	-	412,584.91
06/04/14	Gonda 5, 5th PET/CT Installation & Uptake	-	301,874.69
06/18/14	Executive, Development and International Program Expansion - Mayo East 5	-	1,389,522.23
07/02/14	DOM 3/4 Infrastructure Revisions for Remodeling	-	2,109,759.78
07/23/14	Clinical Genome Sequencing, Lab Expansion	-	296,600.82
08/14/14	Varian Medical Systems (asset 145374)	-	3,334,879.00
08/20/14	CMCT and Prev. Med. Relocation Gonda 18 to Mayo East 17	-	358,383.16
03/04/15	Cancer Center Station Eisenberg 4-3	-	892,147.20
03/18/15	CT Simulator I Replacement Charlton S-259, S-261	-	191,170.81
11/13/14	CT Scanner - 5yr (Asset 162815)	-	687,812.80
04/29/15	Charlton 2 Incremental 3T Body Scanner	-	749,773.48
04/29/15	3T Siemens Skyra MRI (asset 166875, 167065-167082)	-	1,637,261.00
05/13/15	SMC, Mary Brigh Main NH, MR-MCR 1.5T Replacement Scanner	-	448,573.83
05/13/15	GE; 1.5T Optima MR450W (asset 165084, 165346-165359)	-	1,130,292.00
05/13/15	SMC, Mary Brigh Main NH, MR-MCR 1.5T Replacement Scanner	-	595,824.88
05/13/15	DISCOVERY MRI Mary Brigh (assets 169437,171643, 171651, 171661-171672 )	-	1,513,704.55
07/22/15	Renovation Mary Brigh Main, PACU - Phase 4	-	2,059,423.01
05/14/15	SMH Mary Brigh East Corridor Relocation	153,383.33	4,871,106.59
02/25/15	Dr. Lee Diamond Reactor Lab Remodel on Med Sci SL	-	226,408.57
7/23/2014	MR-RO-CN-1-MR/PET installation	-	781,558.09
3rd qtr 2014	GE; DISCOVERY MR750 PET (Assets 149876, 150145-150157, 150668-150670)	-	3,698,538.02
8/20/2014	CT Scanner Replacements (3L, 3Z & 4J) - somatom - CH 2	-	561,057.62
3rd qtr 2014	Somatom Force CT (Asset 157628)	-	1,831,372.00
12/11/2014	Linear Acc Replace Rm "C"	-	185,937.00
08/14/14	VARATHON MEDICAL; TRUE BEAM (Asset 162800)	-	2,895,908.00
08/14/14	SIEMENS; CT EDGE (Asset 163463)	-	856,459.02
08/14/14	SIEMENS; SOMATOM DEFINITION (Asset 164325)	-	862,578.20
10/9/2014	Incremental MRI Body Scanner	-	603,049.87
08/14/14	SIEMENS; SKYRA 3TMRI (Asset 157191, 157322-157339)	-	1,859,239.00
12/12/2013	GO3 Build 2 CT Bays	-	656,293.35
11/13/14	SIEMENS; SOMATOM FORCE CT (Asset 149843)	-	1,750,000.00
05/08/14	PHILIPS; XPER FD20 (Assets 147302, 147339, 147392)	-	1,649,213.30
1/9/2015	Neurology Renovation, Mayo 8	3,256.54	4,989,615.93
8/21/2014	Mayo 8 - Lobby Remodel	-	1,137,290.91
4/28/2015	Vascular OR Core 801 SMH	-	1,059,949.88
5/30/2014	Rad Vascular Imaging Ste 90	-	144,461.29
5/8/2014	SIEMENS MEDICAL; ARTIS ZEE (Asset 146871,146872)	-	985,408.00
2/4/2014	CT MBM Incremental Interventional CT	-	1,268,114.01
8/1/2013	SIEMENS; DEFINITION EDGE CT (Asset 148622, 148623)	-	1,315,697.00
10/15/2014	CH N Neuro Scanner CN I-119C	-	561,796.54
8/14/2014	SIEMENS; PRISMA 3T MRI and Accessories (Asset 157677, 157935-157946)	-	2,241,875.00
	USPS Building Purchase (Asset 156757, 156758)	-	2,185,017.25
12/11/14	Land for Ronald McDonald House (Asset 147588, 147589)	-	1,000,203.16
8/14/2014	GE; DISCOVERY 710 PET Scanner (Asset 148389)	-	2,103,046.58
2/17/2016	Fixed Wing Building	-	533,262.51
5/25/2016	Hematopathology Consolidation, Hilton Building 7th Floor	-	2,018,886.34
6/29/2016	Vacate Ei 7-1/7-2 Dermatology Phototherapy Relocation	-	439,830.58
8/31/2016	Relocation of Respiratory Care Unit	-	1,184,489.68
3/31/2016	Linen Service Depot-3939 Building	-	1,882,309.32
6/30/2016	Media On Demand Replacement Project	-	699,440.19
7/8/2016	Temporal Bone Lab remodel (original \$600K)	-	126,259.12
4/27/2016	Dr. Misra Laboratory, Gugg 6	-	314,232.69
6/8/2016	Lab Remodel Gugg 17 and 18	115,877.42	507,816.33
9/14/2016	Space assignment for Dr. Burns and Dr. Scarisbrick surgery - Guggenheim 6	-	372,474.03



# Permitted Expenditures from July 1, 2013 to December 31, 2018

Approval Date	Project/Equipment Name	Total Expenditures reported for 2018	Total Spent as of December 31st 2018
9/28/2016	Guggenheim 13 Space Remodel	-	286,997.78
6/30/2016	Charlton Desk R Lobby Remodel	19,426.47	397,223.24
11/1/2015	Jacobson Building Operating Rooms	1,417,934.63	23,555,492.80
2/17/2016	Charlton 1 PET/CT (DRX- 1 Replacement) E-3006	-	132,948.22
2/11/2016	GE - Discovery PET/CT 710 (Asset 178322)	-	1,500,726.20
May 2016	Gastroenterology & Hepatology Renovation	-	4,259,346.50
9/29/2016	Stryker Sales Corporation - Alfred 6 Integration (Assets 180598-180603)	-	1,126,322.95
9/29/2016	Philips Fluoroscopy (Assets 181122-181123)	-	1,335,625.38
Aug 2016	7T MRI Scanner	179,678.76	1,916,246.30
2/1/2014	SMH Campus Radiology Consolidation	2,974,035.78	24,110,924.85
11/1/2015	Mary Brigh East Tower Additional Floors	840,912.07	17,320,446.83
11/1/2015	Eisenberg 7-1 and 7-2	1,462,790.33	6,312,270.07
12/1/2015	Pre Post Expansion on Gonda 2 Gonda 2-467	-	266,028.69
11/19/2015	Franklin Heating Station Chiller #4 Replacement	25,131.85	2,286,167.61
11/4/2015	Mary Brigh 4, Room 106 Heart Rhythm Services Remodeling	-	538,995.91
5/5/2016	Siemens - Fluoroscopy 106 (Asset 172294)	-	1,508,299.00
11/4/2015	Mary Brigh 4, Room 111 Heart Rhythm for Equipment Replacement	-	217,834.13
8/11/2016	Siemens - Siemens fluoroscopy room 111 (Asset 179164)	-	801,942.00
11/4/2015	Charlton North MR-MCR NU 3T Replacement Scanner	-	354,930.50
	MAGNETOM Prisma 3T (asset 173601)	-	2,184,842.00
11/4/2015	Charlton North MR-MCR NT 1.5 Replacement Scanner	2,976.12	587,509.18
	SIEMENS; 1.5T OPEN 70CM (assets 169436,171642,171650,171652-171660)	-	1,188,732.00
5/1/2015	Research Biplane Angiography System Replacement	-	78,970.28
5/1/2015	SIEMENS; ARTIS ZEE BIPLANE (asset 165045-165046)	-	1,158,442.00
	41st Street Professional Complex	-	9,831,862.38
May-16	Precision Medicine Initiative	488,054.14	8,095,074.96
2Q16	Motoman (Asset 184543)	1,515,337.00	4,031,557.00
2Q16	Autogen (Assets 175437-175447)	30,216.30	2,023,074.27
2Q16	Hamilton Star (Assets 171685, 172326)	-	440,763.20
2Q16	Hamilton Bios Freezer (Asset 186447)	2,623,525.91	5,127,252.84
2Q16	PerkinElmer Spectrophotometer (Asset 169459)	-	39,920.00
3Q16	Hamilton Robotic Upgrades	-	45,951.00
3Q16	Hamilton Star (Asset 179090)	235,653.10	235,653.10
4Q16	Hamilton Tube Handler - REQ# 2027700	-	34,358.20
1Q17	Hamilton Capper/Decapper Motoman Line (Asset 183593)	77,010.00	77,010.00
2Q17	Hamilton Star EasyBlood Liquid Handler (Assets 181647-181649)	776,489.90	776,489.90
3Q16	Verso M2 - (Asset 179334)	388,646.46	729,256.34
4Q16	Hamilton EasyBlood Units (Assets 176522-176524)	721,818.90	721,818.90
1Q17	Hamilton Bios PMI #3 (PO 20028966)	4,030,363.09	4,030,363.09
1Q18	Hamilton Freezer Bios HL20 (PO 20031301)	2,509,226.94	2,509,226.94
11/1/2015	Mary Brigh East Operating Rooms	(336.00)	727,108.67
8/11/2016	Siemens - Artis Zeeg Card, Thorax (Asset 180570)	-	1,466,062.00
8/11/2016	GE - Discovery IGS 740 (Asset 179172)	-	1,363,946.45
12/1/2015	Gonda 14 Radiographic Room DR Conversion E15-3011 RAD-MCR-GO14-R	4,722.12	110,495.22
12/1/2015	Gonda 14-158 Duo DR Replacement, E15-3014 RAD-MCR-GO14-158	-	154,034.23
12/1/2015	West Pre/Post Remodel, Mary Brigh Main	-	2,022,954.79
8/19/2015	Radiology - Charlton 1, VG6 Replacement E15-3003	-	138,704.91
8/19/2015	GE; DISCOVERY 670 PRO	-	948,408.45
9/21/2016	Cardiovascular Diseases Patient Appointment Coordinator	710.74	200,409.53
12/21/2016	Reproductive Endocrinology and Infertility Relocation	707,244.35	2,493,942.02
12/21/2016	Remodel Mary Brigh 6 to increase Medical ICU capacity	453,973.85	1,917,682.51
12/31/2016	Mayo Building - Substation MA-E-5 Replacement	545,747.80	582,866.28
5/25/2016	Pharmacokinetics Core Relocation	-	469,019.61
6/14/2017	Remodel Baldwin 1 for ISP / Baldwin 1 Entry Vestibule Replacement	3,041,208.27	3,677,863.92
3/15/2017	Mycology/TB Expansion Hilton 8	2,218,729.94	2,628,967.20
3/15/2017	CMIL/NIL Relocation and Expansion, Hilton 7	188,109.64	1,511,215.84
9/6/2017	Human Cellular Therapy N2 Tank Storage Facility	419,210.80	491,016.90
9/6/2017	Conversion of OR 609 from Hybrid OR to Coventional OR	416,176.81	496,613.67
9/6/2017	Gonda 2 Decontamination Space Remodeling	258,916.14	285,315.21
9/30/2017	Eisenberg AHU S-55 Replacement to Support REI Practice Relocation	582,947.47	666,074.58
2/2/2017	41st Street.	679,428.50	4,892,701.70
8/10/2016	Guggenheim 15-02 integration of core facility and laboratory program	57,416.80	368,357.82
3/8/2017	Aging Center Space Remodel, Guggenheim 7	104,454.88	551,139.89
6/22/2016	Stabile 11 Lab construction - Revzin	1,830.64	314,372.07
12/7/2016	Installation of Open MRI System, Opus 1	258,014.65	507,975.26
11/1/2017	Lab renovation ST 11, CRM recruit, Dr. Quinn Peterson	20,931.13	121,165.35
10/5/2016	Saint Marys Campus Complex Intervention Unit	36,743.29	2,198,828.39
1/4/2017	E16-3005 MR MCR-GO3 1.5 MR Scanner #1	52,768.23	1,275,996.14
11/10/2016	Siemens - MAGNETOM Aera (Asset 182886; 182863-182881)	-	1,688,565.00
3/30/2017	RMC S-8 AHU Replacement	441,711.11	598,684.56
12/7/2016	SMOP/Radiology Desk	2,873,309.80	3,197,500.73
5/25/2016	Mary Brigh Main SMC Radiology Hybrid Procedural Suite - MR Suite	379,533.58	1,710,562.47
5/5/2016	Philips - Ingenia 1.5T Omega HP R5 Q1 (Asset 183632; 183885-183897)	-	1,474,847.09
10/1/2018	SMH Bulk Medical Gas Systems Replacement	145,986.28	145,986.28
10/1/2018	Mary Brigh Main West Entrance Upgrades	76,388.82	76,388.82
7/24/2018	Neurology EEG/Epilepsy Remodel - DO 2 & JO 2	168,016.79	168,016.79

# Permitted Expenditures from July 1, 2013 to December 31, 2018

Approval Date	Project/Equipment Name	Total Expenditures reported for 2018	Total Spent as of December 31st 2018
6/13/2018	Original project budget approval on 12/9/15: Gugg 13 Remodel - consolidates activities within BMB and provide additional flex space 6/13/18 - approved additional \$25,000 funding	484,303.51	484,303.51
11/28/2018	Plummer Library Renovations Phase 3&4	109,777.06	109,777.06
8/27/2018	E17-3007 DE-MCR-CT-MBM-I-MP Hybrid Suite Phase 2	222,814.83	222,814.83
5/3/2018	Philips Healthcare	-	-
2/22/2018	Office of Information Security Consolidation	673,227.06	673,227.06
6/30/2018	Brackenridge Education Room Build out	505,522.17	505,522.17
11/6/2018	Budget Increase - USP 800 Hazardous Drug Handling Remodel	499,899.97	499,899.97
7/1/2018	SMC Chilled Water Distribution Loop- Budget Increase	111,297.18	111,297.18
10/1/2018	Joseph Bldg Scope A Centralized Infrastructure	834,338.49	834,338.49
3/1/2018	RMC S-5 Air Handling Unit Replacement	205,284.23	205,284.23
3/14/2018	Tissue Typing Lab Pre-DNA Extraction Contamination Control	346,947.17	346,947.17
5/24/2017	Retrofitting Med Sci 5 large animal facility; DCM Phase I	117,887.01	117,887.01
2/22/2018	Consolidation/Relocation of Revenue Cycle	1,410,983.35	1,410,983.35
6/13/2018	Gonda 15 Conversion of Family Waiting Room to Pre/Post Space	86,031.55	86,031.55
6/27/2018	GU 5-Chakraborty lab construction, remodel west bay of GU 5 (including Bram lab)	31,554.24	31,554.24
3/14/2018	SMC OR 604,608, and 600 Decontamination Room Remodel, MB 1	1,065,165.59	1,065,165.59
3/14/2018	E-18-3009 NM-MCR-CH1-R-PET/CT DRX2	95,726.10	95,726.10
6/13/2018	SC 18-3002 RAD-MCR-MAE4-I-Thoracic Reading Rooms	53,600.24	53,600.24
7/1/2018	Medical Sciences 3 (Dr. A. Pandey and Proteomics Core)	205,876.63	205,876.63
10/1/2018	Pandey Biosafety Hoods-REQ#-R2050798 (PO 20033617)	-	-
10/1/2018	Pandey BIOGNOSYS License-REQ#-R2050806 (PO 20033762)	-	-
10/1/2018	Pandey QPCR-REQ#-R2050879 (PO 20033615)	-	-
10/1/2018	Pandey Fusion Lumos_2018-REQ#-R2050567 (PO 20033606)	-	-
10/1/2018	Pandey Lab Fisher Capital 1-REQ#-R2049967 (PO 20033266)	5,112.60	5,112.60
10/1/2018	Pandey VWR shaker-REQ#-R2050783 (PO 20033611)	-	-
10/1/2018	Pandey Nikon scope-REQ#-R2050789 (PO 20033602)	-	-
6/19/2018	CDI Expansion - Budget Increase	-	-
2/1/2018	Centralized Distribution of Utilities 41st Street	3,319,851.36	3,319,851.36
12/31/2016	Hilton Substation Replacement	1,658,195.91	1,658,195.91
11/15/2017	E17-3006 CT-MCR-GO3-R-3V Scanner	59,816.30	59,816.30
11/15/2017	Siemens Somatom Force (Asset 185457)	1,930,400.00	1,930,400.00
3/15/2017	Psychiatry & Psychology Master Plan Phase II	1,478,395.01	1,478,395.01
3/16/2017	Upgrade of Medium Voltage Switch Center	676,228.05	676,228.05
6/14/2017	Mary Brigh Kitchen Replacement East Tower Ground Level	1,646,009.58	1,646,009.58
3/15/2017	E16-3010 MCR-DT-I-Incremental Downtown CT Scanner #1	1,372,715.08	1,372,715.08
3/15/2017	Siemens; Somatom Force CT (Asset 188881)	2,084,921.00	2,084,921.00
6/14/2017	E16-3009 RAD-MCR-GO14 Radiographic Room DR Conversion	297,421.83	297,421.83
6/14/2017	Patient Lifts for Mary Brigh PCU 5C & 5F	829,680.46	829,680.46
9/6/2017	Mary Brigh Shell Space Fit-Up (NICU & PICU)	260,515.54	260,515.54
3/15/2017	Antibody/Protein Immunology & Clinical Immunoassay Lab Relocation	3,528,670.37	3,528,670.37
11/15/2017	Saint Marys Dialysis Unit	208,166.23	208,166.23
11/15/2017	E17-3005 MR-MCR-MBM-R-MR29 Replacement	774,913.64	774,913.64
11/15/2017	GE; Signa Artist 1.5T (Assets 188037-188049)	990,208.00	990,208.00
11/15/2017	Enhanced Critical Care Expansion	171,586.57	171,586.57
10/26/2016	Relocation of Dr. Rajiv Kumar's Laboratory to GU 6, Drs. J. Grande and V. Lowe, and C-SiG	259,076.46	259,076.46
11/8/2017	Gonda 19 space remodel	266,907.72	266,907.72
12/31/2017	SMC Mary Brigh Surgical Services AHU Replacement	1,315,937.43	1,315,937.43
1Q17	Mary Brigh 3rd Floor OR Rooms Fit Out	6,475,711.52	6,475,711.52
2Q17	Discovery Square	576,743.77	576,743.77
1Q17	SMC Modernization and Growth	52,749,479.02	52,749,479.02

138,462,416.53

452,015,853.42

## ATTACHMENT 3



**Certification of Expenditures  
Destination Medical Center**

For Calendar Year 2018

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

**REVISED AS OF MAY 6, 2019**

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 2018, 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 Entity<sup>1</sup>

\$	126,492,416.01
----	----------------

Total Expenditures Reported This Year for other Private Entities<sup>1,2</sup>

\$	135,509,210.36
----	----------------

TOTAL Expenditures This Year

\$	262,001,626.37
----	----------------

**All Expenditures claimed since June 30, 2013**

Previous Years Expenditures (cumulative)

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

TOTAL Expenditures This Year<sup>3</sup> (from Box 3)

\$	262,001,626.37
----	----------------

All Claimed Expenditures as of 12/31/18 (Box 4 plus Box 5)

\$	690,664,413.37
----	----------------

Qualified Expenditures claimed in 2018 (Box 6 minus \$200,000,000)

\$	490,664,413.37
----	----------------

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

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

\$	13,493,271.36
----	---------------

State Transit Aid Qualified for (Box 7 multiplied by .0075 and then multiplied by .6)

\$	2,207,989.86
----	--------------

By providing my signature below, I am hereby certifying that, to the best of my knowledge, 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:**

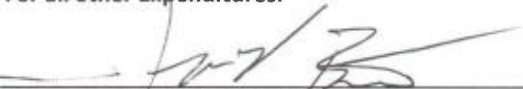


Mayo Clinic Chief Financial Officer

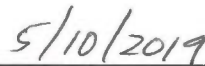


Date

**For all other Expenditures:**



Destination Medical Center Corporation



Date

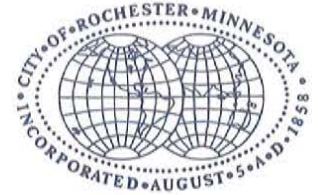
<sup>1</sup> Expenditures need to be after June 30, 2013

<sup>2</sup> Other Private Entities' certification of expenses may be certified retroactively in 2014 after the Destination Medical Center District and Development Plan are adopted.

<sup>3</sup> This figure is based solely upon project building permit costs. Minn. Stat. § 469.47, subd 1(d) permits additional expenditures, and discussion is underway as to how to document such additional expenditures, which may result in adjustments.



Mayor Kim Norton  
201 4th Street SE – Room 281  
Rochester, MN 55904-3782  
Phone: (507) 328-2700 Fax: (507) 328-2727  
FIRST CLASS CITY • FIRST CLASS SERVICE



May 31, 2019

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

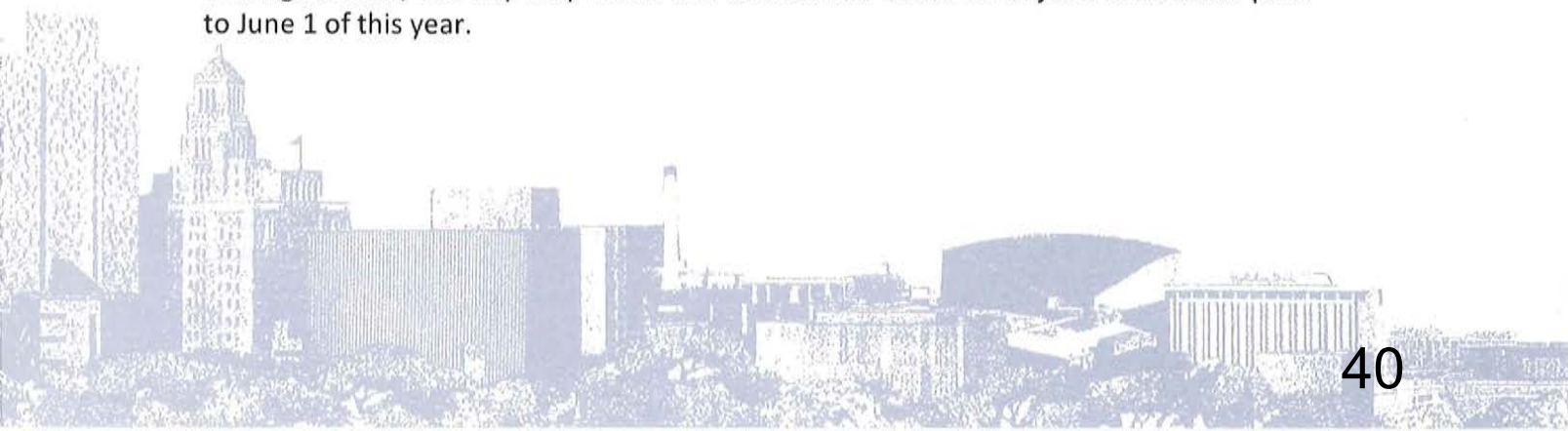
RE: City of Rochester Revised DMC Certificate of Contributions for January 1, 2018  
through December 31, 2018

Dear Commissioner Grove:

The City of Rochester is hereby revising our certification of our local contributions for calendar year 2018 towards the local matching contributions for the Destination Medical Center development. The original certification of 2018 expenses, dated March 21, 2019, was for the amount of \$12,811,796.82. The cumulative previous contributions total \$28,579,124.00, for a combined total of \$41,390,920.82. Since that time, after review with internal and DEED staff, changes were made to the certified total.

For 2018, upon review, we made an adjustment in the total expense claimed for costs attributed to transportation studies that will be part of the amended plan. The cumulative effect of this change is an increase to our certification for 2018. Our new certified 2018 amount is \$17,656,037.24 for a cumulative total of contributions as of 12/31/2018 of \$46,235,161.24.

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.





Mayor Kim Norton  
201 4th Street SE – Room 281  
Rochester, MN 55904-3782  
Phone: (507) 328-2700 Fax: (507) 328-2727  
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DEED  
Page 2  
May 31, 2018

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,

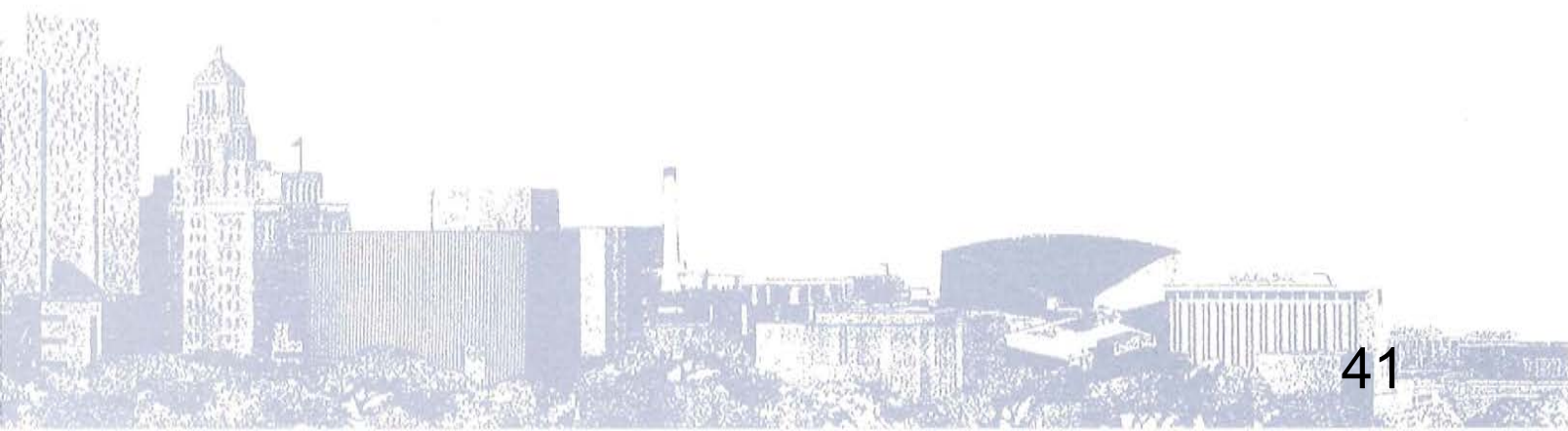
A handwritten signature in black ink, appearing to read "Kim Norton".

Kim Norton, Mayor  
City of Rochester

Steve Grove, Commissioner

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

Aaron Parrish  
Brent Svenby  
Kathleen Lamb  
Dale Martinson  
Amanda Jacob





## Certification of Contributions

### City of Rochester

For Calendar Year 2018

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

**REVISED AS OF MAY 31, 2019**

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 2018, 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 Rochester<sup>1</sup> \$ 17,656,037.24 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) \$ 45,022,894.96 2

##### Cumulative City General Aid Contributions

Cumulative Previous Contributions \$ 28,579,124.00 3

Contributions This Year From Box 1 \$ 17,656,037.24 4

Cumulative Contributions as of 12/31/2018 Add Box 3 and Box 4 \$ 46,235,161.24 5

Cumulative State Aid Qualified for as of 12/31/2018 \$ 117,899,661.16 6

State GSIA expended this year \$ 1,729,020.86 7

#### TRANSIT AID

##### Transit Aid Contributions Reported this Year

Transit Aid Contributions Reported This Year by the City of Rochester<sup>1,2</sup> 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

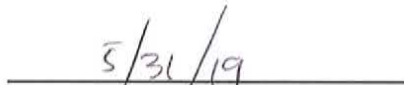
Cumulative Contributions as of 12/31/2017 0 12

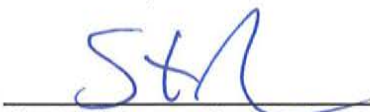
Cumulative State Aid Qualified for as of 12/31/2017 Add Box 12 multiplied by 1.5 0 13

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

<sup>1</sup> Funds expended need to be after June 30, 2013

<sup>2</sup> Transit Aid match may come from the City or Olmsted County

**EXHIBIT B**  
**to February 15, 2020 Report**



**EXHIBIT B**

June 25, 2019

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 2018 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 revised certification listed \$126,492,416.01 in Mayo Clinic expenditures and \$135,509,210.36 in other expenditures. The Mayo Clinic provided DEED with information on all invoices and payments (more than 11,000 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 are being followed properly. Additionally, DEED staff reviewed invoices and payments in your certification. We selected 56 expenditures totaling more than \$7 million. We selected one expenditure from each of the 46 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 11 completed projects for \$13,189,358 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 \$122,319,852.36 in expenditures on six projects that are completed over multiple years. The total revised 2018 Certification of Expenditures was \$135,509,210.36. 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.

As required by law, I have determined that the amount of 2018 Destination Medical Center Expenditures are the \$262,001,626.37 as you certified. DMC cumulative Expenditures are now

**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](http://www.mn.gov/deed)

AN EQUAL OPPORTUNITY EMPLOYER AND SERVICE PROVIDER

\$690,644,413.37. As directed by statute, \$200 million is subtracted from this amount to provide Qualified Expenditures of \$490,644,413.37. Based on this figure and adequate general aid contributions from the city, I have determined the City of Rochester has qualified for \$13,493,271.36 of General State Infrastructure Aid in 2018. 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 "Steve Grove", written over a horizontal line.

Steve Grove  
Commissioner

C: Lisa Clarke, Economic Development Agency Executive Director  
Brent Svenby, City of Rochester

June 25, 2019

The Honorable Kim Norton  
Mayor, City of Rochester  
201 4<sup>th</sup> Street SE – Room 281  
Rochester, MN 55904-3708

Dear Mayor Norton:

Thank you for submitting the 2018 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 2018 Certification listed \$17,656,037.24 in city contributions between July 1, 2013 and December 31, 2018. You provided a detailed listing of more than 1,000 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 43 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 \$45,022,894.96 million of general aid, however Expenditures from Mayo Clinic and others were \$690,664,413.37. This amount of Expenditures reduces the amount of general aid to the city to \$13,493,271.36. Your excess Contributions will be credited towards future years. We will be providing payment of \$13,493,271.36. to you prior to September 1 as mandated by statute.

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

Regards,

  
Steve Grobe  
Commissioner

C: R.T. Rybak, Chair of Destination Medical Center Corporation  
Jeff Bolton, Chief Administrative Officer Mayo Clinic and 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](http://www.mn.gov/deed)

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**EXHIBIT C**  
**to February 15, 2020 Report**

# EXHIBIT C

Post-Sale

**\$21,265,000**

## Rochester, Minnesota General Obligation Tax Increment Revenue Bonds, Series 2017B (Parking Ramp Project)

### DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
02/01/2018	-	-	-	-
08/01/2018	-	-	540,639.84	540,639.84
02/01/2019	550,000.00	5.000%	381,628.13	931,628.13
08/01/2019	-	-	367,878.13	367,878.13
02/01/2020	735,000.00	5.000%	367,878.13	1,102,878.13
08/01/2020	-	-	349,503.13	349,503.13
02/01/2021	775,000.00	5.000%	349,503.13	1,124,503.13
08/01/2021	-	-	330,128.13	330,128.13
02/01/2022	815,000.00	5.000%	330,128.13	1,145,128.13
08/01/2022	-	-	309,753.13	309,753.13
02/01/2023	855,000.00	5.000%	309,753.13	1,164,753.13
08/01/2023	-	-	288,378.13	288,378.13
02/01/2024	895,000.00	5.000%	288,378.13	1,183,378.13
08/01/2024	-	-	266,003.13	266,003.13
02/01/2025	940,000.00	5.000%	266,003.13	1,206,003.13
08/01/2025	-	-	242,503.13	242,503.13
02/01/2026	990,000.00	5.000%	242,503.13	1,232,503.13
08/01/2026	-	-	217,753.13	217,753.13
02/01/2027	1,035,000.00	5.000%	217,753.13	1,252,753.13
08/01/2027	-	-	191,878.13	191,878.13
02/01/2028	1,090,000.00	2.000%	191,878.13	1,281,878.13
08/01/2028	-	-	180,978.13	180,978.13
02/01/2029	1,110,000.00	2.250%	180,978.13	1,290,978.13
08/01/2029	-	-	168,490.63	168,490.63
02/01/2030	1,135,000.00	3.000%	168,490.63	1,303,490.63
08/01/2030	-	-	151,465.63	151,465.63
02/01/2031	1,170,000.00	2.750%	151,465.63	1,321,465.63
08/01/2031	-	-	135,378.13	135,378.13
02/01/2032	1,200,000.00	2.750%	135,378.13	1,335,378.13
08/01/2032	-	-	118,878.13	118,878.13
02/01/2033	1,235,000.00	2.875%	118,878.13	1,353,878.13
08/01/2033	-	-	101,125.00	101,125.00
02/01/2034	1,270,000.00	2.875%	101,125.00	1,371,125.00
08/01/2034	-	-	82,868.75	82,868.75
02/01/2035	1,305,000.00	3.000%	82,868.75	1,387,868.75
08/01/2035	-	-	63,293.75	63,293.75
02/01/2036	1,345,000.00	3.000%	63,293.75	1,408,293.75
08/01/2036	-	-	43,118.75	43,118.75
02/01/2037	1,385,000.00	3.000%	43,118.75	1,428,118.75
08/01/2037	-	-	22,343.75	22,343.75
02/01/2038	1,430,000.00	3.125%	22,343.75	1,452,343.75
Total	\$21,265,000.00	-	\$8,185,705.47	\$29,450,705.47

1), 2) below

### SIGNIFICANT DATES

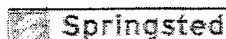
Dated Date.....	11/16/2017
Delivery Date.....	11/16/2017
First Coupon Date.....	8/01/2018

### Yield Statistics

Bond Year Dollars.....	\$254,390.21
Average Life.....	11.963 Years
Average Coupon.....	3.2177754%
Net Interest Cost (NIC).....	2.7176241%
True Interest Cost (TIC).....	2.6417803%
Bond Yield for Arbitrage Purposes.....	2.6130470%
All Inclusive Cost (AIC).....	2.6889724%

IRS Form 8038.....	
Net Interest Cost.....	2.6154299%
Weighted Average Maturity.....	11.612 Years

Series 2017B GO TRF Parks | SINGLE PURPOSE | 10/16/2017 | 12:02 PM



### Footnotes:

- 1) Scheduled payments through 2019 have been completed.
- 2) Of the \$21,265,000 issued for the parking ramp construction through this Series 2017B, \$10 million has been approved by the DMCC board as "local match" dollars.

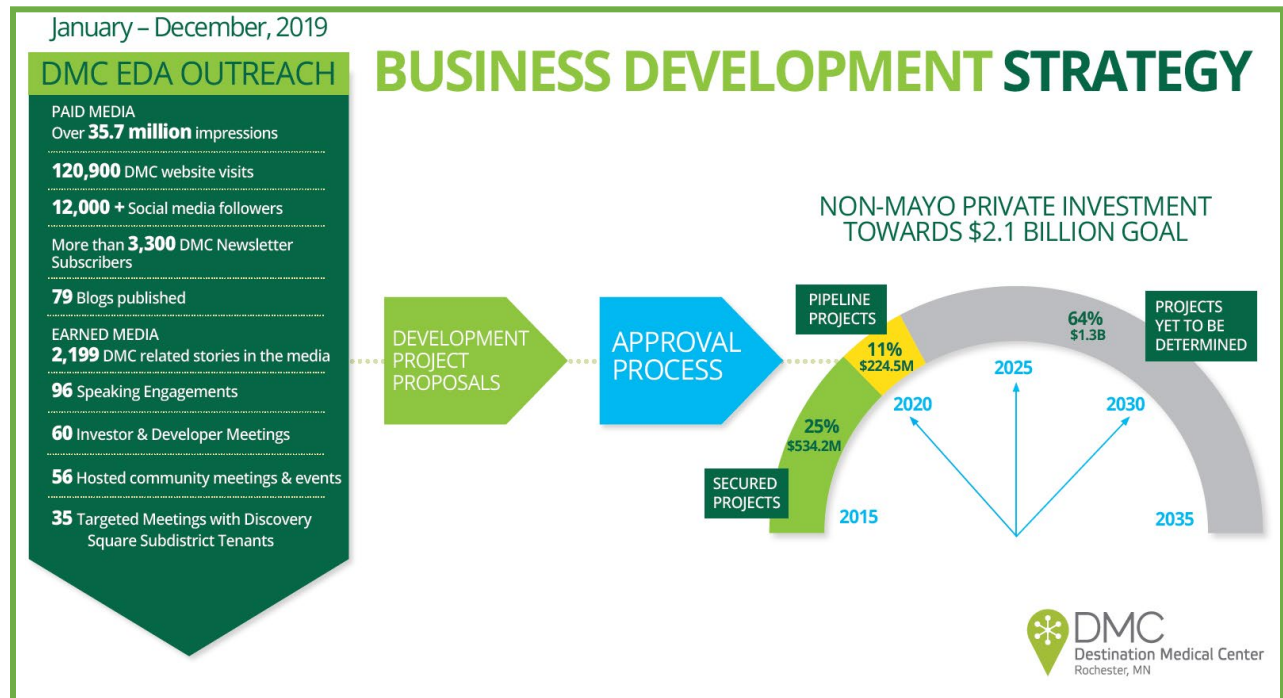
## 2019 Business Development Metrics

To: DMC Corporation Board

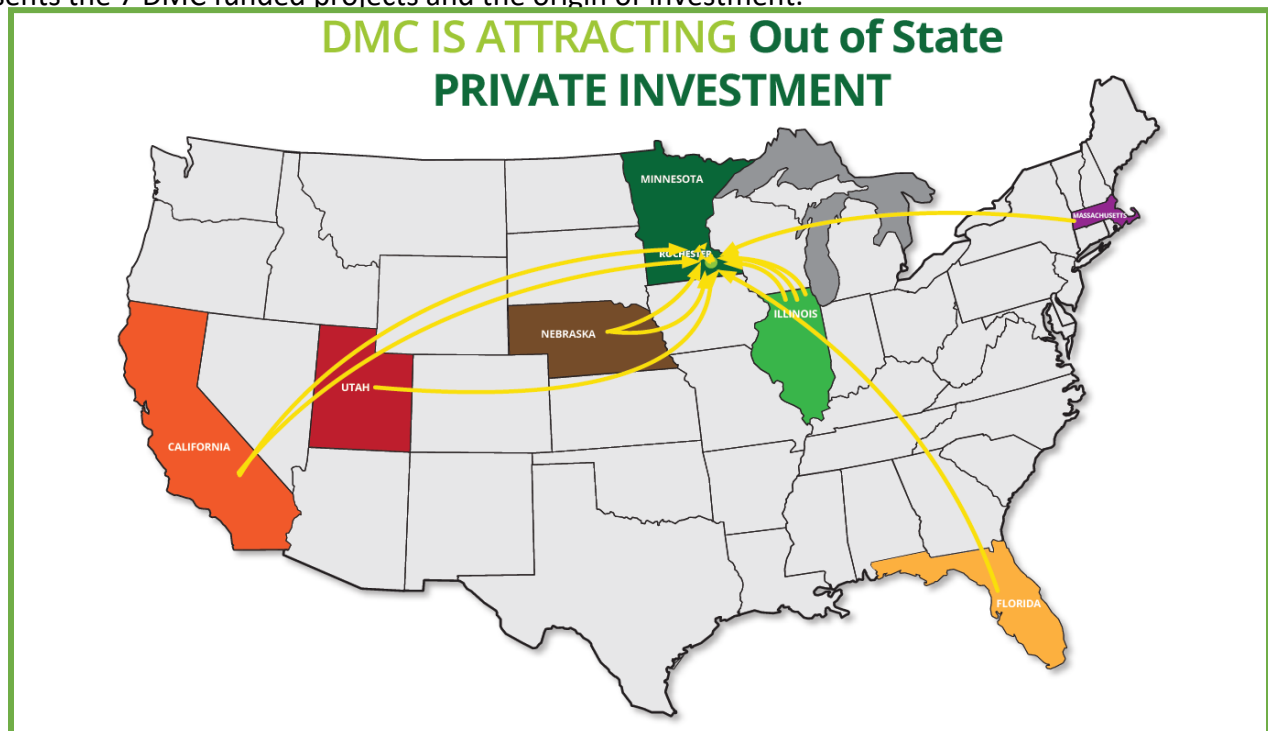
From: DMC EDA Staff

Date: January 31, 2020

**Overview:** The 2019 DMC EDA business development strategy resulted in a 5% increase toward the Non-Mayo private investment goal of \$2.1 Billion.



**Overview:** DMC EDA has begun documenting out of state capital flow into Rochester. The map below represents the 7 DMC funded projects and the origin of investment.





## **Marketing & Communications 2019 Recap**

---

### **DMC Marketing Plan Objectives:**

## Website Analytics

DMC marketing efforts have been successful in driving traffic to key pages, primarily the Discovery Square, Investors & Developers, Maps, What Is DMC and Blog pages, as well as increasing average sessions per day.

**2019 Sessions: 120.9k (+34.7%)    2019 Pages Views: 202.6K (+18.3%)**

### **GEOGRAPHIC REACH (Google Analytics)**

Description	Target Metric	Current Metric
<b>Geographic reach beyond Rochester</b>	75%+ beyond Rochester	Q1 = 81% Q2 = 87% Q3 = 81% Q4 = 79%
<b>Geographic reach beyond Minnesota</b>	66%+ beyond Minnesota	Q1 = 73% Q2 = 76% Q3 = 67% Q4 = 66%

Top cities beyond Rochester in order of visits include Minneapolis, MN, Washington, DC, Chicago, IL, New York, NY, Richmond, VA, Reston, VA, Roanoke, VA, and Saint Paul, MN.

Top states beyond Minnesota in order of sessions include Virginia, Illinois, DC, New York, California, Maryland, Texas, Missouri and Florida.

## Blogs and e-Newsletters (as of 12/31/19)

---

Blogs Published	Newsletter Sent	Total Subscribers Reached
<b>79</b>	<b>24</b>	<b>77,292 (+3.5%)</b> (avg. 3,221 per newsletter)

Open rate is 31.4% over the past twelve months/24 newsletters. (Industry avg. = 21.9%)

Click rate is 6.7% over the past twelve months/24 newsletters. (Industry avg. = 2.2%)

---

## Social Media

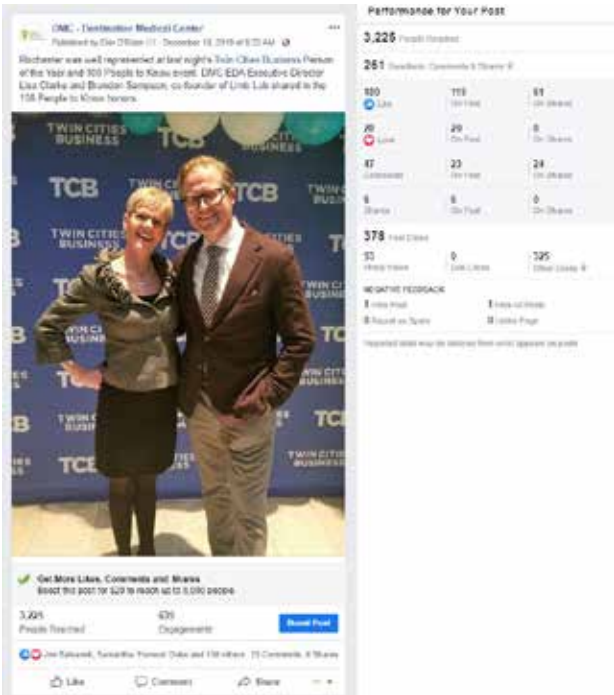
In 2019, DMC increased social media posting and presence to communicate progress on projects, events, educational resources and information available on the website with strong increases in followers and engagement over 2018.

---

Facebook Likes	Twitter Followers	LinkedIn Followers
<b>7,147</b>	<b>4,005</b>	<b>931</b>

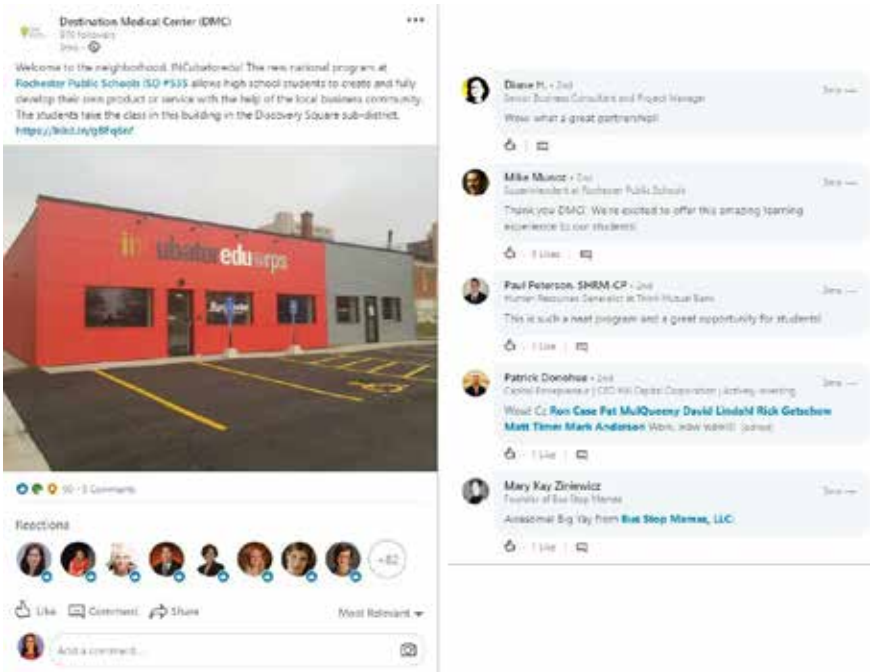
## Popular Posts: Twin Cities Business 100 People to Know Event

A Facebook post recognizing DMC EDA executive director Lisa Clarke and Limb Lab co-founder Brandon Sampson of Rochester at an awards ceremony reached 3,225 people and received 261 reactions, comments and shares.



## Popular Posts: INCubatoredu

A LinkedIn post welcoming Rochester Public Schools' INCubatoredu program to Discovery Square received strong engagement, receiving 2,822 impressions, 90 reactions, and 5 shares.





## **Earned Media**

From January 1 – December 31, 2019, 2,199 DMC-related stories in the media were tracked.

Year-to-date story highlights include: DMCC Board meetings, DMC Annual Meeting, One Discovery Square opening, Hilton Hotel opening, Chateau Theatre opening, DMC Investment numbers, Google, Vyriad, BioSig, Heart of the City, Discovery Walk

## **DMC in the Community**





## WMBE Metrics

To: DMC Corporation Board

From: DMC EDA Staff

Date: January 31, 2020



**Overview:** The following outlines progress to date as it relates to the Destination Medical Center's Targeted Business and Workforce participation efforts and prevailing wage compliance. The tables below show that DMC is exceeding our current targets. Based on these performance levels, the DMC EDA Board has requested that DMC EDA staff and City staff bring forward a recommendation for updated goals with a supportive workplan.

### Targeted Business (WMBE) and Workforce Participation Goals and Results

<u>Targeted Business</u>	Current City of Rochester DMC Goal	Results (2017-November 2019)	MnDOT DBE Goal for SE Minnesota
Construction	4%	7%	12.23 % Federal Highway Administration (FHWA) Goal
			9.12 % Federal Transit Aid (FTA) Goal
Professional Services & Construction Administration	4%	5.15%	N/A

<u>Workforce Participation</u>	Current City of Rochester DMC Goal	Results (2017-November 2019)	MN Dept of Human Rights Workforce Participation Goals for SE Minnesota
Construction Minorities	4%	14.6%	15%
Construction Women	6%	3.7%	9%
Professional Services & Construction Administration Minority	4%	6.4%	15%
Professional Services & Construction Administration Women	6%	32.8%	9%



## DMC SUMMARY TB REPORTING CONSTRUCTION

Contract Goal as Good Faith Effort -

4.00%

### Public/Private Projects in UPNet

TYPE OF PROJECT	PROJECT NAME	PROJECT COST	ON CONTRACT TB*	ON CONTRACT TB %	TB Paid To Date*
Construction	Broadway at Center Hotel	\$ 90,000,000	\$ 3,649,726	4.1%	
Construction	Parking Ramp #6 - J2582	\$ 32,195,102	\$ 2,221,593	6.9%	\$ 1,919,048
Construction	Alatus Housing - 2nd Street	\$ 98,272,413	\$ 8,617,577	8.8%	\$ 3,808,082
Construction	Urban on 1st	\$ 32,496,456	\$ 2,302,935	7.1%	\$ 2,155,506
Construction	Discovery Square - Mortenson	\$ 20,000,000	\$ 3,400,000	17%	\$ 3,425,307
Construction	4th St SW Recon - J7326	\$ 5,036,669	\$ 219,021	4.3%	\$ 193,533
Renovation	21 1st Street SW - Wells Fargo Building	\$ 6,066,035	\$ 621,801	10.25%	\$ 349,904
Construction	Hotel Indigo	\$ 13,084,745	\$ 938,450	7.2%	\$ 838,957
Contstruction	Civic on First/Hyatt House	\$ 32,190,475	\$ 780,921	2.4%	\$ 74,434
<b>TOTALS</b>	<b>PROJECTS TOTALS</b>	<b>\$ 329,341,895</b>	<b>\$ 22,752,024</b>	<b>6.9%</b>	<b>\$ 12,690,337</b>

\*60% Credit for Qualified Suppliers

\*\*Estimated/Currently negotiating and soliciting subs

### City of Rochester Projects Not in UPNet

Renovation	Chateau Theatre	\$ 1,092,100	\$ 66,322	6%	\$ 66,677.14
Infrastructure	M16-21 Siphon	\$ 6,490,775	\$ 230,720	3.6%	\$ 79,086.20
Infrastructure	J7319 6th & 7th Avenue	\$ 6,666,666	\$ 441,334	6.6%	\$ 124,693.20
<b>TOTALS</b>	<b>PROJECT TOTALS</b>	<b>\$ 14,249,541</b>	<b>\$ 738,376.54</b>	<b>5.1%</b>	<b>\$ 145,763.34</b>
<b>TOTALS</b>	<b>PROJECT TOTALS</b>	<b>\$ 343,591,436</b>	<b>\$ 23,490,400.45</b>	<b>7.0%</b>	<b>\$ 12,836,099.91</b>

## DMC SUMMARY WORK FORCE REPORTING CONSTRUCTION

### Contract Goal as Good Faith Effort

Women	6.00%
Minorities	4.00%

### Public/Private Projects in UPNet

TYPE OF PROJECT	PROJECT NAME	TOTAL HOURS TO DATE	% ACHIEVED TO DATE
Construction	Broadway at Center Hotel		
	WOMEN		
	MINORITY		
Construction	Parking Ramp #6 - J2582	160,798	
	WOMEN	4,062	2.5%
	MINORITY	12,139	7.5%
Construction	Alatus Housing - 2nd Street	420,133	
	WOMEN	15,440	3.7%
	MINORITY	70,461	16.8%
Construction	Urban on 1st	118,399	
	WOMEN	2,545	2.1%
	MINORITY	16,924	14.3%
Construction	Discovery Square - Mortenson	94,806	
	WOMEN	7,461	7.9%
	MINORITY	17,472	18.4%
Construction	4th St SW Recon - J7326	18,049	
	WOMEN	537	3.0%
	MINORITY	478	2.6%
Renovation	21 1st Street SW Wells Fargo Building	20,599	
	WOMEN	907	4.4%
	MINORITY	2,372	11.5%
Construction	Hotel Indigo	58,909	
	WOMEN	2,478	4.2%
	MINORITY	9,466	16.1%
Construction	Civic on First/Hyatt House	15,982	
	WOMEN	882	5.5%
	MINORITY	816	5.1%
PROJECT TOTALS		891,694	
WOMEN TOTALS		33,429	3.7%
MINORITY TOTALS		129,312	14.5%

### City of Rochester Projects Not in UPNet

Renovation	Chateau Theatre	5,481	
	WOMEN	282.5	5.2%
	MINORITY	1217.5	22.2%
Infrastructure	M16-21 Siphon	15,988	
	WOMEN	371	2.3%
	MINORITY	3,146	19.7%
Infrastructure	J7319 6th & 7th Avenue	4,953	
	WOMEN	0	0.0%
	MINORITY	142	2.9%
PROJECT TOTALS		26,423	
WOMEN TOTALS		654	2.5%
MINORITY TOTALS		4,505	17.1%

ALL PROJECT TOTALS	918,116	
WOMEN TOTALS	34,082	3.7%
MINORITY TOTALS	133,817	14.6%

## DMC SUMMARY WAGE COMPLIANCE CONSTRUCTION

### Public/Private Projects in UPNet

TYPE OF PROJECT	PROJECT NAME	Weekly Payroll Reports Received	Wage Interviews Completed
Construction	Broadway at Center Hotel		14
Construction	Parking Ramp #6 - J2582	1125	73
Construction	ALATUS Housing - 2nd Street	1005	162
Construction	Urban on 1st	768	92
Construction	Discovery Square - Mortenson	901	47
Construction	4th St SW Recon - J7326	170	19
Construction	21 1st Street SW Wells Fargo	281	66
Construction	Hotel Indigo	472	67
Construction	Civic on First/Hyatt House	68	39
<b>TOTALS</b>	<b>PROJECT TOTALS</b>	<b>4,722</b>	<b>540</b>

### City of Rochester Projects Not in UPNet

Renovation	Chateau Theatre	64	4
Infrastructure	M16-21 Siphon	121	35
Infrastructure	J7319 6th & 7th Avenue	54	24
<b>TOTALS</b>	<b>PROJECT TOTALS</b>	<b>239</b>	<b>63</b>
<b>TOTALS</b>	<b>PROJECT TOTALS</b>	<b>4,961</b>	<b>603</b>

## DMC SUMMARY BUY AMERICA CONSTRUCTION

### Public/Private Projects in UPNet

TYPE OF PROJECT	PROJECT NAME	Buy America Certs Received
Construction	Broadway at Center Hotel	0
Construction	Parking Ramp #6 - J2582	120
Construction	ALATUS Housing - 2nd Street	80
Construction	Urban on 1st	8
Construction	Discovery Square - Mortenson	31
Construction	4th St SW Recon - J7326	0
Construction	21 1st Street SW Wells Fargo	1
Construction	Hotel Indigo	0
Construction	Civic on First/Hyatt House	20
<b>TOTALS</b>	<b>PROJECT TOTALS</b>	<b>240</b>

### City of Rochester Projects Not in UPNet

Construction	Chateau Theatre	None
Construction	M16-21 Siphon	6
Construction	J7319 6th & 7th Street	Begins July 22, 2019

## Heart of the City: Peace Plaza and Chateau Theatre

To: DMC Corporation Board  
From: DMC EDA Staff  
Date: January 31, 2020



### I. Peace Plaza: Update & Next Steps

#### 2020 Construction

Bid packages were prepared and put out to market in December 2019. Bid openings were Tuesday, January 21 and Friday, January 24, 2020. Staff are now reviewing all construction bids.

#### Business Forward Construction

DMC EDA is leading the development of a “Business Forward” construction approach, designed to minimize negative impact on nearby businesses through improved construction communications, scheduling, and pace. This plan is being developed in collaboration with Heart of the City businesses and community partners. The DMC EDA team is working to quantify the Business Forward strategy expenses, knowing that a deliberate strategy, such as this, could likely result in increased expenses.

Key elements of the plan:

**Accessibility and Safety:** Construction activities are being designed to maximize public access to all businesses during the construction period while ensuring public safety. This includes high quality signage, above-standard temporary walkways, enhanced lighting, and well thought out construction scheduling.

**Communications:** A set of communication practices are being established that ensure close contact between the construction team and neighboring properties. This includes an email platform, website, and regular face to face meetings.

**Activation and Programming:** Beyond minimizing the negative impact of construction, we are developing programming ideas that may in fact attract people to the area. Such ideas include construction zone tours and education, kids activities, and special events during project milestones.

### II. Chateau Theatre

Chateau Theatre is managed by Twin Cities-based Exhibits Development Group (EDG). EDG launched its first exhibit in November 2019, THE MAGICAL HISTORY TOUR | A BEATLES MEMORABILIA EXHIBITION.

In January, DMC sponsored “Chateau on Us” community days. These events offered DMC an opportunity to engage with and market to approximately 3,000 Chateau Theatre visitors and encourage downtown visitation and experiences to achieve DMC work- and development-plan goals.

EDG will be providing quarterly economic impact updates and is developing relationships with many community, cultural, health, and education partners to sustain this early momentum and establish programming and events.

## Transportation

To: DMC Corporation Board  
From: DMC EDA Staff  
Date: January 31, 2020



### Update & Next Steps:

#### I. Mobility Hubs and Transit Circulator

The DMC Corp. board and Rochester City Council approved the Locally Preferred Alternative (LPA) for the transit circulator. This includes a route connecting a future transit village at Cascade Lake to a future transit village at Olmsted County-owned property on U.S. Highway 14 via Second Street SW and South Broadway.

Staff has begun the engineering and environmental analyses and formalizing agreements between respective property owners and the City with the intent to submit a Federal Transit Administration grant application by September 4, 2020.

In addition to the proposed mobility hubs DMC EDA and the City of Rochester have been identifying additional sites for park and ride concepts. Options will be presented at upcoming DMC meetings.

Critical next steps requiring substantial DMC staff and financial resources:

- Master site plan for West Mobility Hub, with agreement by Mayo, City, and DMC
- Master site plan for East Mobility Hub, with agreement by County, City, and DMC
- Engineering and environmental analysis of Circulator Route
- Operating and Use agreement between Mayo and City for Circulator
- FTA grant submittal, September 4, 2020

#### II. Micro-Mobility Update

The DMC Integrated Transit Studies recommended creating a transportation system that encourages reducing the reliance on single-occupied vehicles from 70% of downtown traffic to less than 50% of downtown traffic by 2035. Over the course of 2019, the City, County, DMC EDA and others collaborated to offer alternative commuting programs in order to provide commuters with other options. Below is a summary of these programs, initial success and next steps.

- Carshare Program – Hourcar
  - December 2019: City of Rochester contracts with Minneapolis-based non-profit Hourcar to provide rented vehicles
  - Hourcar has located several vehicles throughout downtown Rochester
  - Low-income rate offered by Hourcar



- Bike-Share Program
  - 2018: City of Rochester secures 200 bicycles
  - 2019: Mayo Clinic, Olmsted County Public Health, Rochester Public Library, We Bike Rochester, Rochester Parks and Recreation, Experience Rochester and DMC EDA use the bikes to establish a bike share program
  - From May-November 2019, 1,200+ trips were taken on 40 bikes
- Lime Scooter Pilot
  - August-November 2019: City of Rochester and Lime operated a pilot program to gauge interest and viability of a scooter program.
  - Results: 50,000+ trips by 13,000 riders totaling 63,000+ miles.
  - Low-income rate offered by Lime
- Autonomous Vehicle Pilot

In partnership with Minnesota Department of Transportation and First Transit, the City of Rochester, Mayo Clinic and DMC EDA are working to pilot an autonomous vehicle in downtown Rochester in 2020. The Rochester Automated Shuttle Pilot proposes the operation of a low speed, highly automated shuttle in the urban environment of downtown Rochester.

The goal of this project is to:

- Safely operate the automated shuttle for 12-months to gather lessons learned for Automated Vehicle (AV) operations in all weather conditions
- Promote and educate the public on the benefits of AV technologies
- Provide an innovative and enhanced transit service to the citizens of Rochester

The proposed vehicle is the EZ10 provided by EasyMile and operated by First Transit; a highly automated (level 4), 12 passenger, low-speed shuttle (12-15mph). This vehicle has no steering wheel or pedals but is monitored by an attendant ready to take over control if necessary. The pilot is slated to start in spring 2020 and run a downtown loop between Center Street and 6<sup>th</sup> Street SW.

### III. Parking and Transportation Management Association (TMA)

A Transit Management Association (TMA) was established in 2018 to develop and support programming to assist in the mode shift goals identified in the ITS report. In April 2019, this initiative, now branded Arrive Rochester, ran a campaign focused on encouraging people to carpool and recruit new members. Usership almost doubled over the course of the campaign. In May 2019, a biking-focused campaign was held. Other campaigns promoting a variety of mobility types were held throughout the rest of 2019.

Currently, the DMC and City are contracting with UrbanTrans, a Portland-based company, to provide management and program development services. This contract will continue through the end of the 1<sup>st</sup> quarter 2020, after which a long term program management structure will be established.

- IV. City Loop: Bids for expected 2019 City Loop projects came in 64% over budget/ A request for bids will be re-issued.

- V. Street Typology: The final portion of the Second Street SW reconstruction (11<sup>th</sup>-16<sup>th</sup> Ave.) is being designed, with construction slated for 2021-22. The design concepts may be tested during a demonstration project in the summer of 2020.

### DISCOVERY SQUARE TWO

Discovery Square Two will be a LEED-certified medical office/lab building with outdoor space, connectivity to One Discovery Square, tenant/public programming, and potential 5G connectivity.

#### **Size**

- 5 Stories: 123,654 g.s.f. (117,000 rentable s.f.)
  - Floor 1: Office Space, Lobby and link to One Discovery Square
  - Floors 2-5: Office and Lab Space

#### **NNN Rental rates**

- Rochester Class A office space averages \$22 s.f.
- Lab space averages \$28/s.f.
- DS2 Pro forma assumed a tenant mix that generates \$24/s.f.

#### **Return on cost**

- Average medical office building capitalization rate in greater Twin Cities area: 7.0%
- Expected capitalization rate for DS2: 7.5%
- Developer expects equity investors will require 7.5% return due to lack of a signed, credit-worthy tenant

#### **Costs**

- Total development cost: \$44,786,278
- Land: \$158,550
- Hard costs: \$31,482,479
  - Design-Build: \$27,850,479 (Includes Site Preparation, Design Fees, Core & Shell)
  - Amenity Space + Link to One Discovery Square: \$2,352,000
  - Additional Design & Escalation: \$1,100,00
  - LEED Certification: \$180,000
- Development costs: \$9,587,478
- Financing costs: \$1,426,464
- Development fee: \$1,682,611
- Contingency: \$448,696

#### **Developer-proposed financing structure**

- Debt: 55%, \$24,632,453
- Cash Equity: 26.5%, \$11,863,710
- Financing Gap: 18.5%, \$8,290,115

#### **Taxes and jobs**

- DS2 could support up to 531 permanent jobs
- Local property tax revenue increase from \$23,758 (2016 assessment year) to \$953,907

#### **Tenants**

- Great potential tenant interest, but absent a building approval it is difficult to “sign on the line”
- Mortenson does not yet have an anchor tenant

**Joint Funding Application Review**

- DMC application has been submitted and evaluation team and experts now in review phase
- Adding a sensitivity analysis and a construction cost review

**Project Expectations:**

- No parking on site
- Integrated design with One Discovery Square
- Street level relationship with Discovery Walk
- Meets sustainable building policy
- Mix of traditional office space and wet lab capabilities

**Support to be Provided:**

- TBD parking solution that meets Mortenson's needs and the City's parking strategy
- Assist with tenant recruitment
- Gap Financing TBD

# DMC Development Plan Five-Year Update

To: DMC Corporation Board

From: DMC EDA Staff

Date: January 31, 2020

## Update and Next Steps

The DMC EDA has conducted a review of the DMC Development Plan and subsequent and complementary plans and interviewed key economic development stakeholders to develop a proposed scope, budget and timeline for the update.

### TIMELINE

- July-August 2019: Review of planning documents
- July 25-26 2019: Group interviews with economic development stakeholders (City, County, RAEDI, Mayo Clinic, Downtown Rochester, Rochester Area Builder, Rochester Area Chamber of Commerce)
- September 2019: 2020 CIP approval (includes funding for development plan update)
- October 2019: DMC Development Plan scope refinement
- February 2020: Joint meeting of Rochester City Council and DMCC, DMC EDA, and Olmsted County boards; data gathering and refinement of master project budget
- February – May 2020: Plan for revision and Stakeholder input
- May 2020: Review of draft development plan
- September – November 2020: Approval of development plan

### ORGANIZATION AND OVERSIGHT

The DMC EDA has proposed stakeholder groups for the DMC development plan update:

DMC Corp. Executive Committee: Provide oversight and support during plan development.

Participants: DMCC Chair R.T. Rybak, Rochester Mayor Kim Norton,  
Olmsted County Commissioner Jim Bier, DMCC Secretary Paul Williams

Administrative Advisory Group: Provide administrative stakeholder counsel.

Participants: Mayo Clinic CAO Jeff Bolton, City Administrator Steve Rymer,  
County Administrator Heidi Welsch, DMC EDA Executive Director Lisa Clarke

Technical Group: Provide as-needed subject matter expertise during plan development.

Participants: Appropriate City, County, DMC EDA, and City staff



## Discovery Square

To: DMCC Board of Directors  
From: DMC EDA Staff  
Date: January 31, 2020



### 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. This update focuses on each of these three elements.

### Living in Discovery Square

- Recent activity:
  - The Residence @ Discovery Square opens soon with residential and retail space.
  - The Maven has occupied residential units and includes residential and retail space.
- Next steps
  - Assist with creating market awareness of residential and retail opportunities for all Discovery Square properties as appropriate.

### Playing in Discovery Square

- Recent activity:
  - Prototyping activities took place on future Discovery Walk location prior to the DMC Annual Meeting on Sept 19<sup>th</sup>. Community input was collected during the prototyping activities and a briefing document summarizing the survey results followed this memo.
- Next steps
  - Launch Design Development for Discovery Walk in 2020, aiming for 2021 construction.

### Working in Discovery Square

- Recent activity:
  - Supporting and developing various talent and entrepreneurship programming
  - Hosting several Design Thinking Workshops on regional university campuses this fall as part of the run-up to for the Assistive Tech Challenge 2.0 to be held in 2020. Feedback from participants (the workshops have secured 120+ registrants) has been overwhelmingly positive.
  - New businesses announced for placement in the sub-district:
    - § RION – Mayo Clinic startup, in One Discovery Square (announced)
    - § BioSig – Partner to Mayo Clinic, in Conley-Maass-Downs building (announced)
- Next steps
  - Launch planning for 2019 Assistive Tech Challenge 2.0 with regional strategic collaborators.
  - Develop new Discovery Square business community integration programming.
  - Develop a plan for bridge space into which businesses can move between the openings of One Discovery Square and potential Discovery Square Two.
  - Consider low cost space for startup companies; the 2020 DMC EDA operating budget includes space funding





## Sustainability Initiatives

To: DMCC Corporation Board  
From: DMC EDA Staff  
Date: January 31, 2020

### Update & Next Steps:

Outlined in the DMC Development Plan are several sustainability and resource reduction goals for the DMC project. These high-level goals inform the annual workplan and initiatives that the City of Rochester and DMC EDA collaborate around sustainability. Below are some key updates for several of these initiatives.

#### District Energy System Evaluation – Discovery Walk

In collaboration with Mayo Clinic, the DMC EDA is evaluating the possibility of a district energy system (DES) in Discovery Square. This DES is meant to serve new development along or adjacent to Second Ave southwest, the proposed future location of Discovery Walk. The study is being conducted in partnership with Mayo Clinic as the DES could provide benefits to both private development and heating and cooling needs of Mayo's healthcare facilities. The feasibility study is wrapping up in mid-February 2020. Based on the results, a funding request could follow for DMCC consideration.

#### District Energy System Evaluation – Downtown Government Buildings

In collaboration with Olmsted County and the City of Rochester, the DMC EDA is evaluating a second district energy system in the Downtown Waterfront sub-district. Currently, several City and County government facilities are served by the Olmsted County Waste to Energy Facility, a steam-based district energy system. The steam and condensate lines of the system need replacement. As a result, the County, City and the DMC EDA are evaluating a building-based and a district energy option. The feasibility study evaluating these two alternatives through life-cycle cost analysis will run through mid-2020. Based on the results, a funding request could follow for DMCC consideration.

#### Air Quality Sensor Project

In collaboration with Mayo Clinic and the City of Rochester, the DMC EDA is working on installing air quality sensors in the DMC District and throughout the City of Rochester to monitor air quality, specifically the presence and concentration of criteria air pollutants. Sensors were purchased in late 2018, and locations are being selected in collaboration with community partners. Two locations will be in the DMC District in close proximity to two public realm projects, specifically Heart of the City and Discovery Walk. As these public realm projects will greatly increase the number of downtown trees and vegetation, these monitors will help measure the air quality impact of these projects, as well as the impact of other initiatives like the Transportation plan and its focus to increase the use of transit.

#### Pedestrian Metrics Project

In partnership with the Rochester Downtown Alliance (RDA), the DMC EDA purchased several people counters in late 2018. These devices are planned to be installed in early 2019 and meant to measure the pedestrian, bike and bus traffic in the downtown core of the City. Two locations of these measurement devices are adjacent to the Heart of the City Public Realm and Discovery Walk Public Realm projects.

These devices will help measure the activity in and around these spaces in order to better understand their use and activity level pre and post construction. The DMC EDA partnered with the RDA in order to maximize the use and potential of these devices located in the downtown core of Rochester.

#### Discovery Walk Pilot

The DMC EDA has been convening a group of community health stakeholders including the City of Rochester, Olmsted County, Diversity Council, Mayo Clinic, and community members. The purpose of this effort is to bring a focus on health, equality and collaboration, early and throughout the design of public projects, policies and programs.

Since 2018, the group has researched other community health initiatives, conducted a community-wide analysis evaluating the existing non-profits and groups focusing on health-related initiatives and used this background to inform a group of guiding principles and a pilot project.

This spring, the DMC EDA in collaboration with the stakeholder group above and a wide range of community partners, will pilot a new community engagement strategy for the design of Discovery Walk that is focused on realizing the vision of creating America's City for Health, by focusing on collaboration and engaging historically underrepresented groups. The Health stakeholder group focus will bring together a team of community co-designers empowered to work with their community networks to inform design goals for the Discovery Walk project focused on the pressing health initiatives identified through the recently published Olmsted County Health Needs Assessment. Results from this engagement process and its impact on the Discovery Walk design will be shared at a future DMCC meeting, likely in the late fall 2020.

# December 2019



**DMC Community Day at Chateau Theatre  
December 30, 2019**

I am pleased to provide you with the Destination Medical Center Economic Development Agency December 2019 Monthly Report. This monthly report highlights projects and activities within the DMC District, economic development, finances, sustainability, experience, marketing & communications, and community engagement.

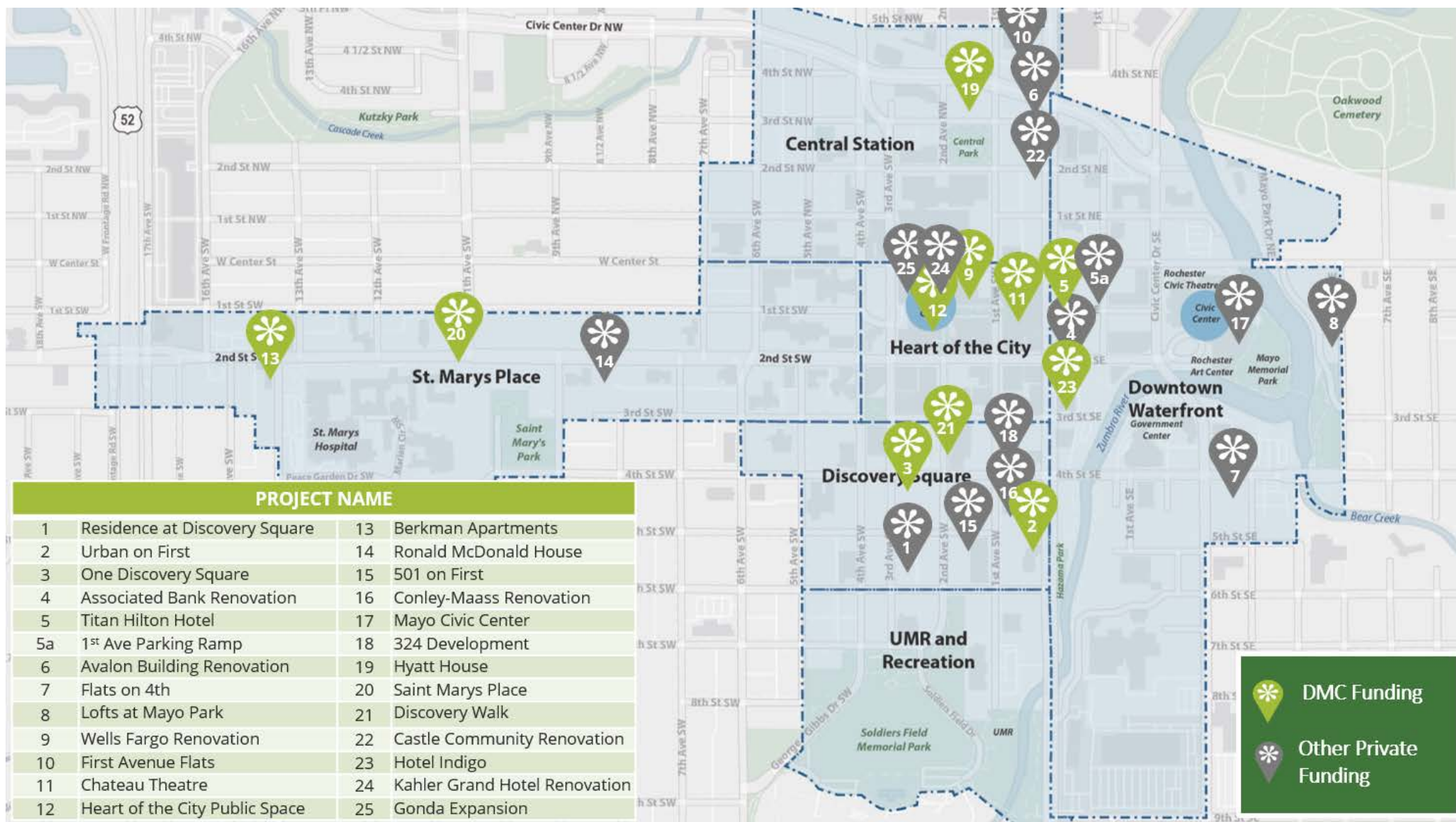
-Lisa Clarke, Executive Director

# DMC Development Projects in the District

	Development Name	Developer	Purpose	Subdistrict	Project Address	Project Status	Anticipated Completion Date	Estimated Project Investment	DMC Funding	Joint Application Submittal Date
1	Residence at Discovery Square	Vance Sr. & Barbara Vinar	Residential	Discovery Square	Third Ave. SW and Sixth St. SW	Under Construction	Completed	\$ 20,000,000.00	No	NA
2	The Maven on Broadway	Titan Investments and Opus Group	Residential/ Commercial	Discovery Square	Between 1 <sup>st</sup> Ave. SW and Broadway Ave. S	Completed	Completed	\$ 38,000,000.00	\$ 3,800,000	Fall 2016
3	One Discovery Square	M.A. Mortenson and Mayo Clinic	Research & Innovation	Discovery Square	First Ave. SW	Completed	Completed	\$ 35,000,000.00	\$ 4,900,000	Spring 2017
4	Associated Bank	Bloom Properties	Commercial	Downtown Waterfront	206 Broadway Ave. S	Completed	Completed	\$ 7,000,000.00	No	NA
5	Titan Hilton Hotel	Titan Investments	Hotel/ Commercial	Downtown Waterfront	Broadway Ave. S and Center St. E	Completed	Completed	\$ 125,000,000.00	\$ 6,500,000	Spring 2015
5A	1st Ave Parking Ramp	City of Rochester	Parking Ramp	Downtown Waterfront	55 1st Street SE	Completed	Completed	\$ 25,000,000.00	Yes	NA
6	Avalon Building	ABM Ideations LLC	Commercial	Central Station	301 N Broadway	Completed	Completed		No	NA
7	Flats on 4th	Stencil Group	Residential, Affordable Housing	Downtown Waterfront	410 3rd Ave. SE	Completed	Completed	\$ 17,000,000.00	No	NA
8	Lofts at Mayo Park	Pougiales Trust Properties	Residential	Downtown Waterfront	123 Sixth Ave. SE	Completed	Completed	\$ 7,500,000.00	No	NA
9	Wells Fargo	Ryan Companies	Commercial	Heart of the City	21 1st Street SW	Under Construction	Early 2020	\$ 26,600,000.00	\$ 2,400,000	Spring 2018
10	First Avenue Flats	Joseph Development	Residential, Affordable Housing	Central Station	400 1st Ave. NW	Completed	Completed	\$ 13,700,000.00	No	NA
11	Chateau Theatre	City of Rochester	TBD	Heart of the City	15 1st St. SW	Completed	Interim Construction Fall 2019	\$ 1,000,000.00	Yes \$ TBD	NA
12	Heart of the City Public Space	City of Rochester and RSP Architects	Public Space	Heart of the City	Heart of the City	Phase II / Predevelopment	2021	\$ 46,800,000.00	Yes \$ TBD	NA
13	Berkman Apartments	Alatus, LLC	Residential/ Commercial	Saint Marys Place	Second St. SW and 14 <sup>th</sup> Ave. SW	Under Construction	Summer 2020	\$ 115,000,000.00	\$ 10,500,000	Fall 2016
14	Ronald McDonald House Rochester, MN	Ronald McDonald House Charities	Residential	Saint Marys Place	850 2nd St. SW	Completed	Completed	\$ 15,000,000.00	No	NA
15	501 on First	501 on First, LLC	Residential/ Commercial	Discovery Square	501 1st Ave. SW	Completed	Completed	\$ 16,000,000.00	No	NA
16	Conley-Maass Building	Hunter & Traci Downs	Commercial	Discovery Square	14 4th St. SW	Completed	Completed	\$ 2,200,000.00	No	NA
17	Mayo Civic Center Addition	Mayo Civic Center	Commercial	Downtown Waterfront	30 Civic Center Dr. SE	Completed	Completed	\$ 84,000,000.00	No	NA
18	324 Development	North Rock Real Estate	Residential/ Commercial	Discovery Square	4th St. SW and 1st Ave. SW	Under Construction	Fall 2020		No	NA
19	Hyatt House	EKN Development Group	Hotel	Central Station	315 1st Ave. NW	Under Construction	2020	\$ 44,200,000.00	\$ 3,900,000	Spring 2018
20	Saint Marys Place Public Space	City of Rochester and S.E.H Architects	Public Space	Saint Marys Place	Saint Marys Place	Phase I / Predevelopment			Yes \$ TBD	NA
21	Discovery Walk	City of Rochester and RSP Architects	Public Space	Discovery Square	Discovery Square	Phase I / Predevelopment			Yes \$ TBD	NA
22	Castle Community Rochester	Castle Community LLC	Commercial	Central Station	121 N Broadway Ave.	Completed	Completed	\$ 2,900,000.00	No	NA
23	Hotel Indigo	EKN Development Group	Hotel/ Commercial	Downtown Waterfront	220 S Broadway	Under Construction	Early 2020	\$ 41,600,000.00	\$ 2,980,000	Spring 2018
24	Kahler Grand Hotel	Kahler Management	Hotel	Heart of the City	20 2nd Ave. SW	Under Construction	2020	\$ 30,000,000.00	No	NA
25	Gonda Expansion	Pontiac Land Group	Hotel	Heart of the City	200 1st St. SW	Phase I / Predevelopment	2021		No	NA



# DMC Development Project Map



# December 2019 Updates

## DMC funded project updates:

- Titan Hilton Hotel- Was completed spring 2019. Two restaurants and hotel opened in April 2019.
- Berkman Apartments- Anticipated completion early summer 2020.
- The Maven on Broadway - Completed summer 2019.
- One Discovery Square- Completed summer 2019.
- Wells Fargo Renovation- Anticipated completion 2020.
- Hotel Indigo- Anticipated completion 2020.
- Hyatt House- Construction began April, 2019.

## Economic Development

- **Chateau Theatre** construction and installation of exhibits have been completed. City Council selected EDG to manage the building use for the next 3-5 years. A successful Grand Opening was held on November 23, 2019. DMC has partnered with EDG to host four community days in December and January.
- The **Transportation** Locally Preferred Alternative (LPA) for the circulator was approved by the DMC Corp and City Council. This includes: Route, connecting a future transit village at Mayo Clinic-owned property near Cascade Lake to a future transit village at Olmsted County-owned property. Mode, consisting of high amenity rapid transit (electric bus vehicles). Staff will now begin the engineering and environmental analyses and formalize agreements with property owners with the intent to submit a Federal Transit Administration grant application by September 4, 2020.
- **Heart of the City** public realm approval of 2020 CIP by DMC EDA, City Council, and DMC Corp supports construction implementation in 2020-2021. Next steps include submitting for construction bids and completing a "Business Forward" strategy to help support businesses adjacent to the future construction.
- **Discovery Walk** public realm design will continue using the Heart of the City concepts south to Soldiers Field. The schematic design was completed and next steps include, which are part of the 2020 CIP: integrating the project with design of 4th Street reconstruction; developing interim activation strategies to test design concepts; projecting catalytic impact on future development. Design elements were explored and public feedback was collected on September 19th at the Discovery Walk Experience.

## Finance

- Continuing to explore opportunities for various tax credit programs and funding models for use in the DMC district.

## Sustainability

- Energy Integration Committee (EIC) –The EIC continues to work on the projects identified in the Strategic Project Plan including the Voluntary benchmarking program, an electric vehicle fleet analysis with partners, a large-scale solar installation and two district energy studies. The progress towards these efforts will be shared at a future 2020 board meeting.
- Voluntary Energy Benchmarking – The DMC and City of Rochester launched the Voluntary Energy Benchmarking Program in February 2019. There are currently 20 businesses participated and close to 100 buildings are in the program comprising over 14 million square feet of space in Rochester. The DMC and City are in the process of reviewing the data and will publish a report early 2020 on the inaugural program.
- Sustainability Series – DMC continues its monthly Sustainability Series. DMC hosted a presentation by the Citizens Utility Board who spoke to the trends for residential electrification and electric utility changes that would benefit homeowners. Approximately 20 people attended the presentation in December.



# December 2019 Updates

## Marketing & Communications

### Social Media:

- Social media growth continued in December with gains on Facebook (+9), Twitter (+10) and LinkedIn (+49).

### Blog:

- Five blogs were published in December.

### Media News Stories:

- In December 78 DMC-related stories were published in the media and 323 social media mentions.

### Highlights:

- Destination Medical Center initiative dominates a decade
- Minnesota Briefs: Pam Wheelock to join Destination Medical Center
- Free Mondays at Chateau
- HourCar launches in Rochester

### Traffic to DMC.MN:

- December traffic showed 8.3K visits and 13.2K pageviews.
- Discovery Square, Home page, Investors & Developers, maps and what is DMC? were the top pages visited.
- Top 5 states: Minnesota, Missouri, District of Columbia, Virginia, Illinois.
- Top 5 cities outside of Rochester: Washington, Minneapolis, St. Joseph, Kansas City, Chicago.

### Newsletter:

- Two newsletters were delivered to 3,300 subscribers. The average open rate was 30.2% (industry average: 21.8%) and the average click rate was 4.95% (industry average: 2.2%).

### DMC Marketing Campaign:

- December Paid Search (Google and Bing):
  - 29,286 impressions; 72 clicks and average click through rate of 2.53% (benchmark is 1.31%)
- Highest engaged regions: California, Maryland, Ohio, Massachusetts, New York.
- Top lead generating regions: Greater New York City area, Greater Chicago area, Phoenix area, Greater Minneapolis – St. Paul area, San Francisco Bay area.

## Community Engagement

- Attended the following events: Healthcare 2020: Emerging Business Models; Engineering CEO's of MN; Journey to Growth; Walleye Tank; Chamber Economic Summit: 2020 Forecast.
- Provided DMC updates to the following groups: Leadership Greater Rochester (LGR); Glenda Mueller Grad Students; International Day of Persons with Disabilities.
- Hosted a Discovery Square Design Thinking Workshop at the Rochester INCubatoredu.
- Partnered with EDG to host four DMC Community Days in the newly opened Chateau Theatre. (estimated 1,800 attendees).
- Supported International Day of Persons with Disabilities and FEAST- A Local Food Network.

## Experience

- The “When in Rochester MN” app went live in early October 2019. Approximately 8,000 app downloads have occurred since the launch.
- Three focus groups have been completed so far (2 with Mayo Clinic patients and 1 at the FEAST food convention). One additional focus group and several community listening sessions are planned for January and February 2020.
- A new search function is being finalized and will roll-out in Q1 of 2020 after user feedback was collected.



TO: Jim Bier, Treasurer  
Kathleen Lamb, Attorney

FR: Dale Martinson, Assistant Treasurer

Date: January 29, 2019

RE: December 2019 DMCC Budget Summary



The attached unaudited financial summary of activity through December of 2019 reflects total year-to-date DMCC operating expenditures of \$2,632,337 of the approved 2019 budget plus carryover encumbrances totaling \$3,028,852. The remaining amount unspent represents 13% of the available budget, however there are additional payment requests occurring in January and February that will be attributable to 2019 work and accounted for as such in the final audit.

The second page of this summary provides a listing of DMCC authorized projects managed by the City of Rochester. Nearly \$7.5 has been spent on these projects so far in 2019. Total life-to-date expenditures on these projects is approaching \$39.7 million.

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

Destination Medical Center Corporation  
Financial Budget Summary  
December 2019 (unaudited)

	2019 Approved Approved Budget	Curent Month December 2019	December 2019 Year To Date	Amount Remaining	Percent Remaining
General Administrative Expenses	41,200	169	34,383	6,817	17%
Professional Services	265,000	15,382	157,150	107,850	41%
Insurance and Bonds	20,000	324	24,481	(4,481)	-22%
City Support Expenses		-	-	-	
<b>Subtotal DMCC</b>	<b>326,200</b>	<b>15,875</b>	<b>216,014</b>	<b>110,186</b>	<b>34%</b>
<b>Third Party Costs - DMC EDA **</b>					
Payroll, Staff, Administration & Benefits-EDA	902,613	68,232	721,360	181,253	20%
Operating Expenses	28,760	15,959	243,126	(214,366)	-745%
Operational Costs - Contracted	46,580	21,706	55,507	(8,927)	-19%
Economic Development Outreach & Support	860,789	195,959	568,575	292,214	34%
Professional Services	680,164	45,472	656,263	23,901	4%
Miscellaneous Expenses	52,500	-	45,862	6,638	13%
<b>Subtotal EDA</b>	<b>2,571,406</b>	<b>347,327</b>	<b>2,290,693</b>	<b>280,713</b>	<b>11%</b>
<b>Total DMCC 2018</b>	<b>2,897,606</b>	<b>363,203</b>	<b>2,506,707</b>	<b>390,899</b>	<b>13%</b>
<b>2018 Budget Carryover - Encumbered Funds for EDA Contracts</b>	<b>131,246</b>	<b>-</b>	<b>125,630</b>	<b>5,616</b>	<b>4%</b>
<b>Totals for 2019 Including Encumbrance</b>	<b>3,028,852</b>	<b>363,203</b>	<b>2,632,337</b>	<b>396,515</b>	<b>13%</b>
NOTE: A payment request for \$129,788.57 was submitted in January 2020 for December 2019 activ				1,000	
				50,000	

DMCC Projects  
Managed by the City of Rochester  
As of December 31, 2019

Project	YTD Expenditures	Project Budget	Life To Date Expenditures
8611C- - Sn/S12AvSW/NW<2StSW>2StNW	111,570	2,850,000	526,847
8612C- - WZmbrRvrSn/SRlfLin<CookPk>CCDr		950,000	46,592
8613C- - ChateauTheatrePre-OccupancyM&O	93,117	4,726,802	364,797
8614C- - DMCTransit&InfrastrctrPgrmMgmt	142,667	2,600,000	1,812,179
8617C- - Broadway @ Center Parking Ramp		10,500,000	10,500,000
8618C- - SharedParkngStudy&PrgmDevlpmnt	170,972	2,061,854	1,825,237
8620C- - City Loop Plan		1,209,938	968,732
8621C- - Transit Circulator Study	7,605	2,241,532	1,780,877
8623C- - DMCC Street Use Study		3,117,708	2,885,882
8624C- - ChateauTheatreBldgImprov/Purch	1,376,436		8,228,985
8625C- - Heart of the City	1,387,659	2,648,940	2,205,789
8626C- - Sn/SUsize1Av&3AvSE<4StS>1StN	3,669,841	5,000,000	5,530,907
8326 C - Reconst4thStSW<1stAve>6thAveSW			2,250,000
8627C- - Property & ROW Acquisition			
8628C- - Downtown Circulator Project	269,712		269,712
8702C- - RPTSolarPwrdbusFleetGrntApp			51,333
8703C- - FTA TOD Pilot PrgmGrntApplctn			26,058
8704C- - FTA Low-NoEmissions PrgGrntApl			1,140
8705C- - TransitCrlctr-FTAGrntBus&Facit			19,258
8804C- - TH 52 LID Bld GrantApplication			22,145
8901C- - TH 14/52 InterchangeBldGrntApp			36,331
8902C- - FestivalAreaStdy&ConceptDesign	59,099		84,133
8903C- - DedctdBikeLns-3rd/4thAve&CtrSt	206,873		232,946
<b>Grand Total</b>	<b>7,495,549</b>	<b>37,906,774</b>	<b>39,669,880</b>

\* Notes: Broadway @ Center Parking Ramp Maximum DMCC Local Share Credit = \$10,500,000  
4th Street Reconstruction DMCC Support set at \$2,250,000