



DMC
Destination
Medical Center

Destination Medical Center Corporation
Board of Directors Meeting

Thursday, May 28, 2020
9:30 A.M.

DESTINATION MEDICAL CENTER CORPORATION (DMCC)

BOARD MEETING

Thursday, May 28, 2020

9:30 A.M.

Following the March 13, 2020 Declaration of Peacetime Emergency by Governor Walz (as may be amended), the Destination Medical Center Corporation (DMCC) is holding its regularly scheduled May 28, 2020 9:30 AM meeting by telephone or other electronic means, according to Minnesota Statutes, Section 13D.021. DMCC Chair Rybak has concluded that an in-person meeting and the regular meeting location for the DMCC is not practical or prudent because of the health pandemic declared under the Emergency Order and according to current guidance from the Minnesota Department of Health and the CDC. The public may monitor the meeting by calling the phone number listed below or on-line through the link below.

Dial-In Information:

Videoconference: <https://us02web.zoom.us/j/81920197668>

Teleconference: 1-301-715-8592, Code: 81920197668#

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DESTINATION MEDICAL CENTER CORPORATION (DMCC)
BOARD MEETING

Thursday, February 6, 2020
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.

Chair Rybak welcomed Pamela Wheelock, and highlighted Ms. Wheelock's extensive leadership experience across public and private sectors.

- II. Roll Call. Chair R.T. Rybak, Mayor Kim Norton, Paul Williams, Jim Campbell, Commissioner Jim Bier, Pamela Wheelock, and Council Member Nick Campion were present.

- III. Approval of Agenda. Council Member Campion moved to amend the agenda to include Resolution C regarding Discovery Square Two Project, under item XI. Commissioner Bier seconded.

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

Council Member Campion moved approval of the amended Agenda. Commissioner Bier seconded.

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

- IV. Approval of Minutes: November 12, 2019. Commissioner Bier moved approval of the Minutes. Council Member Campion seconded.

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

- V. Public Comment Period. John Eischen, Executive Director of Rochester Area Builders, informed the Board of the upcoming Rochester Home Show hosted in the Mayo Civic Center.

Dr. Lori Carrell, Chancellor of the University of Minnesota Rochester (UMR), highlighted UMR's role in developing and retaining a skilled workforce and its nationally-acclaimed work to close the student achievement gap, and described UMR's presence in One Discovery Square.

Dee Sabol, Executive Director of Rochester's Diversity Council, highlighted Rochester's participation in the Intercultural Cities Initiative.

Kenneth Bush, Rochester resident, thanked the DMCC, state agencies, and the City of Rochester for hosting women- and minority-owned business certification information events.

Al Lun, Rochester resident, requested that DMCC Board meeting presentations be more promptly archived on the DMC website.

VI. Chair's Report. Chair Rybak highlighted the annual DMCC-City report to the legislature. He noted that a collaborative session with members of the DMCC, EDA, the Rochester City Council, and the Olmsted County Board of Commissioners would follow the Board meeting.

VII. Consent Agenda

A. Resolution A: Authorizing an Extension to Agreement with CliftonLarsonAllen.

B. EDA: Request for Budget Encumbrance for 2020.

Commissioner Bier moved approval of the Consent Agenda. Council Member Campion seconded.

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

VIII. Annual Report to the Legislature.

Resolution B: Approving February 15 Report to the Legislature. Council Member Campion moved approval of the resolution. Mayor Norton seconded.

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

IX. DMC Metrics. Lisa Clarke, EDA Executive Director, provided an update on business development. Her presentation included a map of the United States indicating the origins of private financing for DMC-supported projects. Mr. Campbell stated that out-of-state financing validates Minnesota as a target for investment. Council Member Campion noted that measuring out-of-state investment may create or refine private investment targets.

Bill Von Bank, EDA Marketing and Communications Director, and Rob Rankin, President of CCF, the EDA's marketing consultant, described how marketing strategy has changed in recent years to national tactics that leverage data analytics, paid search, and podcasts to target specific audiences. These efforts resulted in a thirty-four percent year-over-year increase in DMC website traffic. Chair Rybak asked if spikes in website visits from specific locales were the result of targeted marketing or a specific event; Mr. Rankin responded that CCF will examine this issue. Mayor Norton encouraged DMC's retail and dining marketing to focus on health. She also suggested that international relationships, including Rochester's five sister cities, could present global marketing opportunities. Ms. Wheelock stated that marketing efforts should be tailored to create a sustainable mix of uses. Council Member Campion asked the EDA to consider clear objectives in this area for 2020. Mr. Williams asked the EDA to update its goals for targeted market outreach for 2020.

Ms. Clarke provided the final metrics report, updating the Board on WMBE and targeted workforce goals. Council Member Campion suggested that the focus should be on results, rather than goals, with an expectation to exceed prior results.

X. Project Updates

A. Heart of the City. Patrick Seeb, EDA Economic Development and Placemaking Director, noted that Heart of the City bid respondents were asked to account for DMC's "Business Forward" strategy, which seeks to minimize the impact of construction on patients, community members, and adjacent businesses. This strategy

would likely increase costs by approximately eight percent. The EDA continues to review bids and may present the Board with a recommended revised project budget.

Chair Rybak stated the importance of working with businesses through construction. Mr. Williams noted the need to adapt and communicate throughout the construction process. Mayor Norton described DMC's public space investments as a community benefit intended for residents, patients, and visitors. Ms. Wheelock stressed the importance of managing expectations, recognizing that DMC funding is finite.

- B. Transportation. Mr. Seeb stated that downtown Rochester will be a test site for the State of Minnesota Department of Transportation Connected and Autonomous Vehicle pilot program. Aaron Parrish, City of Rochester Deputy Administrator, noted that the City expects to receive notice that it may apply for U.S. Federal Transit Administration grant funding in September 2020. The City is in the process of selecting an engineering team to complete design, traffic, and environmental reviews.

Land use concepts and site partnership terms for the transit villages are expected to be presented at the May 2020 Board meeting. Chair Rybak asked if including housing at the transit villages improves federal grant scoring outcomes. Mr. Parrish stated that the increased ridership resulting from transit village housing should make the grant application more competitive. Commissioner Bier also affirmed Olmsted County's commitment to develop housing at the east mobility hub.

- XI. Discovery Square Two. The City and EDA staff recommended that the Board designate Discovery Square Two as a public infrastructure project and approve \$7.3 million in tax-increment financing (TIF). Mr. Seeb described the staff analysis, noting that the TIF recommendation includes a "look-back" provision that will decrease the TIF amount if an anchor tenant is secured. Terry Spaeth, City of Rochester Assistant Administrator, noted that transit-oriented development like Discovery Square Two will strengthen the district and support DMC rapid transit efforts.

Council Member Champion emphasized the importance of job creation. Mr. Williams noted that the recommended amount of TIF is nearly sixteen percent of the project budget. Mr. Spaeth noted that although this approach deviates from the City's TIF policy guidance, in considering the different factors, the priorities of the district, and the role of strengthening transit development, the recommendation is appropriate. TIF also is subject to City Council approval. Mayor Norton noted that the approved TIF amount would be credited towards the City's local contribution. Ms. Wheelock approved leveraging the new tax increment to catalyze other community needs. Commissioner Bier stated that this project provides an example of attracting companies who seek to work with Mayo.

As to parking issues, Mr. Seeb noted that it is assumed that Mortenson and Mayo Clinic will address tenant parking needs. He stated that Mortenson is willing to accept a parking-to-building size ratio that is approximately one-half of a similarly sized medical office building and to participate in a more comprehensive parking strategy. If a parking solution is not reached, staff will advise the Board.

Resolution C: Approving the Mortenson Discovery Square Two Development Project, Contingent Upon Evidence of Financing. Mayor Norton moved approval of the resolution. Council Member Campion seconded.

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

XII. Development Plan Five Year Update. Ms. Clarke stated that the Development Plan update will be a topic at the collaborative meeting, and also presented at the May Board meeting. Chair Rybak suggested that the Executive Committee could provide guidance to the plan update process.

XIII. EDA Update. Ms. Clarke reported that the EDA may provide a district energy system update at a future Board meeting and described the DMC Assistive Tech Challenge.

XIV. DMCC 2020 Budget: Year-to-Date Update. Commissioner Bier provided the DMCC budget update.

XV. Meeting Schedule

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

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

XVI. Adjournment. Council Member Campion moved to adjourn the meeting. Mr. Campbell seconded.

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

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ____-2020

**Commending Nick Campion and Expressing Gratitude for His Service
to the Destination Medical Center Corporation**

BACKGROUND RECITALS

WHEREAS, in January 2019, Nick Campion was appointed by the City of Rochester, Minnesota (the “City”) to serve as a member on the Destination Medical Center Corporation Board of Directors (the “Board”); and

WHEREAS, Mr. Campion has been actively engaged in the establishment of Board policies and procedures, with a particular focus on transparency and good governance for the Board; and

WHEREAS, Mr. Campion offered a unique perspective to the Board, by virtue of his tenure on the Rochester City Council, his background in computer information systems and engineering technology, and his expertise in zoning, planning and the development process, not to mention his participation in so many other civic, educational, cultural, and athletic organizations; and

WHEREAS, Mr. Campion’s focus and the strategic emphasis he offered in the critical area of transit and transportation infrastructure was extremely helpful to the Board; and

WHEREAS, Mr. Campion has been instrumental in the deliberations and refinement of the Development Plan for the Destination Medical Center initiative and in framing the Board’s priorities in these areas: Discovery Square, Heart of the City, and transportation initiatives; and

WHEREAS, Mr. Campion’s commitment to the citizens of Rochester and the surrounding communities has been steadfast and well-reflected in his service on the Board, and his stewardship of the Board’s mission and purpose has been unwavering.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that it commends Nick Campion for his service to the Board, to the community and to the State of Minnesota.

BE IT FURTHER RESOLVED, that the Board expresses its gratitude to Mr. Campion for his devotion of time and energy to the Board, for his leadership in establishing priorities for the Board, for his engagement on issues and willingness to share expertise, and for his resolute determination to make Rochester, Minnesota, America’s City for Health.

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ____-2020

Ratifying and Confirming the April 1, 2020 Report to DEED Pursuant to Statute

BACKGROUND RECITALS

A. Minnesota Statutes, Section 469.47, provides that by April 1 of each year, the medical business entity (Mayo Clinic) must certify to the Commissioner of the Department of Employment and Economic Development (“DEED”) the amount of expenditures made by Mayo Clinic in the preceding year. For expenditures made by an individual or entity other than Mayo Clinic, the Destination Medical Center Corporation (“DMCC”) must compile the information on the expenditures and may certify the amount to DEED. On March 26, 2020, pursuant to Resolution No. EC-6-2020, the Executive Committee of the DMCC Board authorized the Chair or Treasurer of the DMCC to execute and submit the report to DEED (the “April 1 Report”), and to modify the report as necessary upon subsequent discussions with Mayo Clinic or the City of Rochester (the “City”).

B. The April 1 Report is attached as Exhibit A.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, that the Destination Medical Center Corporation Board of Directors ratifies and confirms the action of its Executive Committee and the April 1 Report and its submittal to the Minnesota Department of Employment and Economic Development as required by Minnesota Statutes, Section 469.47, and authorizes the Chair or Treasurer to make such other modifications, and to take such other actions as are necessary and appropriate to effectuate the submission of the report to DEED.

EXHIBIT A

EXHIBIT A

**Certification of Expenditures
Destination Medical Center**

For Calendar Year 2019

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

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 2019, 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 ¹	\$139,126,160.79	1
Total Expenditures Reported This Year for other Private Entities ^{1,2}	\$133,004,080.65	2
TOTAL Expenditures This Year	\$272,130,241.44	3

All Expenditures claimed since June 30, 2013

Previous Years Expenditures (cumulative)	\$690,664,413.37	4
TOTAL Expenditures This Year (from Box 3)	\$272,130,241.44	5
All Claimed Expenditures as of 12/31/19 (Box 4 plus Box 5)	\$962,794,654.81	6
Qualified Expenditures claimed in 2019 (Box 6 minus \$200,000,000)	\$762,794,654.81	7

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

General State Infrastructure Aid Qualified for (Box 7 multiplied by .0275)	\$20,976,853.01	8
State Transit Aid Qualified for (Box 7 multiplied by .0075 and then multiplied by .6)	\$3,432,575.95	9

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

For Expenditures By the Medical Business Entity:



Mayo Clinic Chief Financial Officer

3/20/20

Date

For all other Expenditures:



Destination Medical Center Corporation

3/26/2020

Date

¹ Expenditures need to be after June 30, 2013
² Other Private Entities' certification of expenses may be certified retroactively in 2014 after the Destination Medical Center District and Development Plan are adopted. 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.

2019 Tracking Worksheet

Building Permits within the DMC Boundary

(Does not include Mayo Projects)

Year	Completed Projects
2017	\$ 2,050,000.00
2018	\$ 7,748,655.00
2019	\$ 5,662,402.00
TOTAL	\$ 15,461,057.00

2018/2019 Destination Medical Center - Partially Completed Projects Tracking

Project	Address	Total Building Permit Value	2018	2019
			Partial Completed Work Claimed	Completed Work Claimed
Ronald McDonald House	850 2nd Street SW	\$ 10,126,000.00	\$ 4,872,363.01	\$ 5,253,636.99
Hotel Indigo (Holiday Inn)	220 South Broadway	\$ 10,500,000.00	\$ 1,156,333.15	\$ 9,343,666.85
Residence @ Dis. Sq.	511 3rd Ave. SW	\$ 19,000,000.00	\$ 9,820,880.09	\$ 9,179,119.91
Urban on First	429 South Broadway	\$ 30,808,958.00	\$ 12,455,954.00	\$ 18,353,004.00
Berkman (Alatus)	217 & 301 14th Ave SW	\$ 93,315,800.00	\$ 25,936,546.00	\$ 59,063,337.00
		\$ 163,750,758.00	\$ 54,242,076.25	\$ 101,192,764.75

2019/2020 Destination Medical Center - Partially Completed Projects Tracking

Project	Address	Total Building Permit Value	2019	2020
			Partial Completed Work Claimed	Completed Work Claimed
Ryan/Wells Fargo	21 1st SW	\$ 5,250,000.00	\$ 5,250,000.00	
Hyatt House	315 1st Ave. NW	\$ 32,253,475.00	\$ 6,940,448.00	
Eleven02	101 11th Ave. SW	\$ 30,255,765.00	\$ 4,159,810.90	
		\$ 67,759,240.00	\$ 16,350,258.90	\$

TOTAL \$ 133,004,080.65

2017 Building Permits
COMPLETED/PARTIAL BUILDING PERMITS
 (Within DMC Boundary, does not include Mayo Projects)

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Within DMC Boundary	Parcel Number	Address Info	Permit Valuation	Work Description	Mayo Project	Lic Prof	Owner	Current Permit Status	Current Permit Status Date
Commercial Bldg	Alteration	R16-0348CB	2/23/2017	Yes	062430	206 S BROADWAY AVE, ROCHESTER, MN 55904	\$2,050,000	Alterations of phase 1B for offices on 5, 6, 7 levels only and roof top chiller (Associated Bank)	No	ALVIN E BENIKE, INC AARON E BENIKE 2980 W Hwy 14 ROCHESTER, MN 55901	BLOOM INTERNATIONAL REALTY LLC C of C 206 BROADWAY S SUITE 400 ROCHESTER, MN 55904		10/4/2019
Commercial Bldg	Phased Partial Permit	R15-0384CB	4/4/2017	Yes	017936	10 E CENTER ST, ROCHESTER, MN 55904	\$46,000,000	CP-4 package Core building and shell, no MEP's (Hilton on Broadway)	No	KRAUS-ANDERSON CONSTRUCTION CO NICK LEIMER 418 S BROADWAY ROCHESTER, MN 55904	Legacy Fund I, LLC 303 3 St SE ROCHESTER, MN 55904	Finalied	3/29/2019
Commercial Bldg	New	R15-0447CB	11/8/2017	Yes	017936	10 E CENTER ST, ROCHESTER, MN 55904	\$36,382,400	CP-6 interior fit-up for 396,570 sq ft, 19 story, 264 hotel rooms (Hilton on Broadway)	No	KRAUS-ANDERSON CONSTRUCTION CO NICK LEIMER 418 S BROADWAY ROCHESTER, MN 55904	Legacy Fund I, LLC 303 3 St SE ROCHESTER, MN 55904	Finalied	7/25/2019
Included on the Partial Expenditure Credit Worksheet							\$	2,060,000					

2018 Building Permits
COMPLETED / PARTIAL 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
Commercial Bldg	Alteration	R17-0435CB	1/16/2018	082430	206 S BROADWAY AVE, ROCHESTER, MN 55904	\$299,000	Interior renovation for office fit out (Associated Bank 5th floor, Suite 500)	Oxford Management 206 BROADWAY S STE 400 ROCHESTER, MN 55904	CO	5/16/2019
Commercial Bldg	Phased Partial Permit	R17-0492CB	4/24/2018	050075	202 SW 4 ST, ROCHESTER, MN 55902	\$12,969,000	Phased partial permit for complete core and shell. (Discovery Square Phase 1)	Mortenson Properties, Inc 700 Meadow Lane N Minneapolis, MN 55422	CO	7/10/2018
Commercial Bldg	Addition	R18-0048CB	7/9/2018	082445	850 SW 2 ST, ROCHESTER, MN 55902	\$10,128,000	Addition of 30 guest rooms and parking stalls (7R150200 / Ronald McDonald House)	Ronald McDonald House Dave Eide 850 2nd St SW Rochester, MN 55902	CO	11/4/2018
Commercial Bldg	Alteration	R18-0104CB	8/13/2018	018054	121 N BROADWAY AVE, ROCHESTER, MN 55906	\$1,989,204	Historic renovation of former armory building (Castle Community)	CASTLE COMMUNITY LLC Scott Hoss 115-1/2 North Broadway ROCHESTER, MN 55906	CO	2/8/2019
Commercial Bldg	Alteration	R18-0294CB	9/10/2018	080524	220 S BROADWAY AVE, ROCHESTER, MN 55904	\$500,000	Selective demolition of the interior, exterior facade and roof structure to prepare for future building alteration. (Holiday Inn - Rochester)	Ebbie Nakhjavani 220 Newport Center Dr Suite 11-262 Newport Beach, CA 92660	Issued	9/10/2018
Commercial Bldg	Alteration	R18-0335CB	9/12/2018	017926	21 SW 1 ST, ROCHESTER, MN 55902	\$98,000	Demolition of 6th floor space to shell condition Interior only for future tenant. (Wells Fargo)	ROCHESTER PROPERTY OWNER LLC - Timothy Gray 533 SOUTH THIRD ST STE 100 MINNEAPOLIS, MN 55415	Finald	4/8/2019
Commercial Bldg	Alteration	R18-0239CB	9/24/2018	082439	412 SE 3 AVE A & B, ROCHESTER, MN 55904	\$450,000	Tenant build out of space A & B into a bar, cafe and lounge (Fiddlehead Cafe)	Flats on 4th 412 3rd Ave SE Rochester, MN 55904	CO	4/4/2019
Commercial Bldg	Alteration	R18-0289CB	10/9/2018	017887	100 SW 1 AVE, ROCHESTER, MN 55902	\$283,665	Interior fit-up of leased space for a coffee shop adjacent to Peace Plaza. (MOKA Coffee - Peace Plaza)	Joan Wilson 513 Main St Suite C LaCross, WI 54601	CC	8/5/2019
Commercial Bldg	Addition	R18-0221CB	10/25/2018	018448	301 N BROADWAY AVE, ROCHESTER, MN 55906	\$1,175,000	2920 sq ft addition with some remodeling inside to white box main (The Bistro--1st floor), one new apartment and one existing (3rd floor). (Avalon Building)	ABM IDEATIONS LLC 4004 AUTUMN LAKE CT SW ROCHESTER, MN 55902	CO	12/5/2019
Commercial Bldg	Alteration	R18-0399CB	11/16/2018	082430	206 S BROADWAY AVE, ROCHESTER, MN 55904	\$230,000	Fit up of the third floor Northwest corner of building for new tenant. (Meyer Borgman Johnson Rochester Office)	Alan Hiniker 3270 19th St NW #210 Rochester, MN 55901	CO	2/11/2019
Commercial Bldg	New	R18-0323CB	11/27/2018	083795	202 SW 4 ST, ROCHESTER, MN 55902	\$2,012,000	Tenant fit-out on two levels of the new Discovery Square building. Building collaboration and lab space on the floors (Discovery Square - U of M)	SILVER LAKE INVESTORS / MAYO CLINIC 700 Meadow Lane North ROCHESTER, MN 55422	CO	7/10/2019
Commercial Bldg	New	R18-0404CB	12/3/2018	083795	202 SW 4 ST, ROCHESTER, MN 55902	\$726,788	Tenant build out of office space on first floor (Epic Systems)	Epic Systems Corp 1979 Milky Way Verona, WI 53593	CO	4/24/2019
Commercial Bldg	Alteration	R18-0389CB	12/7/2018	080524	220 S BROADWAY AVE, ROCHESTER, MN 55904	\$5,000,000	Remodel of existing hotel rooms floors 4-8 (Hotel Indigo - Old Holiday Inn)	Jim Toninato 5713 Grand Ave Suite B Duluth, MN 55807	TCO Issued	1/10/2020
Commercial Bldg	Alteration	R18-0407CB	12/10/2018	017887	20 SW 1 ST, ROCHESTER, MN 55902	\$145,000	Fit-up for a new restaurant. (Jerk King Restaurant)	Johnson Osei 20 1st St SW Rochester, MN 55902	CO	5/14/2019
Multi-Family Bldg	Phased Partial Permit	R17-0157MFB	2/21/2018	002495	217 SW 14 AVE, ROCHESTER, MN 55902	\$4,900,000	Alatus - Footing & Foundation "Tower Only" (2nd Street Housing Mixed-Use Development)	Rochester MN Properties, LLC 800 NICOLLET MALL STE 2850 MINNEAPOLIS, MN 55402	Issued	2/21/2018

2018 Building Permits
COMPLETED / PARTIAL BUILDING PERMITS
 (Within DMC Boundary, does not include Mayo Projects)

Multi-Family Bldg	Phased Partial Permit	R17-0143MFB	2/27/2018	083687	511 SW 3 AVE, ROCHESTER, MN 55902	\$1,750,000	6 Story Multi-Family Apartment Building with Mixed-Use Commercial (Residence at Discovery Square) Footing/Foundation including Precast Plank Installation	RESIDENCE AT DISCOVERY SQUARE LLC 206 SOUTH BROADWAY ROCHESTER, MN 55904	Finald	8/30/2019	
Multi-Family Bldg	New	R17-0141MFB	5/18/2018	017718	511 SW 3 AVE, Rochester, MN 55902	\$17,250,000	6 Story Multi-Family Apartment Building with Mixed-Use Commercial (Residence at Discovery Square)	RESIDENCE AT DISCOVERY SQUARE LLC 206 SOUTH BROADWAY ROCHESTER, MN 55904	TCO Issued	8/28/2019	
Multi-Family Bldg	Phased Partial Permit	R18-0003MFB	5/21/2018	017770	425 S BROADWAY AVE, ROCHESTER, MN 55904	\$2,428,958	Foundation permit application for new multi-family housing development. Two levels of parking and 5 levels of residential housing. (Urban on First)	URBAN ON FIRST LLC - Titan Development 30 3 ST SE STE 800 ROCHESTER, MN 55904	Finald	11/19/2019	
Multi-Family Bldg	New	R18-0011MFB	8/9/2018	002495	217 SW 14 AVE, ROCHESTER, MN 55902	\$86,237,507	New multi-use residential apartment building with retail and parking (2nd St Mixed Use Development Tower Only)	Ashley Bisner 800 Nicollet Mall Suite 2850 Minneapolis, MN 55402	TCO Issued	1/16/2020	
Multi-Family Bldg	Alteration	R18-0012MFB	8/23/2018	014472	431 SE 3 AVE, ROCHESTER, MN 55904	\$340,000	Existing R-2 apartment alteration to convert from 54 units to 25 (Clinic Suites)	Andy Friederichs 10817 110 ST SE CHATFIELD, MN 55923	CO	10/18/2019	
Multi-Family Bldg	New	R18-0015MFB	9/5/2018	017770	425 S BROADWAY AVE, ROCHESTER, MN 55904	\$28,360,000	New multi-family housing development. Two levels of parking and 5 levels of residential housing. (Urban on First)	URBAN ON FIRST LLC - Titan Development 30 3 ST SE STE 800 ROCHESTER, MN 55904	CO	11/19/2019	
Multi-Family Bldg	New	R18-0037MFB	10/3/2018	084104	301 SW 14 AVE, ROCHESTER, MN 55902	\$2,178,203	Low rise 45 unit apartment building with 2 walk up units (EWU1 & EWU2) attached to tower building (R18-0011MFB) (Berkman)	ROCHESTER MN PROPERTIES LLC 800 NICOLLET MALL STE 2850 MINNEAPOLIS, MN 55402	Issued	10/3/2018	
Included on the Partial Expenditure Credit Worksheet						\$ 7,748,655					

2019 Building Permits
Completed / Partial Building Projects
(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
Commercial Bldg	Alteration	R18-0324CB	1/4/2019	081707	20 SW 2 AVE, ROCHESTER, MN 55902	\$200,000	Replacement of exterior emergency egress stair (Kahler Grand Hotel)	KAH 20 2ND AVENUE LLC - Christopher Ness 20 2 AVE SW ROCHESTER, MN 55902	Finalied	4/1/2019
Commercial Bldg	Alteration	R18-0376CB	1/8/2019	083045	10 E CENTER ST, ROCHESTER, MN 55904	\$1,650,000	Tenant improvement in first floor space of LF - Broadway at Center project (Pittsburgh Blue Restaurant)	Titan Development - Brian Moser 30 3 ST SE STE 800 ROCHESTER, MN 55904	C of O Issued	7/8/2019
Commercial Bldg	Alteration	R18-0454CB	3/8/2019	080524	220 S BROADWAY AVE, ROCHESTER, MN 55904	\$5,000,000	Remodel of existing hotel rooms and support spaces on floors 1, 2, & 3 (Hotel Indigo)	Jim Toninato 5713 Grand Ave Suite B Duluth, MN 55807	TCO Issued	1/13/2020
Commercial Bldg	Alteration	R18-0227CB	3/15/2019	017882	150 S BROADWAY AVE, ROCHESTER, MN 55904	\$161,000	Front entry and bar reconfiguration Upgrade of interior finishes (Pescara - Double Tree Hotel)	BGDS HOTEL LLC 30 3 ST SE STE 800 ROCHESTER, MN 55904	Finalied	5/30/2019
Commercial Bldg	Alteration	R19-0044CB	4/2/2019	068011	15 SE 1 ST, ROCHESTER, MN 55904	\$143,850	Skyway level corridor fit-up and whitebox tenant space (Broadway Plaza)	ROCHESTER DEVELOPMENT INC 7619 LITTLE RIVER TPKE STE 650 ANNANDALE, VA 22003	Finalied	6/17/2019
Commercial Bldg	Alteration	R19-0032CB	4/9/2019	081707	20 SW 2 AVE, ROCHESTER, MN 55902	\$505,000	Interior tenant finish for new Qdoba Mexican Restaurant (Qdoba Mexican Eats)	CMP Foods - Mark or Leigh Miller 16694 206th Circle Hutchinson, MN 55350	C of C Issued	10/9/2019
Commercial Bldg	Alteration	R19-0037CB	4/15/2019	083045	10 E CENTER ST 2A, ROCHESTER, MN 55904	\$655,000	Restaurant tenant fit up (Hilton Café)	LEGACY FUND 1 LLC 30 3 ST SE STE 800 ROCHESTER, MN 55904	C of O Issued	7/28/2019
Commercial Bldg	Alteration	R19-0104CB	4/29/2019	083045	10 E CENTER ST, ROCHESTER, MN 55904	\$152,580	Tenant improvement including completion of electrical and mechanical as well as finishes (Cambria Gallery)	Cambria 31496 Cambria Ave LeSueur, MN 56058	C of O Issued	8/26/2019
Commercial Bldg	Alteration	R19-0016CB	5/13/2019	083795	202 SW 4 ST, ROCHESTER, MN 55902	\$250,300	Build out for a café on level one (Discovery Square)	Silver Lake Investors 700 Meadow Lane North Minneapolis, MN 55422	C of O Issued	8/2/2019
Commercial Bldg	Alteration	R19-0127CB	5/23/2019	081707	20 SW 2 AVE, ROCHESTER, MN 55902	\$45,000	Installation of new MUA and EF unit, and all associated duct for kitchen exhaust for new tenant space (Kahler/Qdoba grease duct improvement)	Kahler Hospitality Group 717 3rd Ave SE Rochester, MN 55904	Finalied	11/19/2019
Commercial Bldg	Alteration	R19-0115CB	6/18/2019	082430	206 S BROADWAY AVE, ROCHESTER, MN 55904	\$549,212	Renovation of existing branch bank (Associated Bank)	Doug Harber 2655 Campus Dr Plymouth, MN 55441	C of C Issued	11/21/2019
Commercial Bldg	Alteration	R19-0186CB	6/18/2019	080419	519 SW 1 AVE, ROCHESTER, MN 55902	\$22,576	Remove and replace walls and ceilings in the meat prep room. Layout to remain the same. (People's Food Co-op)	People's Food Co-op 519 1st Ave SW Rochester, MN 55902	Finalied	6/28/2019
Commercial Bldg	Alteration	R19-0069CB	7/5/2019	083045	10 E CENTER ST 141, ROCHESTER, MN 55904	\$65,000	Tenant improvements to include completion of mechanical, plumbing and electrical as well as finishes (Hilton Lobby Bar)	Rochester Hospitality Group, LLC 212 2nd St Se Suite 225 Minneapolis, MN 55414	C of O Issued	12/27/2019
Commercial Bldg	Alteration	R19-0101CB	7/9/2019	083795	202 SW 4 ST, ROCHESTER, MN 55902	\$543,294	Tenant improvement occupies space on the third level of the new Discovery Square Building. Build out includes offices and lab space (Wuxi Diagnostics)	Silver Lake Investors 700 Meadows Lane North Minneapolis, MN 55422	C of O Issued	9/30/2019

Commercial Bldg	Alteration	R19-0244CB	7/24/2019 082430	206 S BROADWAY AVE, ROCHESTER, MN 55904	\$98,600	Repair to elevator shaft walls and stairway walls and fire stopping of penetrations (Associated Bank Building)	BLOOM INTERNATIONAL REALTY LLC 206 BROADWAY AVE S STE 500 ROCHESTER, MN 55904	C of C Issued	8/27/2019
Commercial Bldg	Alteration	R19-0175CB	8/16/2019 083795	202 SW 4 ST 220, ROCHESTER, MN 55902	\$460,990	New office/lab tenant improvement (Suite 220 Discovery Square Building)	Silver Lake Investors 700 Meadow Lane North Minneapolis, MN 55422	C of O Issued	11/1/2019
Commercial Bldg	Alteration	R19-0286CB	10/14/2019 017897	101 SW 1 AVE, ROCHESTER MN 55902	\$100,000	Expanding Caribou Coffee into the neighboring tenant space -Freshens increasing seating (Caribou Coffee)	Matt Masica 2900 Lakebreeze Ave North Brooklyn Center, MN 55429	C of C Issued	11/8/2019
Multi-Family Bldg	Alteration	R19-0002MFB	1/29/2019 018102	211 NW 2 ST 2010, ROCHESTER, MN 55901	\$45,000	Alteration to suite 2010	CHARTERHOUSE INC - Deborah Kentz 211 2 ST NW ROCHESTER, MN 55901	Finaled	4/15/2019
Multi-Family Bldg	Alteration	R19-0054MFB	8/7/2019 018102	211 NW 2 ST 1816, ROCHESTER MN 55901	\$15,000	Apartment renovation (Charter House)	CHARTERHOUSE INC - Scott Green 211 2 ST NW ROCHESTER, MN 55901	Finaled	11/13/2019
Commercial Bldg	Addition	R19-0029CB	5/16/2019 017926	21 SW 1 ST, ROCHESTER, MN 55902	\$5,250,000	Addition of Jewel Box, re-skinning of exterior facade, relocating domestic water in Peace Plaza and installation of new elevator (Wells Fargo Downtown)	ROCHESTER PROPERTY OWNER 533 SOUTH THIRD ST STE 100 MINNFAPOLI, MN 55415	Issued	5/16/2019
Demolition	Commercial	R19-0003D	2/28/2019 075697	315 NW 1 AVE, ROCHESTER, MN 55901	\$63,000	Demolition of existing American Legion building, including removal of existing asphalt parking lot/curbs, for future construction of Civic on First-Hyatt House hotel project	EKN Development Group 220 Newport Center DR Newport Beach, CA 92660	Issued	2/28/2019
Commercial Bldg	Phased Partial Permit	R18-0467CB	5/16/2019 075697	315 NW 1 AVE, ROCHESTER, MN 55901	\$3,710,000	Placement of new footings, drilled piers, structural foundations and 3 levels of post tensioned concrete for a new 8 story hotel (Civic on First)	EKN Development Group - Ebbie Nakhjavani 220 Newport Center Dr Suite 11-262 Newport Beach, CA 92660	Issued	5/16/2019
Commercial Bldg	New	R19-0078CB	7/30/2019 075697	315 NW 1 AVE, ROCHESTER, MN 55901	\$28,480,475	New 172 room hotel with 2 levels of parking. Common amenities on 1st floor include meeting rooms, swimming pool, guest kitchen and lobby bar (Civic on First)	Civic Center Hotel JV, LLC 180 North University Ave Suite 200 Provo, UT 84601	Issued	7/30/2019
Commercial Bldg	Phased Partial Permit	R19-0206CB	10/2/2019 075680 085073	101 SW 11 AVE, ROCHESTER, MN 55902	\$6,750,000	Footing, foundation and underground utilities for new hotel package (Eleven02 Hotel)	Tyler Miles 1018 West Atherton Drive Taylorville, UT 84123	Issued	10/2/2019

Included on the Partial Expenditure Credit Worksheet

\$ 5,662,402

TO: Jim Bier, Treasurer
Kathleen Lamb, Attorney

FR: Dale Martinson, Assistant Treasurer

Date: May 21, 2020

RE: April 2020 DMCC Budget Summary



The attached unaudited financial summary of activity through April of 2020 reflects total year-to-date DMCC operating expenditures of \$602,980 of the \$2.873 million approved 2020 budget. The remaining amount unspent represents 79% of the total budget. There was also an additional payment request of \$105,678.78 submitted in May for April activity.

The second page of this summary provides a listing of DMCC authorized projects managed by the City of Rochester. Approximately \$1.8 million has been spent on these projects this year through April of 2020. Total life-to-date expenditures on these projects is approaching \$41.8 million.

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

Destination Medical Center Corporation
Financial Budget Summary
December 2020 (unaudited)

	2020 Approved Approved Budget	Curent Month April 2020	April 2020 Year To Date	Amount Remaining	Percent Remaining
General Administrative Expenses	41,000	-	8,346	32,654	80%
Professional Services	225,500	900	19,436	206,064	91%
Insurance and Bonds	20,000	-	10,874	9,127	46%
		-	-	-	
Subtotal DMCC	286,500	900	38,655	247,845	87%
Third Party Costs - DMC EDA **					
Payroll, Staff, Administration & Benefits-EDA	965,481	57,045	204,706	760,775	79%
Operating Expenses	69,695	9,724	40,580	29,115	42%
Operational Costs - Contracted		2,779	4,739	(4,739)	#DIV/0!
Economic Development Outreach & Support	807,200	98,768	170,211	636,989	79%
Professional Services	677,770	26,817	144,088	533,682	79%
Miscellaneous Expenses	50,000	-	-	50,000	100%
Subtotal EDA	2,570,146	195,132	564,325	2,005,821	78%
Total DMCC 2020	2,856,646	196,032	602,980	2,253,666	79%
2019 Budget Carryover - Encumbered Funds for EDA Contracts	16,800	-	-	16,800	100%
Totals for 2020 Including Encumbrance	2,873,446	196,032	602,980	2,270,466	79%
NOTE: A payment request for \$105,678.78 was submitted in May 2020 for April 2020 activity.					
		DMCC	Working Capital Note	1,000	
		EDA	Working Capital Note	75,000	

DMCC Projects

Managed by the City of Rochester

As of April 30, 2020

Project	YTD Expenditures	Project Budget	Life To Date Expenditures
8611C- - Sn/S12AvSW/NW<2StSW>2StNW	28,790.61	2,850,000.00	551,811.43
8612C- - WZmbrRvrSn/SRIfLin<CookPk>CCDr		950,000.00	46,592.09
8613C- - ChateauTheatrePre-OccupancyM&O	35,653.69	4,826,802.00	407,008.50
8614C- - DMCTransit&InfrastrctrPgrmMgmt	8,422.00	3,260,524.00	1,824,811.98
8617C- - Broadway @ Center Parking Ramp		10,500,000.00	10,500,000.00
8618C- - SharedParkngStudy&PrgmDevlpmnt	35,297.79	2,061,854.00	1,874,219.10
8620C- - City Loop Plan		1,209,938.00	968,732.35
8621C- - Transit Circulator Study		2,241,532.00	1,780,876.51
8623C- - DMCC Street Use Study		3,117,708.00	2,885,881.60
8624C- - ChateauTheatreBldgImprov/Purch	66,152.78		8,303,247.02
8625C- - Heart of the City	153,597.10	11,648,940.00	2,488,358.14
8626C- - Sn/SUsize1Av&3AvSE<4StS>1StN	1,185,874.19	8,500,000.00	6,718,174.66
8326 C - Reconst4thStSW<1stAve>6thAveSW			2,250,000.00
8628C- - Downtown Circulator Project			269,712.00
8702C- - RPTSolarPwrBusFleetGrntApp			51,332.76
8703C- - FTA TOD Pilot PrgmGrntApplctn			26,057.97
8704C- - FTA Low-NoEmissions PrgGrntApl			1,140.11
8705C- - TransitCrcltr-FTAGrntBus&Facit			19,258.02
8706C- - DMCTransitCirculatorTODPlnStdy	220,066.72		377,439.59
8708C- - Transit Villages 1&2	26,314.08		26,314.08
8804C- - TH 52 LID Bld GrantApplication			22,144.99
8901C- - TH 14/52 InterchangeBldGrntApp			36,330.84
8902C- - FestivalAreaStdy&ConceptDesign			84,133.27
8903C- - DedctdBikeLns-3rd/4thAve&CtrSt	23,096.63		256,043.08
Grand Total	1,783,266	51,167,298	41,769,620

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



Board of Directors
Destination Medical Center Corporation
Rochester, Minnesota

We have audited the financial statements of the governmental activities and the general fund of the Destination Medical Center Corporation (the Corporation) for the year ended December 31, 2019, and have issued our report thereon dated May 20, 2020. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

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

No new accounting policies were adopted and the application of existing policies was not changed during 2019.

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

Accounting estimates

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

Financial statement disclosures

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

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

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

Uncorrected misstatements

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

Corrected misstatements

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

Disagreements with management

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

Management representations

We have requested certain representations from management that are included in the management representation letter dated May 20, 2020.

Management consultations with other independent accountants

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

Significant issues discussed with management prior to engagement

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

Other information in documents containing audited financial statements

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

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

CliftonLarsonAllen LLP

Rochester, Minnesota
May 20, 2020

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

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

**DESTINATION MEDICAL CENTER CORPORATION
ROCHESTER, MINNESOTA
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YEAR ENDED DECEMBER 31, 2019**

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**DESTINATION MEDICAL CENTER CORPORATION
ROCHESTER, MINNESOTA
BOARD OF DIRECTORS
AS OF DECEMBER 31, 2019**

BOARD OF DIRECTORS

R.T. Rybak	Chair
Kim Norton	Vice Chair
Paul Williams	Secretary
Jim Bier	Treasurer
James Campbell	Director
Michael Dougherty	Director
Nick Campion	Director
Pamela Wheelock	Director

SECTION I – FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Directors
Destination Medical Center Corporation
Rochester, Minnesota

We have audited the accompanying financial statements of the governmental activities and the general fund of the Destination Medical Center Corporation (the Corporation), a component unit of the City of Rochester, Minnesota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Corporation as of December 31, 2019, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2020, on our consideration of the Corporation’s internal control over financial reporting and on our tests of its compliance with certain provisions of the laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation’s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Rochester, Minnesota
May 20, 2020

**DESTINATION MEDICAL CENTER CORPORATION
ROCHESTER, MINNESOTA
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2019**

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and Cash Equivalents	\$ 1,148	\$ -	\$ 1,148
Advances to DMC EDA	50,000	-	50,000
Due from Other Governments	318,828	-	318,828
Prepays	72,177	-	72,177
Total Assets	\$ 442,153	-	442,153
LIABILITIES			
Accounts Payable	\$ 318,976	-	318,976
Due to Other Governments	51,000	-	51,000
Unearned Revenue	72,177	-	72,177
Total Liabilities	442,153	-	442,153
FUND BALANCE/NET POSITION			
Fund Balance:			
Unassigned	-	-	-
Total Fund Balance	-	-	-
Total Liabilities and Fund Balance	\$ 442,153		
Net Position:			
Unrestricted		-	-
Total Net Position		\$ -	\$ -

See accompanying Notes to Financial Statements.

**DESTINATION MEDICAL CENTER CORPORATION
ROCHESTER, MINNESOTA
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2019**

	General Fund	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES			
Economic Development:			
Building Rent	\$ 34,017	\$ -	\$ 34,017
Legal Consultants	146,785	-	146,785
Other Professional Services	14,668	-	14,668
Travel and Training	322	-	322
Insurance	13,607	-	13,607
Program Costs	2,491,338	-	2,491,338
Total Expenditures/Expenses	2,700,737	-	2,700,737
PROGRAM REVENUES			
Intergovernmental:			
Local Government	2,700,723	-	2,700,723
Total Program Revenues	2,700,723	-	2,700,723
Net Program Revenues	(14)	-	(14)
GENERAL REVENUES			
Investment Earnings	14	-	14
Total General Revenues	14	-	14
Change in Fund Balance	-	-	-
Change in Net Position	-	-	-
FUND BALANCE/NET POSITION			
Beginning of Year	-	-	-
End of Year	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements.

**DESTINATION MEDICAL CENTER CORPORATION
ROCHESTER, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Intergovernmental:				
Local Government	\$ 2,897,606	\$ 2,897,606	\$ 2,700,723	\$ (196,883)
Investment Earnings	-	-	14	14
Total Revenues	<u>2,897,606</u>	<u>2,897,606</u>	<u>2,700,737</u>	<u>(196,869)</u>
EXPENDITURES				
Current:				
Building Rent	35,000	35,000	34,017	(983)
Legal Consultants	225,000	225,000	146,785	(78,215)
Other Professional Services	41,200	41,200	14,668	(26,532)
Travel and Training	5,000	5,000	322	(4,678)
Insurance	20,000	20,000	13,607	(6,393)
Program Costs	<u>2,571,406</u>	<u>2,571,406</u>	<u>2,491,338</u>	<u>(80,068)</u>
Total Expenditures	<u>2,897,606</u>	<u>2,897,606</u>	<u>2,700,737</u>	<u>(196,869)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE				
Beginning of Year			<u>-</u>	
End of Year			<u>\$ -</u>	

See accompanying Notes to Financial Statements.

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**DESTINATION MEDICAL CENTER CORPORATION
ROCHESTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Presentation

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

Financial Reporting Entity

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

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

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

**DESTINATION MEDICAL CENTER CORPORATION
ROCHESTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statement Presentation

The General Fund of the Destination Medical Center Corporation meets the definition of a Special-Purpose government and is involved in only one program, as specified in Minnesota Statutes, Sections 469.40 - 469.47. Accordingly, the Corporation is allowed to combine its government-wide statements with the fund statements. At December 31, 2019, and for the year then ended, there were no reconciling items between the two types of statements.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all financial activities of the Corporation.

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

Measurement Focus and Basis of Accounting

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

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

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

**DESTINATION MEDICAL CENTER CORPORATION
ROCHESTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

The Corporation adopts an annual budget, which is adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP). Reported budget amounts represent the original adopted budget as amended by the board. For 2019, the amount budgeted for the purpose of paying the expenses of the Corporation was \$2,897,606. Actual expenditures of the Corporation were \$2,700,737 resulting in a favorable variance of \$196,869.

Assets, Liabilities, and Fund Balance/Net Position

Cash and Cash Equivalents

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

Advances

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

Due from Other Governments

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

Prepays

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

Unearned Revenues

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

Fund Balance

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

**DESTINATION MEDICAL CENTER CORPORATION
ROCHESTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

Revenues

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

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

Expenditures

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

Net Position

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

NOTE 2 DEPOSITS AND INVESTMENTS

A. Deposits

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

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

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

**DESTINATION MEDICAL CENTER CORPORATION
ROCHESTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

The Corporation's deposits in banks at December 31, 2019 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

B. Investments

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

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

The Corporation's investments consisted of a repurchase agreement with Wells Fargo Bank, N.A. having a balance of \$1,148 at December 31, 2019. The securities sold to the Corporation include US Agency Bonds with an AAA rating. The repurchase agreement bears interest at .01% and matures overnight. As such, the repurchase agreement is presented as a cash equivalent in the financial statements.

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

**DESTINATION MEDICAL CENTER CORPORATION
ROCHESTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of a failure by the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Corporation follows state statutes which require that investment balances be fully collateralized. As of December 31, 2019, the securities underlying the repurchase agreement are held by the counterparty in the Corporation’s name.

At December 31, 2019, the Corporation had the following deposits and investments:

Repurchase Agreement - Wells Fargo Bank, N.A.	\$	1,148
Total Cash and Investments	\$	<u>1,148</u>

NOTE 3 RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts, theft of assets, or errors and omissions. The Corporation purchases commercial insurance coverage for such risks. There has been no significant reduction in insurance coverage from the previous year in any of the Corporation’s policies. In addition, there have been no settlements in excess of the Corporation’s insurance coverage in any of the prior three fiscal years.

NOTE 4 RELATED ORGANIZATION

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

NOTE 5 CONTINGENT LIABILITIES AND COMMITMENTS

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

SECTION II – COMPLIANCE LETTERS

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

Board of Directors
Destination Medical Center Corporation
Rochester, Minnesota

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Destination Medical Center Corporation (the Corporation), a component unit of the City of Rochester, Minnesota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated May 20, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

Rochester, Minnesota
May 20, 2020



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Directors
Destination Medical Center Corporation
Rochester, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Destination Medical Center Corporation (the Corporation), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated May 20, 2020.

In connection with our audit, nothing came to our attention that caused us to believe that the Corporation failed to comply with the provisions of the deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the entity's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

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

CliftonLarsonAllen LLP

Rochester, Minnesota
May 20, 2020

DMC Metrics: WMBE Goals



To: DMC Corporation Board of Directors
 From: DMC Economic Development Agency
 Date: May 22, 2020

Request of the DMC Corp. board of directors:

Support the proposed new goals for women-owned and minority-owned workforce participation and targeted business enterprises.

Background:

The table below outlines the current goals, those recommended by the state of MN, and proposed goals based on the experience to date of DMC projects. Based on this current performance, it is the recommendation of the DMC EDA, and the City of Rochester administration to support the adoption of these workforce and targeted business recommendations. At a high level, a work plan is being developed to support the pursuit of these goals and leverage the partnership and collaboration with local, regional and state-wide agencies to realize these outcomes.

Targeted Workforce and Business Categories	2015 Goal	Performance (2017-2020)	MN Human Rights Target for SE MN	Proposed Goals		
				Goal for 2021	Goal for 2022	Goal for 2023
Women Construction Participation	6%	3.6%	9%	7%	8%	9%
Women Professional Services Participation	6%	32.8%	9%	7%	8%	9%
Minority Construction Participation	4%	15.2%	15%	15%	15%	15%
Minority Professional Services Participation	4%	6.5%	15%	15%	15%	15%
Targeted Business: Construction	4%	7.2%	-	7%	7%	7%
Targeted Business: Professional Services	4%	5.1%	-	7%	7%	7%
Targeted Business: Heavy Construction Projects	4%	-	-	4%	4%	4%

Fulfilling the DMC Vision, Mission, and/or Goals:

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

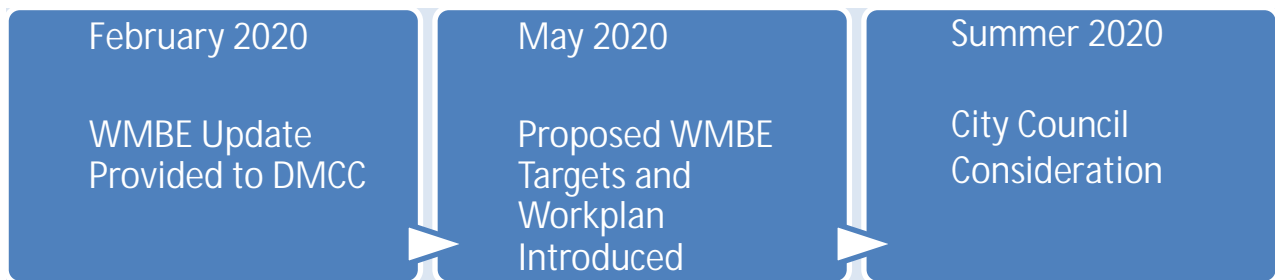
Develop strategies to attract new businesses to the market, including small business enterprise (SBE), minority business enterprise (MBE) and women business enterprise (WBE) participation

The DMC Development Plan and 2020 DMC EDA work plan support the focus and delivery of programs to support women and minority owned workforce and targeted business enterprise targets.

Work plan or capital improvement budget implications:

There are no additional work plan or budget implications for 2020. In fall 2020 there will likely be an operating budget to be considered in support of the 2021 WMBE work plan.

Approvals, milestones, and decision points:



COVID-19 ORGANIZATIONAL RESPONSES

To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: May 22, 2020



Request of the DMC Corp. board of directors:

- Endorse direction provided by the DMC Corp. board executive committee:
 - Accelerate job creation
 - Keep our foot on the gas as it relates to DMC's core work of business development, marketing, strategic relationships and investor/developer recruitment
 - Support economic recovery and resilience
- Consider COVID-19 response and mitigation strategies being developed by DMC, the City of Rochester, Olmsted County, Mayo Clinic, and other community partners
- Discuss ongoing and proposed DMC COVID-19 response strategies
 - DMC's Road to Recovery Webinar series: 1,221 attendees from throughout Minnesota
 - Virtual community engagement efforts, including Transportation open houses, Heart of the City small business weekly virtual meetings and construction newsletter
 - Keep It Local grant programs: \$100,000 awarded to 64 local businesses
 - New communications highlighting recovery and resilience, including the "Business Pivot" series
 - Development of new partnerships, including Medical Alley and Rochester Economic Stability Team
 - Business development and recruitment
- Support 2020 CIP public infrastructure adjustments to facilitate a safe and resilient DMC district

Background:

The DMC EDA is continuing to assess and respond assessing how our work is and will be impacted by the global COVID-19 crisis:

- Current environment and key assumptions
 - Economic recovery will be measured in months and/or years
 - The pandemic has affirmed Rochester's and Mayo Clinic's position as the global center for health care and research
 - Local, state, and federal stimulus could provide jobs and infrastructure investment
 - DMC efforts should focus on economic recovery and resilience and complement community, regional, state and federal responses
 - DMC should do what it can to blunt the harsh effects of this economic crisis and ensure that our economy is in the best possible position when it subsides

- DMC EDA operations and work plan
 - Operations
 - § Staff safety
 - § Cost reductions and budget management
 - Work Plan
 - § Reprioritize based on key assumptions, DMCC direction, and available resources
 - § Assess and redeploy operating and capital project budgets
 - § Develop strategies to fulfill work plan and encourage economic recovery/resiliency

Fulfilling the DMC Vision, Mission, and/or Goals:

DMC COVID-19 recovery and resiliency strategies will aid in DMC investment, development, and workforce retention and growth by creating a safe environment that encourages public confidence and trust.

Work plan or capital improvement budget implications:

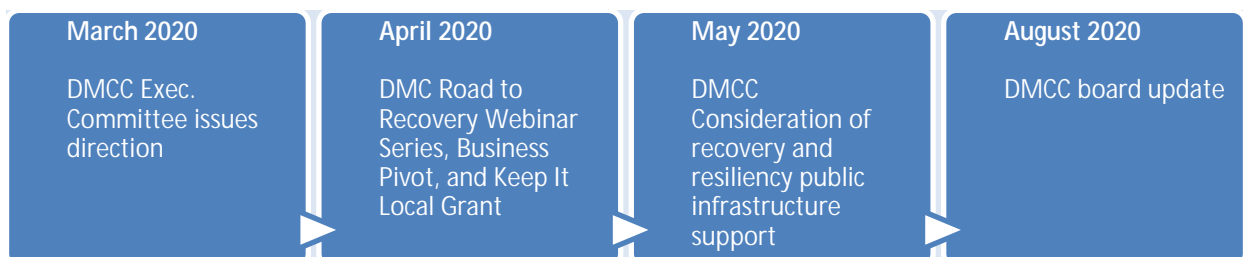
In addition to committing staff hours to pursuing pandemic recovery and resiliency goals, the DMC EDA has reallocated portions of its annual operating budget to align with direction from the DMCC Executive Committee:

- \$50,000 to sustain local small business innovation and develop safe and proactive economic and business development strategies via the including the “Keep It Local” grant program
- Marketing and communications support for the DMC Road to Recovery Webinar Series and the Reopen Rochester initiative
- Marketing support for the “Business Pivot” communication series.
- Revised Business Forward strategy associated with Heart of the City project reflect changes to the business environment caused by Covid-19.

Funding to support these new programs was reallocated, in most cases, from budgets intended for travel, conferences, and other expenses not likely to be incurred in 2020.

Also, the DMC EDA recommends that the DMC Corporation board of directors consider allocating resources to develop safe and resilient public infrastructure that will provide for the resumption of DMC district commercial activity and employment.

Approvals, milestones, and decision points:



2021 DMCC Funding Request: Priorities, Process and Timeline

To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: May 22, 2020



Request of the DMC Corp. board of directors:

- Endorse the 2021 proposed priorities
- Affirm the suggested process and timeline to complete the 2021 funding request

Background:

2021 Priorities

Based on board work sessions, recent market studies, and changes in market conditions, DMC EDA staff have developed the following set of priorities to guide the 2021 funding request process:

1. Transportation
2. Common Ground
3. Housing
4. Workforce
5. Transformative Projects
6. Sustainability
7. COVID-19 Recovery and Resiliency

Additionally, the DMC EDA and City of Rochester DMC project management staff will incorporate significant business development, marketing, experience, and community engagement initiatives into the 2021 workplan in order to support these strategic priorities.

Process and Timeline

The following general timeline for the creation and approval of the DMC Funding Request has been established:

1. May: DMCC and DMC EDA staff begin preparing funding request
2. June-July: City, DMCC and DMC EDA staff draft preliminary request
3. July: DMCC and DMC EDA directors advise staff
4. Early August: DMC EDA board considers funding request
5. Late August: DMCC board considers funding request
6. September: City Council considers funding request

DMC Development Plan Goals

1. Create a comprehensive strategic plan with a compelling vision that harnesses the energy and creativity of the entire community
2. Leverage the public investment to attract more than \$5 billion in private investment to Rochester and the region

3. Create 30,000+ new jobs, with workforce development strategies that support that growth
4. Generate approximately \$7.5 - \$8.0 billion in new net tax revenue over 35 years
5. Achieve the highest quality patient, companion, visitor, employee, and resident experience, now and in the future

The nonprofit agency must provide services to assist the corporation and city in implementing the goals, objectives, and strategies in the development plan including, but not limited to:

1. facilitating private investment through development of a comprehensive marketing program to global interests;
2. developing and updating the criteria for evaluating and underwriting development proposals;
3. drafting and implementing the development plan, including soliciting and evaluating proposals for development and evaluating and making recommendations to the authority and the city regarding those proposals;
4. providing transactional services in connection with approved projects;
5. developing patient, visitor, and community outreach programs for a destination medical center development district;
6. working with the corporation to acquire and facilitate the sale, lease, or other transactions involving land and real property;
7. seeking financial support for the corporation, the city, and a project;
8. partnering with other development agencies and organizations, the city, and the county in joint efforts to promote economic development and establish a destination medical center;
9. supporting and administering the planning and development activities required to implement the development plan;
10. preparing and supporting the marketing and promotion of the medical center development district;
11. preparing and implementing a program for community and public relations in support of the medical center development district;
12. assisting the corporation or city and others in applications for federal grants, tax credits, and other sources of funding to aid both private and public development; and
13. making other general advisory recommendations to the corporation and the city, as requested.

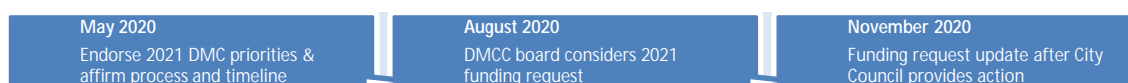
Fulfilling the DMC Vision, Mission, and/or Goals:

The DMC Corporation must annually submit a request for operating and capital project funding to the City of Rochester. The funding request, which includes funding for DMC EDA operations, is drafted by DMCC board members, DMC EDA board and staff members, and City staff.

The operating budget request includes the following items:

1. Capital Improvement Program (CIP)
2. DMCC Operating Budget
3. DMC EDA Workplan and Operating Budget
4. City of Rochester Staff (who are supported by DMC funding) Workplan and Operating Budget
5. Working Capital Loan

Approvals, milestones, and decision points:



Development Plan Five Year Update

To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: May 22, 2020



Request of the DMC Corp. board of directors:

- Discuss the five-year update to the DMC development plan:
 - Timing and Process
 - Plan Elements:
 - § Context
 - § Vision and Overview
 - § Phase 1 (2015-2019) Benchmarking
 - § Phase 2 (2020-2024) Projections
 - § Mobility
 - § Public Realm
 - § Streets and Sewers
 - § Private Development
 - § Operating Model
 - § CIP

Background:

The process to update the DMC Development Plan has been ongoing since July 2019. Since that time, the DMC EDA has sought the input of regional economic development and planning partners and reviewed previous reports, documents, and other works that have advanced DMC implementation since 2015.

The DMC EDA is currently preparing updates to ensure that the DMC development plan remains a relevant, contemporary strategic framework for the implementation of the DMC initiative. It should be noted, though, that several aspects of the DMC development plan may be impacted by the ongoing pandemic-induced economic crisis:

- Private and public investment and development
- Key job sectors (construction, retail/dining/hospitality, etc.)
- Business development and recruitment
- Destination patient practice and telemedicine
- Transit system and public space design
- Forecasting availability and best uses of public and private DMC resources

The DMC EDA is preparing plan updates that sufficiently outline the “plan elements” described above while also recognizing that as the economic crisis subsides, DMC priorities and strategies will need to adapt to changes in economic conditions in order to achieve long-term DMC goals.

Fulfilling the DMC Mission, Vision, and/or Goals:

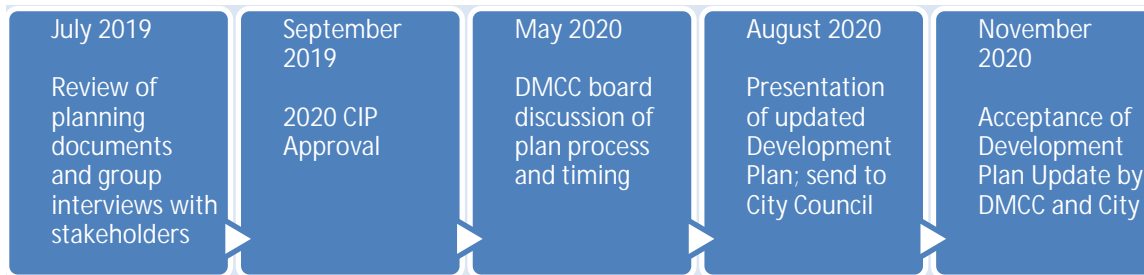
The Development Plan is meant to serve as a strategic business plan and framework to guide the implementation of the DMC Initiative.

An updated DMC Development Plan supports all key DMC goals by tracking performance over Phase I (2015-2019) and adjusting the implementation strategy for Phase II (2020-2024) to reflect the current conditions in Rochester, Olmsted County and Minnesota in order to achieve the 20-year vision for DMC.

Work plan or capital improvement budget implications:

There is an approved work plan and CIP budget item for this ongoing work. The plan update is expected to be completed under budget.

Approvals, milestones, and decision points:



Discovery Square

To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: May 22, 2020



Request of the DMC Corp. board of directors:

- Continue advancing Discovery Walk development.
- Affirm direction of start-up program development with Medical Alley and others.

Background:

- Economic Development Activities
 - Continue business development and recruitment activities to pitch Discovery Square as a landing place for technology companies as the opportunities arise.
 - Medical Alley has been working with DMC and others to develop a start-up initiative program in Rochester.
- Discovery Walk
 - Design Documentation work continues with Coen + Partners, DMC and City staff.
 - Using model developed by the steering committee for the Community For Health, under-represented communities have actively participated in a co-design process.
 - Next steps - Make final scope-related decisions on, district energy system, and climate accommodation systems.
 - Aiming for 2020 year-end construction bidding and groundbreaking in 2021.
- Discovery Square 2
 - Mortenson working aggressively to advance DS2 with an anticipated groundbreaking in 2020
 - Development Assistance Agreement and establishment of TIF District approved on April 20th
 - Seeking parking solution, working with various stakeholders.
 - Discussions underway with potential tenants.
- One Discovery Square
 - 90% leased, some of the remaining space being fitted out as turn-key space.
- Entrepreneurship activities
 - DMC part of the SE Minnesota Entrepreneurship grant award from Launch MN initiative.
 - The DMC Assistive Tech Challenge moving online, scheduled for June 2, 2020.
- Discovery Square residential and retail activities
 - The Maven now leasing - residential and retail space.
 - The Residence Discovery Square now leasing - residential and retail space.
 - The Hue (formerly "324 Apartments") under construction, Minnwest Bank first retail tenant.

Fulfilling the DMC Mission, Vision, and/or Goals:

Discovery Square is a new address for the future of bio-medical, research and technology innovation and a keystone to the DMC economic development strategy. The sub-district borrows from Mayo Clinic's integrated care model to create an integrated district founded in the principles of translational medicine.

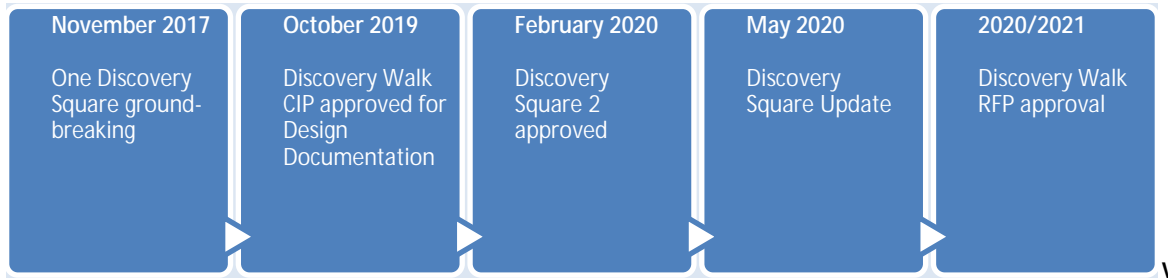
Technology and innovation are core to the DMC economic strategy. Our vision is to promote an economic development structure that fosters advancement and growth of the medical, research, innovation, education, entrepreneurial and general business environment in Rochester.

By attracting new businesses, supporting the launch and development of new startup businesses, and creating new public realm space, we aim to diversify the local economy, create jobs, generate new tax revenue, and create a place that fosters a vibrant community and attracts the workforce of the future.

Work plan or capital improvement budget implications:

The current DMC work plan describes a variety of initiatives supported by DMC 2020 operating and CIP funds, including the design documentation of Discovery Walk.

Approvals, milestones, and decision points:



Heart of the City

To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: May 22, 2020



Request of the DMC Corp. board of directors:

- Authorize additional CIP funds for the Heart of the City Project (More information can be found on the next memo)
- Support and provide guidance as the various projects below continue to make progress within the Heart of the City subdistrict

Background:

2020 Peace Plaza Construction

Restoration of its public space, Peace Plaza and the adjacent street, has been in the planning stage for several years. It is a transformative common ground project that includes improved safety, accessibility, universal design elements, sustainability, integrated art, and improved infrastructure to enhance the overall user experience.

Work started on the Heart of the City Phase One Construction on April 6, 2020. Prior to construction beginning a hyper-local focus strategy to reach potential local and regional sub-contractors was put into place. 40% of the bid packages were awarded from the city of Rochester and 92% were from the state of Minnesota. Original bids, including construction procedures designed to minimize disruption to existing businesses, came in well in excess of the original project budget. Subsequently, bid documents were rewritten and the project rebid with certain components treated as optional additional alternates pending review of all bids.

The Rochester City Council approved the authorization to execute all contracts for the rest of the bidding packages on April 20, 2020. The City Council also authorized the inclusion of the add alternative for a snow melt system, conditional of the DMCC board approval on additional CIP funding. More information can be found in the following 2020 Capital Improvement Program (CIP): Reallocation of Funds memo.

Business Forward Construction

DMC EDA and other partners have been working with Heart of the City property owners, business operators, and community stakeholders to design a construction process intended to minimize negative impact on nearby businesses through improved construction communications, scheduling, and pace. As previously shared, there is a cost premium associated with implementing a “business forward” approach of approximately 8% of project costs. These additional expenses have been absorbed in the overall project costs listed above.

Business Forward is a construction strategy that focuses on encouraging pedestrian traffic and supporting the local businesses. It is a priority for the project team and extremely important for the vitality of Heart of the City during the disruption. While preparing for construction, the project team met

with the businesses and landowners in the area to understand their needs during construction. The information gathered from many stakeholders, including the Rochester Downtown Alliance and Rochester Chamber of Commerce, informed the Business Forward Strategy.

Business Forward principles include:

- Access, Safety and Smart Micro -Construction Phasing
- Communication
- Activation and Programming

These principles are being applied in ways that are mindful of the social-distancing and other safety precautions necessary to avoid COVID-19 transmission.

Chateau Theatre

The Chateau Theatre is currently closed to the public. The operator, EDG, is abiding by the State’s stay-in-place executive orders and evaluating potential programming opportunities once the facility can re-open.

Fulfilling the DMC Vision, Mission, and/or Goals:

Heart of the City subdistrict is a long-standing priority for the DMC Corp. board. It is home to many hotels, restaurants, entertainment venues, and medical facilities, many of which have been undergoing reinvestment. Transformation of the public realm, Peace Plaza, will be an asset to the downtown core, improve the patient, visitor and resident experience, and help spur future investment.

Work plan or capital improvement budget implications:

This project is funded via state GSIA funds generated through the DMC initiative, approved by both DMCC and Rochester City Council.

Approvals, milestones, and decision points:



2020 Capital Improvement Program (CIP): Reallocation of Funds

To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: May 22, 2020

Request of the DMC Corp. board of directors:

- Authorize additional CIP funds for the Heart of the City Project
- Authorize reallocation of CIP funds for the Broadway Sewer Diversion Project

Background:

Heart of the City Project- Snow Melt System

Authorize additional spending of \$1,622,325 for the Heart of the City renovation project, which will cover the cost of a snow melt system located under the roadway along First Ave. SW, and in the pedestrian zones along First Ave. SW and the east side of Peace Plaza. Both DMC EDA and City Council are supportive of this requested action.

Restoration of its public space, Peace Plaza and the adjacent street, has been in the planning stage for several years. Original bids, including construction procedures designed to minimize disruption to existing businesses, came in excess of the original project budget. Subsequently, bid documents were rewritten and the project rebid with certain components treated as optional additional alternates pending review of all bids. The snowmelt system was one of these alternatives.

The Rochester City Council unanimously approved the authorization to execute all contracts for the rest of the bidding packages on April 20, 2020. The City Council also authorized the inclusion of the add alternative for the snow melt system for both the sidewalk and roadway within the project conditional of the DMCC board approval on additional CIP funding.

Broadway Project- 1st Street NW Sanitary Sewer Diversion project

Authorize the use of the \$1.479 million of that \$4 million programmed for the North Broadway project in 2020 to be used for the 1st Street NW Sanitary Sewer Diversion Project in 2020. The funding for the 1st Street NW Sanitary Sewer Diversion Project is included in the Capital Improvement Plan for 2021. It is being requested that Sanitary Sewer work be completed a year ahead of schedule.

This work would add additional needed-capacity and decrease the likelihood of sewer backups in businesses and homes in the affected areas. This work, located from 1st Avenue NW to Broadway Avenue North, would utilize funds intended for the delayed North Broadway work allocated for 2020. This change in scheduling would not increase the overall cost of the North Broadway work, but would only change the work schedule.

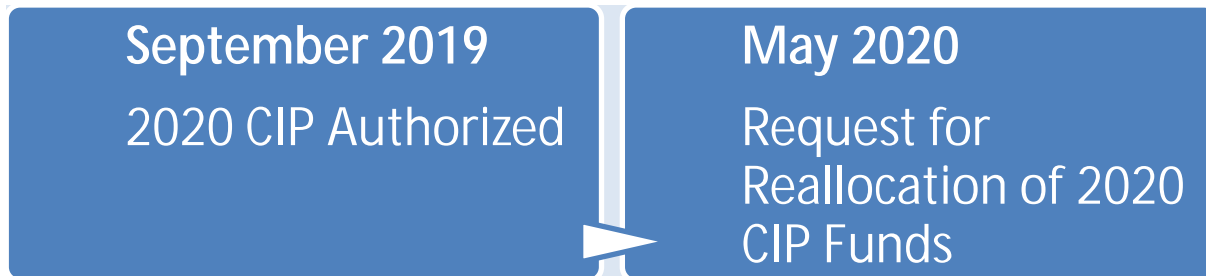
Fulfilling the DMC Vision, Mission, and/or Goals:

- Heart of the City is one of DMCC's priority subdistricts; it is home to many of the downtown's hotels, restaurants, retail, entertainment venues, and Mayo Clinic programs.
- DMC provides the public financing necessary to build the public infrastructure and other projects needed to support the DMC vision. This sewer relief project will divert flows from an existing sanitary sewer trunk, which will increase additional capacity for growth within the DMC District.

Work plan or capital improvement budget implications:

- The Heart of the City Project is funded via state GSIA funds generated through the DMC initiative, approved by both DMCC and Rochester City Council.
- The Broadway Sewer Diversion Project is funded via state GSIA funds (50%) and local funds (50%), funds approved by both DMCC and Rochester City Council.

Approvals, milestones, and decision points:



DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ____-2020

Approving Amendments to the 2020 Five Year Capital Plan

BACKGROUND RECITALS

A. The Destination Medical Center Corporation (DMCC) Board approved the 2020 Five Year Capital Improvements Plan (the “2020 CIP”) on October 18, 2019 and approved the projects set forth in the first year of the 2020 CIP as public infrastructure projects within the meaning of Minnesota Statutes Section 469.40, subdivision 11, and consistent with the Development Plan adopted on April 23, 2015, as amended. Final approval of each of the capital projects is subject to a later specific approval by the DMCC upon final determination of scope, costs and availability of funds. The 2020 CIP was subsequently approved by the City of Rochester (the “City”).

B. The 2020 CIP provided funding for the Heart of the City design and construction in the amount of \$9,000,000 in 2020, and \$6,000,000 in 2021. Initial earthwork and infrastructure work are underway.

C. Staff from the City and the Destination Medical Center Economic Development Agency (the “EDA”) now recommend that the DMCC Board approve a budget increase and give final approval for a snowmelt system. The snowmelt system would be located under the roadway on First Avenue SW, and in the pedestrian zones along First Avenue and the east side of Peace Plaza (the “Snow Melt System”). The total amount of the budget increase in 2020 is \$1,622,325.

D. In addition, the 2020 CIP provided funding for the reconstruction of North Broadway Avenue (the “North Broadway Project”), starting in 2020 with funding of \$4,000,000. Staff has informed the DMCC Board that the North Broadway Project will be delayed by one year. Staff now recommends proceeding with a different project involving sanitary sewer diversion instead of the North Broadway Project.

E. The 2020 CIP included funding for the 1st Street NW Sanitary Sewer Diversion from 1st Avenue NW to Broadway in the amount of \$1,479,000 of DMC funds (and an additional \$1,479,000 in other City funds), to be performed in 2021 (the “1st Street NW Sanitary Sewer Diversion”). Staff from the City and EDA recommend the work and funding for the 1st Street NW Sanitary Sewer Diversion be accelerated by one year, to be performed in 2020. Funding for the project will be transferred from the North Broadway Project, in the amount of \$1,479,000. This budget amendment would not increase the cost of the 1st Street NW Sanitary Sewer Diversion, but would change the proposed schedule for completing it.

F. As set forth in Exhibit A, attached, staff from the City request that the DMCC amend the 2020 CIP, to (1) approve the Snow Melt System and increase the total budget for the Heart of the City project in 2020 by \$1,622,325; (2) accelerate the funding for the 1st Street NW Sanitary Sewer Diversion project to 2020, by transferring \$1,479,00 from the North Broadway Project; and (3) give final approval of both projects.

RESOLUTION

NOW THEREFORE, BE IT RESOLVED by the Destination Medical Center Corporation Board of Directors, that the 2020 CIP is amended as follows:

(a) Heart of the City: the Snow Melt System is hereby approved as a public infrastructure project within the meaning of Minnesota Statutes Section 469.40, Subdivision 11, and consistent with the Development Plan; and the 2020 CIP is increased in the amount of \$1,622,325 for the design and construction of the Snow Melt System, such work to be performed in 2020, as more fully described in Exhibit A.

(b) 1st Street NW Sanitary Sewer Diversion Project: the 1st Street NW Sanitary Sewer Diversion Project is hereby approved as a public infrastructure project within the meaning of Minnesota Statutes Section 469.40, Subdivision 11, and consistent with the Development Plan; and the 2020 CIP is amended by accelerating the design and construction of the 1st Street NW Sanitary Sewer Diversion, currently scheduled for 2021, by transferring funds allocated for the North Broadway Avenue reconstruction, in the amount of \$1,479,000.

BE IT FURTHER RESOLVED, that the Chair and Treasurer are hereby authorized and directed to transmit this Resolution to the City of Rochester and to take such actions as are necessary or convenient to effectuate these amendments to the 2020 CIP.

EXHIBIT A



To: DMCC Board of Directors
From: City of Rochester Team
Date: May 20, 2020
Subject: Budget Amendment

The City of Rochester provides the following documentation in support of the proposed budget amendment to the 2020 adopted Capital Improvement Plan (CIP).

The 2020 CIP has \$4 million of DMC funding programmed for the North Broadway reconstruction project. The Rochester Common Council recently rejected the bids for the project and will re-bid at a later date resulting in the project being delayed to 2021. The Common Council supports the reallocation of the \$4 million of DMC funds as recommended by the DMC EDA.

On April 20, 2020 the Rochester Common Council awarded contracts for phase I of the Heart of the City project (RCA attached). The awarded contracts fall within the current budget for the project. An additional add alternates that did not fit within the current project budget, but are considered important elements to the long-term longevity of the project, is the snow melt system. The snow melt system (\$1,622,325) would be located under the roadway in First Ave. SW, and in the pedestrian zones along First Ave and the east side of Peace Plaza. These systems minimize the need for labor-intensive snow removal, shoveling, and salting, which helps maintain the quality of the pavers. There is also a safety component by reducing surface ice and creating a more accessible walkable area in all four seasons. The Common Council awarded the contract conditional on the DMCC Board approval of additional funding.

On May 18, 2020 the Rochester Common Council approved awarding the contract for the 1st Street NW sanitary sewer diversion from 1st Avenue NW to Broadway Ave. North (RCA attached). The project is shovel ready and will begin this summer. This sanitary sewer system drains the DMC Development District - Central Station and has seen numerous development projects recently and is reaching its capacity during wet weather events. This project is identified in the CIP for the year 2021. The Common Council supports using \$1.479 million of the funding allocated to the North Broadway project in 2020 for the 1st Street NW sanitary sewer diversion project with the \$1.479 million allocated for the sewer project being reallocated to the North Broadway project for the year 2021.

Upon DMCC approval, the Common Council will ratify the budget amendments as well.

Transportation

To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: May 22, 2020



Request of the DMC Corp. board of directors:

- While retaining prior approved Locally Preferred Alternative for the Rapid Transit route, adopt a phased implementation strategy
- Initiate boundary modification process to adjust DMC Development District to include route and transit village location for Phase I.

Background:

Following extensive, multiyear analysis, the DMCC and City of Rochester, with support from Olmsted County, established a vision for a transit line connecting the Graham Park area with the downtown and St. Marys areas and ultimately to Cascade Lake. This alignment provides connection to jobs, entertainment, park space, housing, and parking infrastructure.

Furthermore, the DMCC and Rochester City Council directed staff to advance a grant application to the Federal Transit Administration in its 2020 application cycle, the deadline for which is September 4, 2020.

A competitive application requires agreement on the transit functionality and land use for each of the Transit Villages. As it relates to the East Transit Village (ETV), to be located on County owned properties, City, County, and DMC representatives have been working for months to arrive at a mutually agreed upon master site plan. All parties seem to share the goal that that the ETV includes efficient transit and parking operations, mixed-use/mixed-income development, and consistency with the Graham Park vision. However, the City and County have not been able to come to agreement on the site plan at this time.

It is important that we take the time necessary to get to the right design solution for the East Transit Village (ETV), measured by support from both the Rochester City Council and Olmsted County Commissioners. Meeting these shared goals is not an easy task and should not be rushed.

With the objective of meeting the September submittal deadline, and while understanding more time may be necessary to finalize the ETV design solution, the DMC EDA recommends advancing the Rapid Transit vision in phases.

The first phase could consist of the Second Street corridor, connecting Cascade Lake to the Government Center. This will achieve many of the goals for the Transit system, such as providing a much better ridership experience, reducing pressure on downtown parking, providing better transit access to residents of nearby neighborhoods, and reducing single occupancy vehicles on Second Street. Once there is consensus around the details for the ETV we can work to advance the southward route.

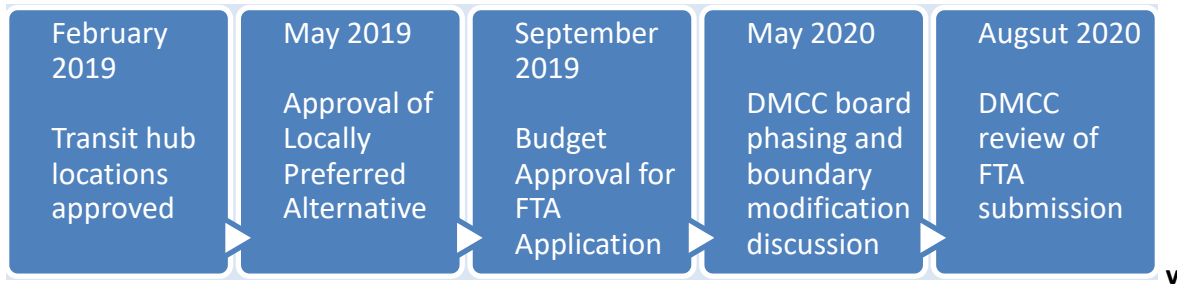
Mission, Vision, and/or Goals:

The transportation element of the DMC Development Plan serves as a guiding investment strategy based on sound market analysis and full integration with the 20-year DMC development program.

Work plan or capital improvement budget implications:

The 2020 DMC CIP includes \$3.872 million for transit circulator development.

Approvals, milestones, and decision points:



DESTINATION MEDICAL CENTER CORPORATION**RESOLUTION NO. ____-2020****Authorizing Submission of a Modification to the Development District to the City of Rochester (West Transit Corridor)**BACKGROUND RECITALS

A. Pursuant to Resolutions Nos. 87-2019 and 89-2019, the Destination Medical Center Corporation (“DMCC”) approved a locally preferred alternative (the “Locally Preferred Alternative”) for route, alignment and mode for the downtown circulator and additional project features, authorized expenditures, and approved application to the Federal Transit Administration for federal funding. These resolutions also contemplated a modification of the development district, the geographic area in the City of Rochester (the “City”) identified in the Development Plan (adopted on April 23, 2015, as amended), in which public infrastructure projects are implemented as the Destination Medical Center development district (the “Development District”).

B. The City and the Destination Medical Center Economic Development Agency (“EDA”) now request for a modification to the Development District, set forth in Exhibit A attached (the “Proposed West Transit Corridor Development District Modification”), in order to implement a phase of the Locally Preferred Alternative.

C. The DMCC may modify the Development Plan at any time, and must update the Development Plan not less than every five years. Pursuant to Minnesota Statutes Section 469.43, subdivision 4, a modification or update must be adopted by the DMCC upon the notice and after the public hearing and findings required for the original adoption of the Development Plan, including approval by the City.

D. The DMCC must hold a public hearing before modifying the Development Plan. At least sixty days before the hearing, the DMCC must make copies of the proposed modifications available to the public at the DMCC’s and City’s offices during normal business hours, on the DMCC’s and City’s websites, and as otherwise determined by the DMCC. At least ten days before the hearing, the DMCC must publish notice of the hearing in the official newspaper of the City. The DMCC may modify the Development Plan upon its finding that the elements of the statute have been satisfied, and upon approval of the modification by the City.

E. The City must act on the proposed modification to the Development Plan within sixty days following its submission by the DMCC.

RESOLUTION

NOW THEREFORE, BE IT RESOLVED by the Destination Medical Center Corporation Board of Directors that the Proposed West Transit Corridor Development District Modification, dated as of May 28, 2020, and on file with the DMCC is hereby submitted to the City of Rochester for its review and action within 60 days.

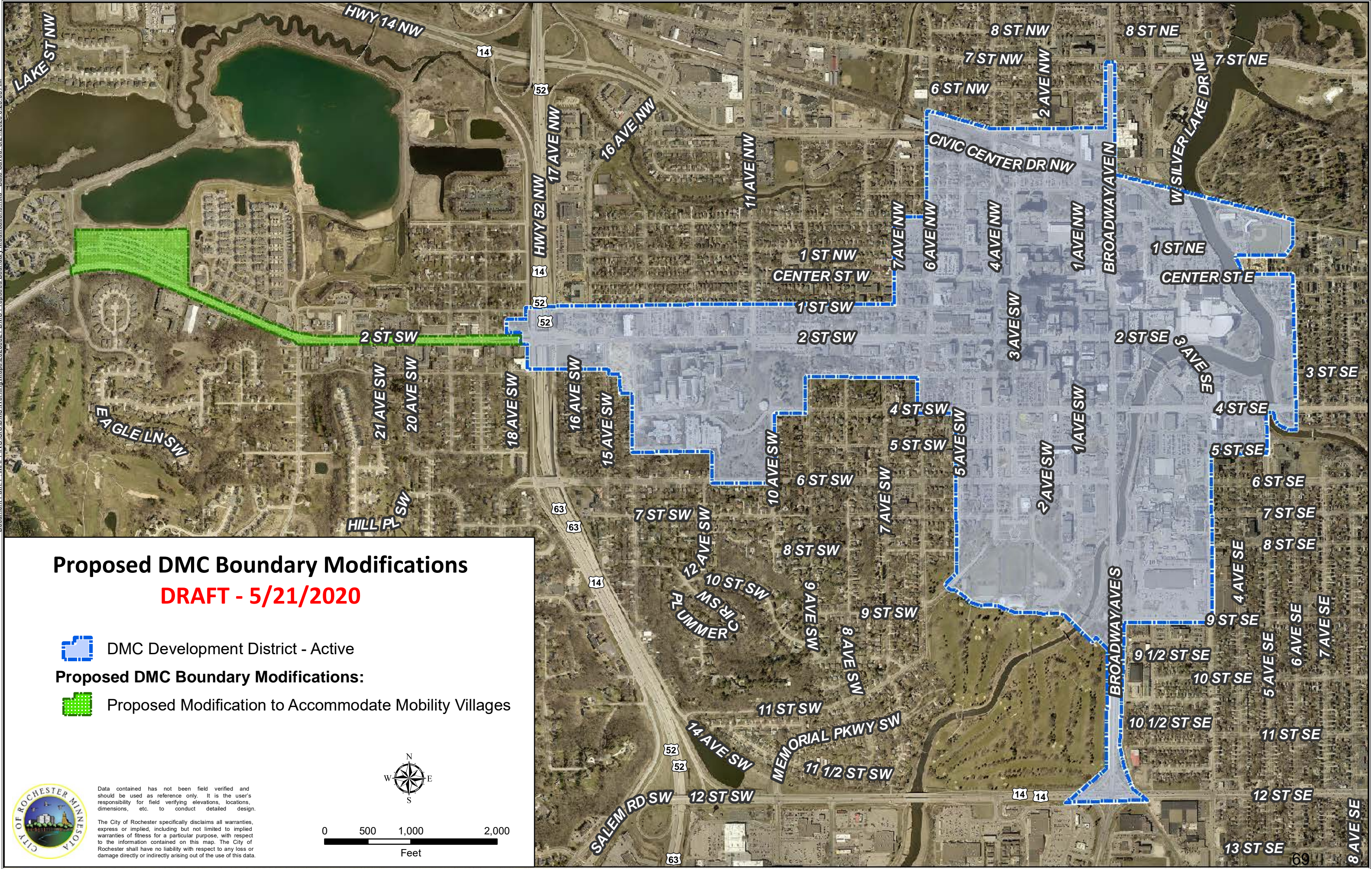
BE IT FURTHER RESOLVED that the DMCC Chair and Vice Chair are authorized:

(1) to make copies of the Proposed West Transit Corridor Development District Modification available to the public at the DMCC and City offices during normal business hours, on the DMCC's website, on the City's website, and as otherwise appropriate;

(2) to determine the date, time, and place to hold the public hearing for testimony from the public concerning the Proposed West Transit Corridor Development District Modification; and

(3) to take such actions as are necessary and appropriate to effectuate the submission of the Proposed West Transit Corridor Development District Modification and the timely progression of the approval process.

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Proposed DMC Boundary Modifications

DRAFT - 5/21/2020

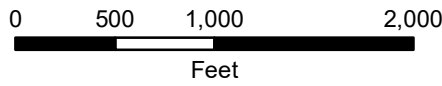


DMC Development District - Active

Proposed DMC Boundary Modifications:



Proposed Modification to Accommodate Mobility Villages



Data contained has not been field verified and should be used as reference only. It is the user's responsibility for field verifying elevations, locations, dimensions, etc. to conduct detailed design.
The City of Rochester specifically disclaims all warranties, express or implied, including but not limited to implied warranties of fitness for a particular purpose, with respect to the information contained on this map. The City of Rochester shall have no liability with respect to any loss or damage directly or indirectly arising out of the use of this data.

Sustainable Building Application Amendment



To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: May 22, 2020

Request of the DMC Corp. board of directors:

- Support the new energy standards in the Sustainable Building Guidance based on the Sustainable Buildings 2030 targets.

Background:

The Sustainable Building Guidance, included in the DMC Application for Funding, will be updated with the energy standard to reference Sustainable Buildings 2030, a state-supported energy target for new construction. This change will increase the energy standard for building performance and increase its threshold.

Previous sustainable building guidance included two energy standards, but they are no longer equivalent as of 2020. The current increase in performance is attainable with current technology at little cost impact to projects. In 2025 and 2030, when the standard continues to increase, adjustments may need to occur based on technology changes and resultant costs to private development projects.

Fulfilling the DMC Vision, Mission, and/or Goals:

A Model for Sustainability - "The principles of sustainability planning are interwoven throughout the Development Plan through an integrated mix of medium-to-high density uses, integrated live-work environments and green/park space features throughout the downtown..."

The DMC Development plan includes several greenhouse gas and energy reduction targets for the district by 2035. Ensuring new construction requesting DMC funds is built in an efficient manner, is critical to realizing these goals at the end of the project.

Work plan or capital improvement budget implications:

There are no work plan or capital budget implications associated with this item.

Approvals, milestones, and decision points:



District Energy Updates



To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: May 22, 2020

Request of the DMC Corp. board of directors:

- Support completion of the two district energy analyses
- Provide guidance on additional information required for future board consideration

Background:

Downtown Waterfront District Energy System (DES):

In collaboration with Olmsted County and the City of Rochester, the DMC EDA evaluated a 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 (OWEF), a steam-based district energy system. The steam and condensate lines of the system need replacement and the cost to replace these lines is estimated to cost approximately \$30 million.

In April, the County Board elected to move in a direction of independent heating and cooling systems in their facilities. The DMC and City of Rochester are currently re-evaluating the results summarized below to only include City facilities. Based on the results of this analysis and its next steps, a capital budget request may follow to support the City's investment in a district energy system in the fall of 2020, where the capital would facilitate the connection of private development to the system.

Discovery Walk DES:

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 study's next steps and corresponding schedule for decision-making are as follows. The project team aims to answer the remaining study questions this spring and summer. Immediately following, the DMC EDA will work with its partner Mayo Clinic to develop a recommendation for consideration, either to move forward or not with this approach. Based on discussion with Mayo and financial priorities, a decision may be brought forward for consideration by the DMCC in the fall of 2020. If an understanding is reached with Mayo Clinic, the expectation is to bring the budget of this project to the DMCC for approval as part of its 2021 Capital Improvement Plan and would be constructed at the same time as the construction of Discovery Walk.

Fulfilling the DMC Vision, Mission, and/or Goals:

A Model for Sustainability - "The principles of sustainability planning are interwoven throughout the Development Plan through an integrated mix of medium-to-high density uses, integrated live-work environments and green/park space features throughout the downtown..."

These project evaluations are included in the 2020 work plan. District energy systems could help support the development of private projects in Rochester. Further, when paired with efficient and environmentally friendly technologies, district energy systems can also support the realization of the project's sustainability targets related to energy and greenhouse gas reductions.

Work plan or capital improvement budget implications:

There are 2020 work plan and CIP budget funds allocated for this work. Depending on the final evaluations and recommendations from project partners for both the Discovery Walk District Energy System and Downtown Waterfront District Energy System, there might be corresponding capital budget requests made for 2021.

Approvals, milestones, and decision points:





DMC
Destination
Medical Center

Destination Medical Center Economic Development Agency
&
City of Rochester DMC Project Management Team

2020 Workplan

Updated:
May 22, 2020

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3. DMC EDA STATUTORY ROLE AND RESPONSIBILITIES
4. WORKPLAN OUTCOMES TO ACHIEVE 2020 STRATEGIC PRIORITIES AND DMC GOALS

1. Executive Summary

In 2020, the Destination Medical Center (“DMC”) initiative will focus on pursuing the strategic priorities endorsed by the Destination Medical Center Corporation Board of Directors and the City of Rochester Common Council in order to achieve the goals of the DMC initiative.

Anchored by the DMC Development Plan and influenced by the engagement and participation of our stakeholders, the Destination Medical Center Economic Development Agency (“DMC EDA”) and City of Rochester DMC project management team will continue to pursue the goals of the DMC initiative.

DMC GOALS

- Create a comprehensive strategic plan
- Leverage the public investment to attract more than \$5 billion in private investment
- Create approximately 30,000 new jobs
- Generate up to \$8.0 billion in new net tax revenue over 35 years
- Achieve the highest quality patient, companion, visitor, employee, and resident experience

2020 STRATEGIC PRIORITIES

- Transportation
- Common Ground
- Housing
- Workforce
- Transformative Projects
- Sustainability

Additionally, the DMC EDA and City of Rochester DMC project management staff have incorporated significant business development, marketing, experience, and community engagement initiatives into the 2020 workplan in order to support these strategic priorities. The workplan outlines the objectives and defines the resources necessary to advance the 2020 DMC strategic priorities.

2. City of Rochester DMC Project Management Team Responsibilities

In January 2019, the Destination Medical Center Corporation approved a proposal to assign new and existing DMC-related project management responsibilities to DMC-dedicated City of Rochester staff. The City of Rochester DMC Project Management team supports the DMC initiative in these areas:

- WMBE and Targeted Business Outreach and Compliance
- Subdistrict development
- Transportation infrastructure and multi-modal transit
- Housing
- Experience
- Grant development

3. DMC EDA Statutory Role and Responsibilities

The DMC EDA assists the Destination Medical Center Corporation (“DMCC”) and the City of Rochester (“City”) in implementing the development planning and promotion, development services, and marketing, outreach and communication activities required to achieve the goals of the DMC development plan.

The DMC legislation identified several key responsibilities of the DMC EDA in addition to its role as an advisory agency to the DMCC and City:

- Drafting and implementing the development plan, including soliciting and evaluating proposals for development and evaluating and making recommendations to the DMCC and the City regarding those proposals
- Seeking financial support for the DMCC, the City, and projects
- Partnering with other development agencies and organizations, the city, and the county in joint efforts to promote economic development and establish a destination medical center
- Supporting and administering the planning and development activities required to implement the development plan
- Developing and updating the criteria for evaluating and underwriting development proposals
- Providing transactional services in connection with approved projects
- Working with the corporation to acquire and facilitate the sale, lease, or other transactions involving land and real property
- Assisting the DMCC or City and others in applications for federal grants, tax credits, and other sources of funding to aid both private and public development
- Facilitating private investment through development of a comprehensive marketing program to global interests
- Developing patient, visitor, and community outreach programs
- Preparing and supporting the marketing and promotion of DMC
- Preparing and implementing a program for community and public relations

4. Workplan To Achieve 2020 Strategic Priorities and DMC Goals

Completed

On Track

Delayed

Postponed

STRATEGIC PRIORITY: TRANSPORTATION

Create the integrated transportation infrastructure necessary to provide access to and through downtown Rochester and encourage additional opportunity for development and investment.

<u>2035 Goal</u>	<u>Phase 2 (2025) Goal</u>	<u>2020 Outcome</u>	
Reduce drive-alone mode share to 50% or less	Reduce drive-alone mode share to 58%	Create Integrated Transit Studies implementation monitoring system	Delayed
		Identify five Transit-Oriented Development sites and partners	On Track
		Evaluate suitability of autonomous vehicles as a transit option	Delayed
		Advance development of transit line	On Track
		Complete City Loop implementation and location plan	Delayed
		Promote additional mobility modes, including last-mile & micro-mobility options	On Track
		Establish long-term Arrive Rochester TMA governance strategy	Delayed
		Increase Arrive Rochester TMA business and individual participation	Delayed

STRATEGIC PRIORITY: COMMON GROUND

Design and develop public spaces and amenities to incentivize additional private investment, create unique experiences, and increase downtown density.

<u>2035 Goal</u>	<u>Phase 2 (2025) Goal</u>	<u>2020 Outcome</u>	
\$5.6 billion of private investment	\$1 billion+ of new private development underway	Facilitate/support Community and Education subdistrict development efforts	Delayed
		Advance Saint Marys Place transit corridor and pedestrian experience planning	Delayed
	Completion of Peace Plaza renovation	Renovation of first phase of Heart of the City's Peace Plaza significantly underway	On Track
		Heart of the City property owners report minimal business disruption	On Track
Achieve highest quality patient, visitor, resident experience	Discovery Walk construction completed, activities take place regularly, New development is being considered	Discovery Walk stakeholder group engaged and supportive of activities and outcomes	On Track
		Discovery Walk design and construction documents completed, construction bids received	Delayed

STRATEGIC PRIORITY: HOUSING

Contribute to a robust mix of housing infrastructure in the DMC District that creates density, sustains additional commercial and entertainment activity, develops a greater sense of community, and provides for our growing workforce.

<u>2035 Goal</u>	<u>Phase 2 (2025) Goal</u>	<u>2020 Outcome</u>	<u>Status</u>
Show quantifiable improvements in the availability of housing in DMC District - inclusive of housing type and affordability.	Will identify metrics in 2019 housing study	Document progress towards identified housing goal from 2019 affordable housing study; include targets for affordable, senior and student housing	Delayed

STRATEGIC PRIORITY: WORKFORCE

Contribute to our innovative workforce by supporting projects and programs that recruit and retain bio-med-tech students, employees, employers, and entrepreneurs and encourages the sustainable growth of our regional construction and building trades economy.

2035 Goal	Phase 2 (2025) Goal	2020 Outcome	Status
Create 30,000 new jobs, including 3,230 in bio-med-tech	100 interns placed annually in bio-med- tech businesses, with 10% transitioning into employment in Rochester	Students placed in Discovery Square businesses	
Ensure compliance with specific requirements of the DMC Act	Attain state MBE/WBE targets for SE MN	Operationalize MBE/WBE program for all DMC projects	

STRATEGIC PRIORITY: TRANSFORMATIVE PROJECTS

Pursue high-impact, market-changing development opportunities that advance the DMC Goals and Mission and maximally leverage DMC resources.

2035 Goal	Phase 2 (2025) Goal	2020 Outcome	Status
Develop 1.02M SF new bio-med, health tech space	Develop 330,000 SF of Bio-Med-Tech space	Affordable Discovery Square startup and bridge space available	
		Two Discovery Square design complete and construction underway	
\$5.6 billion of private investment	\$1 billion+ of new private development underway	Advance Downtown Waterfront redevelopment planning	
	Five new private development projects underway	At least one new private development project underway	

STRATEGIC PRIORITY: AMERICA'S CITY FOR HEALTH

Ensure that public infrastructure investment supports a more healthy community, citizenry, and built and natural environments.

2035 Goal	Phase 2 (2025) Goal	2020 Outcome	Status
Show quantifiable improvements in community health measures	Apply health in design process to 5 infrastructure projects	Apply replicable health in design process to Discovery Walk	

STRATEGIC PRIORITY: EXPERIENCE AND COMMUNITY ENGAGEMENT

Achieve the highest quality patient, visitor, and community member experience both now and in the future.

2035 Goal	Phase 2 (2025) Goal	2020 Outcome	Status
Achieve highest quality patient, visitor, resident experience	Will identify metrics in proposed experience master plan	Sustain and grow community support for the DMC Development Plan	
		Create strategies, programs and services that support a world class destination and enhance the experience for patients, visitors and residents	

STRATEGIC PRIORITY: SUSTAINABILITY

Foster the culture, best practices, and development processes necessary to create a more healthy, sustainable community that elevates Rochester as a market for investment, development, and workforce recruitment and retention.

2035 Goal	Phase 2 (2025) Goal	2020 Outcome	Status
Reduce energy consumption by 25% below 2012 levels by 2030	Benchmarking program includes over 200 buildings. City Council is reviewing an energy disclosure policy.	Benchmarking program includes 120 buildings	
	Reduce DMC-wide emissions per SF by 22% below 2005 levels by 2025	Create key metrics collection schedule to monitor progress towards DMC's greenhouse gas, energy and sustainability goals	
		Provide 12 sustainability series in 2020 and lead in management of Earthfest celebration	
Reduce: <ul style="list-style-type: none"> • Energy consumption by 25% below 2012 levels by 2030 • Potable water consumption below 2012 levels by 2030 • Total waste generated by 30% below 2012 levels by 2030 • Drive alone mode share to 50% or less • DMC-wide emissions per SF by 80% below 2005 levels by 2050 	Progress toward DMC and Rochester GHG, energy and sustainability goals across sectors (commercial, industrial, residential)	Engage in up to 3 national conferences and 20 local and regional meetings to learn sustainability and energy use best practices	
Reduce district-wide energy consumption by 25% below 2010 levels by 2030	Reduce district-wide energy consumption by 20% below 2010 levels by 2025	Complete 9 projects identified in Phase 1 of Strategic Energy Project Plan and evaluate— and if applicable, advance— two district energy possibilities in DMC District	

STRATEGIC PRIORITY: BUSINESS DEVELOPMENT AND MARKETING

Execute business development and marketing activity to secure private investment, recruit and retain new businesses and entrepreneurs, develop our workforce, and achieve the goals of the DMC Development Plan.

2035 Goal	Phase 2 (2025) Goal	2020 Outcome	Status
Achieve highest quality patient, visitor, resident experience	Discovery Square organizations and their staff are integrated into the Rochester community	Comprehensive communications plan is used to on-board and assimilate new Discovery Square-based businesses	
Create 30,000 new jobs, including 3,230 in bio-med-tech	Assistive Technology Challenge (ATC) enables formation of 10 new ATC-related businesses, creating 25 new jobs towards the 5-year goal of creating 510 Mayo and non-Mayo new jobs in bio-med-tech	ATC2.0 completed in spring; ATC3.0 initiated in fall	
	Programming supports the formation of 20 new startup companies and 100+ new jobs, towards the 5-year goal of creating 510 Mayo and non-Mayo new jobs in bio-med-tech	Partner with other organizations to support entrepreneurial programming	
	200+ new jobs created by recruiting 20 new bio-med-tech businesses into Discovery Square, towards the 5-year goal of creating 510 Mayo and non-Mayo new jobs in bio-med-tech	New businesses operate in Discovery Square	
\$5.6 billion of private investment	More than \$1 billion of new private development, consistent with development plan, underway	Drive qualified traffic to dmc.mn and generate qualified leads by executing an integrated marketing campaign to targeted regional, national and international audiences	
		Secure two national media placements and a minimum of one national speaking engagement and showcase the DMC model to a minimum of two regional audiences by executing a comprehensive communications plan	
		Five new development proposals introduced and approved	
Retail developments active across all DMC subdistricts	Retail strategy implemented throughout DMC district and downtown Rochester	Retail strategy completion and initial implementation	
Ensure compliance with specific requirements of the DMC Act		WMBE, Targeted Business Utilization, Prevailing Wage, American-made Steel	

LEGISLATIVE REQUIREMENTS

2035 Goal	Phase 2 (2025) Goal	2020 Outcome	Status
Ensure compliance with specific requirements of the DMC Act		Update Development Plan	

April 2020



Road to Recovery Webinar Series
DMC Response to COVID-19

I am pleased to provide you with the Destination Medical Center Economic Development Agency April 2020 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

Organizational Response to COVID-19

Current environment and key assumptions

- Economic recovery will be measured in months and/or years
- The global pandemic has affirmed Rochester's and Mayo Clinic's position as the global center for health care and research
- Continued local, state, and federal stimulus programs could provide resources for jobs and public infrastructure investment
- DMC is an economic development initiative; our efforts should focus on economic recovery and resilience
- Proactive efforts by DMC complement community, regional, state and federal responses
- DMC should do what it can to blunt the harsh effects of this economic crisis and ensure that our economy is in the best possible position when it subsides

DMCC Executive Committee direction

- Accelerate job creation
- Keep our foot on the gas
- Support economic recovery and resilience

DMC EDA operations and work plan

- Operations
 - Staff safety
 - Cost reductions and budget management
- Work Plan
 - Reprioritization based on key assumptions, direction from DMCC executive committee, and available staff and budget resources
 - Assessment and redeployment of DMC EDA budget resources
 - Development of new and innovative strategies and tactics to achieve work plan objectives and continue to establish DMC as a leader in economic recovery and resiliency

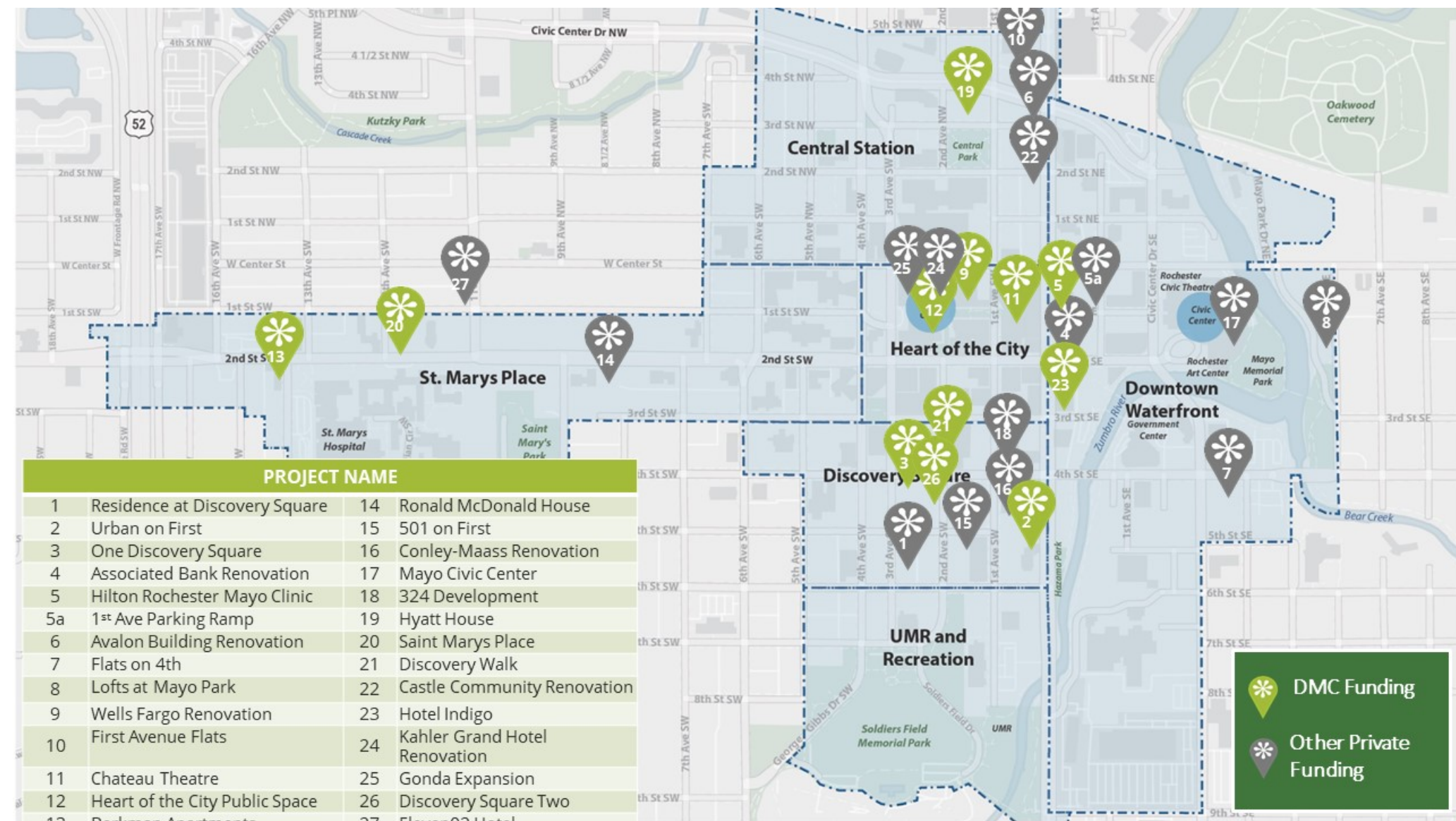
Development Plan Five Year Update

- Progress in Phase 1 (2015-2019)
- DMC Phase 1 Priorities: Heart of the City, Discovery Square, Transportation
- DMC Goals
- Possible COVID-19 impacts on update to plan

Recent Activities Include:

- Participation in the Economic Stability Team
 - Focus Areas:
 - Keep it Local, COVID-19 Innovators Grant Program. Two rounds of applications resulted in \$100,000 awarded to 54 small businesses.
 - City of Rochester Small Business Disaster Loan Program
 - Small Business Consultation Support
 - Reduce the Cost of Doing Business
- DMC Hosted a Road to Recovery Webinar Series
 - Construction Safety
 - Office Environment
 - Public and Private Transportation
 - Travel, Lodging and Conventions
 - Retail and Restaurants
 - Outdoor Public and Event Spaces
- Stats: 1,221 attended over the course of the six webinars. 70% of attendees were from outside of Rochester.

Development Projects in the DMC District



Development Projects in the DMC 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	511 3rd Ave. SW	Completed		\$ 20,000,000.00	No	NA
2	The Maven on Broadway	Titan Investments and Opus Group	Residential/ Commercial	Discovery Square	425 S Broadway	Completed		\$ 38,000,000.00	\$ 3,800,000	Fall 2016
3	One Discovery Square	M.A. Mortenson and Mayo Clinic	Research & Innovation	Discovery Square	202 4th St. SW	Completed		\$ 35,000,000.00	\$ 4,900,000	Spring 2017
4	Associated Bank	Bloom Properties	Commercial	Downtown Waterfront	206 Broadway Ave. S	Completed		\$ 7,000,000.00	No	NA
5	Hilton Rochester Mayo Clinic Area	Titan Investments	Hotel/ Commercial	Downtown Waterfront	10 E Center St.	Completed		\$ 125,000,000.00	\$ 3,900,000	Spring 2015
5A	1st Ave Parking Ramp	City of Rochester	Parking Ramp	Downtown Waterfront	55 1st Street SE	Completed		\$ 25,000,000.00	\$ 10,500,000	NA
6	Avalon Building	ABM Ideations LLC	Commercial	Central Station	301 N Broadway	Completed			No	NA
7	Flats on 4th	Stencil Group	Residential, Affordable Housing	Downtown Waterfront	410 3rd Ave. SE	Completed		\$ 17,000,000.00	No	NA
8	Lofts at Mayo Park	Pougiales Trust Properties	Residential	Downtown Waterfront	123 Sixth Ave. SE	Completed		\$ 7,500,000.00	No	NA
9	Wells Fargo	Ryan Companies	Commercial	Heart of the City	21 1st Street SW	Under Construction	Summer 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		\$ 13,700,000.00	No	NA
11	Chateau Theatre	City of Rochester	TBD	Heart of the City	15 1st St. SW	Completed		\$ 1,000,000.00	Yes \$ TBD	NA
12	Heart of the City Public Space	City of Rochester and Coen+Partners	Public Space	Heart of the City	Heart of the City	Approved	2021	\$ 46,800,000.00	\$ 15,000,000	NA
13	Berkman Apartments	Alatus, LLC	Residential/ Commercial	Saint Marys Place	1406 2nd St. 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		\$ 15,000,000.00	No	NA
15	501 on First	501 on First, LLC	Residential/ Commercial	Discovery Square	501 1st Ave. SW	Completed		\$ 16,000,000.00	No	NA
16	Conley-Maass Building	Hunter & Traci Downs	Commercial	Discovery Square	14 4th St. SW	Completed		\$ 2,200,000.00	No	NA
17	Mayo Civic Center Addition	Mayo Civic Center	Commercial	Downtown Waterfront	30 Civic Center Dr. SE	Completed		\$ 84,000,000.00	No	NA
18	The Hue	North Rock Real Estate	Residential/ Commercial	Discovery Square	33 4th St. SW	Under Construction	Fall 2020	\$ 7,700,000.00	No	NA
19	Hyatt House	EKN Development Group	Hotel	Central Station	315 1st Ave. NW	Under Construction	Spring 2021	\$ 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		\$ 2,900,000.00	No	NA
23	Hotel Indigo	EKN Development Group	Hotel/ Commercial	Downtown Waterfront	220 S Broaddway	Completed		\$ 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
26	Discovery Square Two	M.A. Mortenson	Research & Innovation	Discovery Square	4th St. SW & 2nd Ave. SW	Approved	2021	\$ 44,800,000.00	\$ 7,300,000.00	Fall 2019
27	Eleven02 Hotel	EKN Development Group	Hotel	Saint Marys Place	2nd St. SW & 11th Ave. SW	Under Construction	Summer 2021	\$ 36,300,000.00	No	86 Spring 2019

April 2020 Updates

DMC funded project updates:

- Berkman Apartments- Anticipated completion early summer 2020.
- Wells Fargo Renovation- Completed spring 2020.
- Hyatt House- Anticipated completion spring 2021.
- Discovery Square Two- Funding approved at February 6, 2020 DMCC Board Meeting.
- Titan Hilton Hotel- Completed spring 2019.
- The Maven on Broadway - Completed summer 2019.
- One Discovery Square- Completed summer 2019.
- Hotel Indigo- Hotel completed early 2020, restaurant under construction.

Economic Development

- 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 is now beginning the engineering and environmental analyses and formalizing agreements with property owners with the intent to submit a Federal Transit Administration grant application by September 4, 2020.
- **Heart of the City** phase one construction work started on April 6, 2020. Prior to construction beginning a hyper-local focus strategy to reach potential local and regional sub-contractors was put into place. Rochester City Council authorized the inclusion of the add alternative for the snow melt system for both the sidewalk and roadway within the project conditional of the DMC Corp. board approval on additional CIP funding. This action item will be brought to the May 2020 DMC Corp. board meeting. DMC continues to lead a robust engagement strategy to minimize negative impact on nearby businesses.
- **Discovery Walk** continues to move forward with design documentation work with Coen+Partners, DMC and City staff. Community For Health initiative has been meeting regularly with under-represented communities for a series of co-design activities intended to incorporate their needs into the Discovery Walk design.
- **Chateau Theatre** construction and installation of exhibits have been completed. Due to the COVID-19 pandemic the Chateau Theatre has been temporary closed.

Finance

- In response to COVID-19 the DMC EDA team has completed operational cost reductions and budget management. Workplan prioritization and reallocation of resources are currently underway.
- Energy Integration Committee (EIC) –The EIC continues to work on the projects identified in the strategic project plan including the 2nd year of the voluntary benchmarking program, an electric vehicle fleet analysis with partners, a large-scale solar installation led by RPU and two district energy studies.

Sustainability

- Voluntary Energy Benchmarking - The DMC and City released a summary energy benchmarking report in February 2020 on the inaugural program. In April, the second year of the program was launched in collaboration with Mayor Norton and other local collaborators. The goal is to have twenty new facilities participate in the second year of the program with training sessions scheduled in May 2020.
- Sustainability Series – DMC continues its monthly Sustainability Series. In April 2020, DMC hosted a presentation by Kevin Bright focused on how to apply sustainable living principles while at home. For a crowd of 30 community members, this presentation focused on ways community members could reduce their environmental impact at the their home.

April 2020 Updates

Marketing & Communications

Social Media:

- Social media growth continued in April with gains on Facebook (+21), Twitter (+25), LinkedIn (+102) and Instagram (+79).

Blogs:

- Six blogs were published in April.

Media News Stories:

- In April, 192 DMC-related stories were published in the media and 310 social media mentions.

Highlights:

Restaurant industry leaders discuss road to recovery

COVID-19 Impacts: Restaurants and retailers reach customers in new ways

TV Chef offers advice about reopening to local restaurants

The new normal: 8 ways the corona virus is changing construction

Traffic to DMC.MN:

- April traffic showed 9,546K visits and 11,506K pageviews.
- Top pages: DMC Road to Recovery Webinar, Home page, Events, Heart of the City, Maps
- Top 5 states: Minnesota, Virginia, Missouri, California, Illinois, Virginia
- Top 5 cities outside of Rochester: Saint Joseph, Chicago, Minneapolis, Richfield, Maple Grove

Newsletter:

- Two newsletters were delivered to 3,257 subscribers in April. The average open rate was 31.9% (industry average: 21.8%) and the average click rate was 5.6% (industry average: 2.2%).

DMC Marketing Campaign:

- April Digital Display – Webinar Promotion
132,198 impressions; combined clicks: 205; combined average click through rate of 0.20.
- April Paid Search (Google and Bing):
18,456 impressions; 773 clicks and average click through rate of 4.19%.

Community Engagement

- Attended numerous educational webinars during the month of April provided by national and community organizations to gain insight regarding COVID-19.

The Rochester, MN community, like others across the United States, are experiencing the impact of COVID-19. The DMC EDA community engagement strategy will continue to evolve as needed.

Experience

- The “When in Rochester App” installed a link for users to access COVID-19 resources. Mayo Clinic is also promoting the App more with patients as they travel to Rochester
- DMC is working with Mayo to understand new patient needs related to the community needs and COVID 19.

March 2020 Updates

Master Application for Payment Destination Medical Center Economic Development Agency

Application Details

Application Number:	March 2020
Application Date:	4/1/2020
Period From:	3/1/2020
Period To:	3/31/2020

Sources of Funds:

City Contribution	\$ 128,363.73
-	\$ -
-	\$ -
-	\$ -
Total Sources	\$ 128,363.73

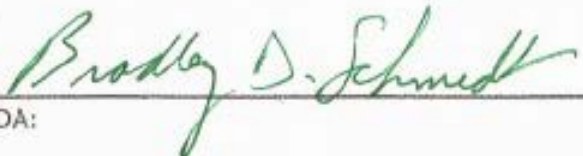
Uses of Funds:

EDA Staff Costs	\$ -
EDA Operational Costs	\$ 2,779.24
Econ Dev Outreach & Support	\$ 98,767.99
Professional Services	\$ 26,816.50
Miscellaneous Costs	\$ -
Encumbered Funds	\$ -
Total Uses	\$ 128,363.73

Statement of Project

Original 2020 Budget	\$ 2,570,147.00
Current 2020 Budget	\$ 2,570,147.00
Current Encumbered Funds	\$ -
Remaining Encumbered Funds	\$ 16,800.00
Total completed to date via MAP process	\$ 319,038.70
Retainage to Date	\$ -
Total completed via MAP process less retainage	\$ 319,038.70
Less previous Map requests	\$ 190,674.97
Current MAP Request Amount Due	\$ 128,363.73
Current Encumbered Funds	\$ -
2020 operational expenses funded to date	\$ 170,060.96
Total 2020 City Contribution	\$ 489,099.66
<i>% of 2020 Budget</i>	<i>19.0%</i>
Encumbered Funds to date	\$ -

Approvals

EDA:		4-10-20
		Date
DMCC:		Date

March 2020 Updates

Master Application for Payment

Destination Medical Center Economic Development Agency

Master Application For Payment Detail: March 2020

4/1/2020

	DMC EDA P&L Description	Vendor	Previous Billings	Current Work in Place	Total Work to Date
	EDA Operational Costs		\$ 1,960.05	\$ 2,779.24	\$ 4,739.29
6	Rent or Lease of Buildings	One Discovery Square	\$ 100.00	\$ -	\$ 100.00
6	Rent or Lease of Buildings	DoubleTree by Hilton Rochester	\$ 214.88	\$ -	\$ 214.88
8	Office Supplies	Personnel Concepts	\$ 217.41	\$ -	\$ 217.41
8	Office Supplies	Data Smart	\$ 50.55	\$ -	\$ 50.55
12	IT Hardware & Support	Data Smart	\$ 588.21	\$ 2,096.56	\$ 2,684.77
12	IT Hardware & Support	Metro Sales	\$ 789.00	\$ -	\$ 789.00
13	Miscellaneous	Griffin Design	\$ -	\$ 682.68	\$ 682.68
	Econ Dev Outreach & Support		\$ 71,442.97	\$ 98,767.99	\$ 170,210.96
14	Print & Collateral	BOYDesign	\$ 800.00	\$ -	\$ 800.00
14	Print & Collateral	RSP Architects	\$ 722.40	\$ -	\$ 722.40
15	Outreach & Local Events	Rochester Earthfest	\$ 175.00	\$ -	\$ 175.00
15	Outreach & Local Events	US Green Building Council	\$ 1,000.00	\$ -	\$ 1,000.00
16	Subscriptions & Memberships	Meltwater Inc	\$ 11,750.00	\$ -	\$ 11,750.00
17	Conferences, Meeting, Travel & Sponsorships	Medical Alley Assn	\$ 6,600.00	\$ -	\$ 6,600.00
17	Conferences, Meeting, Travel & Sponsorships	RAEDI	\$ 1,500.00	\$ -	\$ 1,500.00
18	Econ Dev Costs	Brandhoot	\$ 19.00	\$ -	\$ 19.00
18	Econ Dev Costs	Burns & McDonnell	\$ 8,445.00	\$ 5,630.00	\$ 14,075.00
18	Econ Dev Costs	Coen+Partners Inc.	\$ -	\$ 26,355.49	\$ 26,355.49
18	Econ Dev Costs	Coldspring	\$ 11,731.57	\$ -	\$ 11,731.57
18	Econ Dev Costs	Collider Foundation	\$ 3,000.00	\$ 750.00	\$ 3,750.00
18	Econ Dev Costs	Experience Rochester MN	\$ -	\$ 34,500.00	\$ 34,500.00
18	Econ Dev Costs	J.A. Massey Inc.	\$ -	\$ 1,962.50	\$ 1,962.50
18	Econ Dev Costs	Med City Beat	\$ 450.00	\$ -	\$ 450.00
18	Econ Dev Costs	MEP Associates LLC	\$ -	\$ 1,880.00	\$ 1,880.00
18	Econ Dev Costs	Real Estate Publishing Corp.	\$ 15,000.00	\$ -	\$ 15,000.00
19	Econ Dev Costs	RSP Architects	\$ -	\$ 1,200.00	\$ 1,200.00

March 2020 Updates

Master Application for Payment

Destination Medical Center Economic Development Agency

Master Application For Payment Detail: March 2020			4/1/2020		
18	Econ Dev Costs	Sheryl Barlow	\$ 6,800.00	\$ 3,400.00	\$ 10,200.00
18	Econ Dev Costs	UpNet Technologies, Inc.	\$ 1,500.00	\$ 2,790.00	\$ 4,290.00
18	Econ Dev Costs	Urban3	\$ 1,950.00	\$ -	\$ 1,950.00
18	Econ Dev Costs	White Space	\$ -	\$ 20,300.00	\$ 20,300.00
	Professional Services		\$ 117,271.95	\$ 26,816.50	\$ 144,088.45
19	Legal Services	Dorsey & Whitney LLP	\$ 2,112.50	\$ 2,227.50	\$ 4,340.00
20	Website Customer Relationship Management	Brandhoot LLC	\$ 4,687.00	\$ 1,429.00	\$ 6,116.00
20	Website Customer Relationship Management	Insightly Inc.	\$ 3,234.00	\$ -	\$ 3,234.00
21	Marketing, Communications & Advertising	Clarity Coverdale Fury	\$ 96,650.00	\$ 18,000.00	\$ 114,650.00
21	Marketing, Communications & Advertising	E&M Consulting Inc	\$ 905.95	\$ -	\$ 905.95
21	Marketing, Communications & Advertising	Greenspring Media	\$ 3,275.00	\$ -	\$ 3,275.00
22	Public and Community Relations	Himle LLC	\$ 787.50	\$ -	\$ 787.50
22	Public and Community Relations	Perception INK, LLC	\$ 2,000.00	\$ 4,200.00	\$ 6,200.00
24	Financial Reporting Services	Lund Tax & Accounting LLC	\$ 2,320.00	\$ 960.00	\$ 3,280.00
24	Financial Reporting Services	RSM US LLP	\$ 1,300.00	\$ -	\$ 1,300.00
	Miscellaneous Services		\$ -	\$ -	\$ -
	Project Total		\$ 190,674.97	\$ 128,363.73	\$ 319,038.70

March 2020 Updates

Master Application for Payment
Destination Medical Center Economic Development Agency

Master Application For Payment Detail: March 2020

4/1/2020

Vendor Name	Description	Contract #	PO #	Invoice #	Invoice Date	Invoice Amount	Workplace Identifiers
Brandhoot LLC	Monthly website hosting-Apr	4062	N/A	2180	4/1/2020	\$ 1,429.00	20
Burns & McDonnell	Design services at Franklin Heating Station	N/A	N/A	120657-4	3/9/2020	\$ 5,630.00	18S4KB
Clarity Cloverdale Fury	Agency fee-March	N/A	77	037027	3/31/2020	\$ 9,000.00	21
Clarity Cloverdale Fury	Agency fee-April	N/A	77	037028	4/6/2020	\$ 9,000.00	21
Coen + Partners	Discovery walk schematic design reconciliation	CP 11-2019	N/A	19-0020.0-1	3/15/2020	\$ 26,355.49	18D5CS
Collider Foundation	ATC Support	CCW-8-3-18	N/A	1015	4/3/2020	\$ 750.00	18D4CS
Data Smart	Office Enterprise 365	N/A	N/A	64236	4/3/2020	\$ 311.40	12
Data Smart	Anti-Virus managed	N/A	N/A	64101	4/1/2020	\$ 32.44	12
Data Smart	Monthly maint-Apr	N/A	N/A	64192	4/1/2020	\$ 853.11	12
Data Smart	Anti-Virus managed	N/A	N/A	63677	3/6/2020	\$ 32.44	12
Data Smart	Office Enterprise 365	N/A	N/A	63887	3/8/2020	\$ 289.78	12
Data Smart	Monthly maint-Mar	N/A	N/A	63819	3/1/2020	\$ 577.39	12
Dorsey & Whitney LLP	Discovery Square Trademark	N/A	N/A	3565773	3/11/2020	\$ 1,459.00	19
Dorsey & Whitney LLP	DMC Trademark	N/A	N/A	3565774	3/11/2020	\$ 768.50	19
Experience Rochester MN	Add search func; patient/visitor mobile app; impr func	N/A	N/A	9908	3/1/2020	\$ 34,500.00	18C4JR
Griffin Design LLC	Scribe services at DMCC joint mtg	N/A	N/A	96	3/10/2020	\$ 682.68	13
Lund Tax & Accounting	Accounting Services - March 2020	4074	N/A	378	3/31/2020	\$ 960.00	24
JA Massey Inc	Annual Meeting/Twin Cities site visit	JMDMC-0320	N/A	JMDMC-0320	4/5/2020	\$ 1,962.50	18ED4
MEP Associates	Olm Co Phase 2 Energy Master Plan	N/A	N/A	32383	3/1/2020	\$ 1,880.00	18S4KB
Perception INK LLC	Various calls/mtgs	N/A	N/A	1 100-8	3/31/2020	\$ 4,200.00	22
RSP Architects Ltd	DMC plaque design	RSP 11-2019	N/A	208808	3/9/2020	\$ 1,200.00	18C1JR
Sheryl Barlow	ATC 2020 Project Mgmt	4071	N/A	DMC-Mar2020ATCProject	3/31/2020	\$ 3,400.00	18D3
UpNet Technologies, Inc.	Metrics Dashboard - monthly hosting, monitoring and support	N/A	7011	DMC040120	4/1/2020	\$ 2,790.00	18ED1
Whitespace Design	Finalize brand identity & Print/digital deliverables	N/A	51331	151	3/27/2020	\$ 5,600.00	18ED5
Whitespace Design	Graphic design-Perimeter barrier banners	N/A	51331	152	3/27/2020	\$ 14,700.00	18ED5
Total Invoices						\$ 128,363.73	