



DMC
Destination
Medical Center

Destination Medical Center Corporation
Board of Directors Meeting

Wednesday, February 3, 2021
9:30 A.M.

DESTINATION MEDICAL CENTER CORPORATION (DMCC)

BOARD MEETING

Wednesday, February 3, 2021
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 February 3, 2021 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 are 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 (#2) or on-line through the link below (#3).

In addition, public comments may be offered by submitting written comments to info@dmc.mn, or by telephone or videoconference during the Public Comment item on the Agenda, as follows:

1. Sign up at least one hour before the meeting by sending your full name, telephone number and email address to info@dmc.mn.
2. To join the meeting by telephone, dial 1-888-788-0099; when prompted, enter meeting ID 833 9479 8623.
3. To join the meeting by videoconference, use the following link:
<https://us02web.zoom.us/j/83394798623>

AGENDA

	PAGE
I. Call to Order	
II. Roll Call	
III. Approval of Agenda	1
IV. Approval of Minutes: November 19, 2020	3
V. Public Comment	
VI. Chair's Report	
VII. Consent Agenda	
A. DMCC Budget: Year-to-Date Update	7
VIII. Annual Report to the Legislature	11
<u>Resolution A: Approving February 15 Report to the Legislature</u>	

IX.	DMC Metrics	51
X.	Project Updates (City of Rochester, EDA)	
A.	Heart of the City	53
B.	Discovery Square	56
C.	Transportation Experience	59
D.	Other Private Projects	
1.	Bryk Apartments	61
2.	South-of-Downtown Waterfront	63
XI.	EDA Update	
A.	Marketing Update	65
B.	Other Updates	68
XII.	Meeting Schedule	
A.	Next Executive Committee Meeting: March 25, 2021 at 9:30 A.M.	
B.	Next Regular Meeting: May 20, 2021 at 9:30 A.M.	
XIII.	Adjournment	

**** Please Note: On February 3, 2021, from 1:00 – 3:00 PM, a joint work session is planned with the DMCC, the Rochester City Council, the Olmsted County Board of Commissioners, and the Destination Medical Center Economic Development Agency Board of Directors. A quorum of the DMCC Board Members may be present. Members of the public are welcome and encouraged to attend the joint work session by calling the phone number listed below (#1) or on-line through the link below (#2).**

- 1. To join by telephone, dial 1-888-788-0099; when prompted, enter meeting ID 899 4115 1088**
- 2. To join by videoconference, use the following link:
<https://us02web.zoom.us/j/89941151088>**

DESTINATION MEDICAL CENTER CORPORATION (DMCC)
BOARD MEETING

Thursday, November 19, 2020
9:30 A.M.

MINUTES

- I. Call to Order. Chair R.T. Rybak called the meeting to order at 9:30 a.m.
- II. Roll Call. Chair R.T. Rybak, Mayor Kim Norton, Paul Williams, Jim Campbell, Commissioner Jim Bier, Pamela Wheelock, Michael Dougherty, and Council President Randy Staver were present.
- III. Approval of Agenda. Council President Staver moved approval of the Agenda. Ms. Wheelock seconded.

Ayes: Commissioner Bier, Mr. Campbell, Mr. Dougherty, Mayor Norton, Council President Staver, Chair Rybak, Ms. Wheelock, Mr. Williams.

Nays: None.

- IV. Approval of Minutes: August 27, 2020. Ms. Wheelock moved approval of the Minutes. Mayor Norton seconded.

Ayes: Commissioner Bier, Mr. Campbell, Mr. Dougherty, Mayor Norton, Council President Staver, Chair Rybak, Ms. Wheelock, Mr. Williams.

Nays: None.

- V. Chair's Report. Chair Rybak noted several items on the Agenda, including the Five-Year-Update to the DMC development plan, a recently-completed COVID-19 economic impact analysis, authorizing construction documents for Discovery Walk, a Mayo Clinic update, and a discussion of downtown Rochester's riverfront.
- VI. Consent Agenda.

A. Professional Auditing Services

Resolution A: Approving the Appointment of CliftonLarsonAllen LLP,
Subject to Successful Negotiation and Execution of Agreement

B. DMCC Budget: Year to Date Update

C. Resolution B: Commending Randy Staver

D. Resolution C: Commending Steve Rymer

E. Resolution D: Commending Lisa Clarke

Commissioner Bier moved approval of the Consent Agenda. Ms. Wheelock seconded.

Ayes: Commissioner Bier, Mr. Campbell, Mr. Dougherty, Mayor Norton, Council President Staver, Chair Rybak, Ms. Wheelock, Mr. Williams.

Nays: None.

VII. Public Hearing.

A. Development Plan: Five-Year Update

B. Resolution E: Adopting the 2020 Five-Year Update to the Development Plan

Lisa Clarke, EDA Executive Director, gave an overview of the proposed Five-Year Update to the DMC Development Plan. Patrick Seeb, EDA Director of Economic Development and Placemaking, described the tax impact analysis completed by professional advisory firm Urban3, LLC, noting that a key finding is that Rochester's downtown, when compared to its geographic size, substantially contributes to the City's tax capacity.

Mr. Seeb was joined by HR&A Advisors Principal Erin Lonoff, who assisted in presenting a COVID-19 economic impact analysis. Mr. Seeb then described the 2020-2024 portion of the plan update, including frameworks for private investment, mobility, public realm, streets and sewers, and community experience, and the anticipated availability of DMC funds. Mr. Seeb also highlighted several 2020 development milestones, including the opening of DMC-supported projects like the Berkman, Hotel Indigo, Discovery Square 2.

Following the presentation by staff, Chair Rybak opened the public hearing. No public comments were offered and Chair Rybak closed the public hearing.

Mr. Williams suggested staff emphasize economic recovery efforts over the next several years and prioritize placemaking, housing, and transit. Mayor Norton added that completing needed public infrastructure improvements during the current economic downturn has mitigated the risk that public projects could hamper economic recovery in the coming years. Council President Staver reported that the City Council's approval of the plan update was unanimous.

Ms. Wheelock suggested that staff track hotel and office vacancy rates to inform Board decision-making in coming years. Chair Rybak asked that staff track the DMC district's share of city tax capacity over time and suggested that excess near-term office space supply could be appealing to potential tenants.

Ms. Wheelock moved approval of Resolution E. Mr. Campbell seconded.

Ayes: Commissioner Bier, Mr. Campbell, Mr. Dougherty, Mayor Norton, Council President Staver, Chair Rybak, Ms. Wheelock, Mr. Williams.

Nays: None.

VIII. Project Updates (City of Rochester, EDA).

A. Heart of the City. Ms. Clarke noted that public space construction is progressing ahead of schedule and is expected to be completed in July 2021, and provided brief Business Forward strategy and Chateau Theatre updates.

Mr. Seeb presented the Heart of the City pedestrian arcade concept, noting that the concept is included in the DMC development plan. The arcade could provide a contiguous public space from the Mayo Civic Center to Peace Plaza to Discovery Walk to Soldier's Field. EDA staff continue to discuss financing and phasing options with the property owners and are optimistic that a memorandum of understanding could be prepared for Board consideration at its February 2021 meeting. Ms. Wheelock encouraged staff to consider how the rapid transit circulator will provide access to public space, and particularly Mayo Park. Mayor Norton suggested that the Board should discuss the operating and maintenance costs of DMC-funded public space.

- B. Discovery Square. Chris Schad, EDA Business Development Director, provided several brief Discovery Square updates. Mr. Schad stated that discussions continue with many potential Discovery Square tenants, who are still interested in Discovery Square's primary value proposition of access and proximity to Mayo Clinic and its major partners.

Mr. Schad also indicated that Mayo Clinic's platform and leading COVID-19 response have likely generated additional interest in Discovery Square. Discovery Square 2 is under construction, new partnership-based entrepreneurship efforts are underway, and several new mixed-use developments have opened in the subdistrict this year.

- C. Discovery Walk.

Resolution E: Approving Design Development for the Discovery Walk Project and Authorizing Next Phase of the Work

Mr. Seeb and Mr. Schad requested that the Board approve the design development documents for Discovery Walk subject to final Board approval prior to construction. Mr. Schad described several design features, including improvements to landscaping, tree coverage, outdoor social space, seating, and vendor spaces. Mr. Campbell suggested that staff consider extending the pedestrian subway south from the Mayo Clinic campus to new Discovery Square developments.

Commissioner Bier moved approval of Resolution F. Ms. Wheelock seconded.

Ayes: Commissioner Bier, Mr. Campbell, Mr. Dougherty, Mayor Norton, Council President Staver, Chair Rybak, Ms. Wheelock, Mr. Williams.

Nays: None.

- D. Transportation. Mr. Seeb and Aaron Parrish, City of Rochester Deputy Administrator, provided the transportation update, noting that DMC's mobility initiative includes a number of transit options, including the rapid transit circulator. Mr. Parrish reported that city staff are facilitating an ongoing design and community engagement process. Mr. Parrish also advised the Board that the next few months will include advocacy efforts directed at Minnesota's federal congressional delegation and that Board members may be called upon to assist in the advocacy efforts. Chair Rybak asked staff to accelerate efforts to solicit community feedback on possible circulator vehicles.

- E. Other Private Projects.

1. Bryk Apartments. Kevin Bright, EDA Director of Energy and Sustainability, gave a brief overview of the proposed mixed-income residential development. EDA staff expect to receive a joint funding application in the near future and to deliver a funding recommendation to the DMCC at its February 2021 meeting.

If completed, the 180-unit in-fill development on the northwest corner of Civic Center Drive N.E. and Broadway Ave. North would be adjacent to a designated transit corridor. The development would include commercial, remote working, and parking space and could advance DMC's housing and sustainability development goals.

- IX. Mayo Clinic Update. Chair Rybak welcomed Jeff Bolton, Mayo Clinic Chief Administrative Officer, to provide the Mayo Clinic update. Mr. Bolton stated that Mayo Clinic remains committed to DMC, Minnesota, and the vision described in the Five-Year Update to the DMC development plan.

Mr. Bolton reported that Mayo Clinic is in an overall strong position and is maintaining its quality, safety, and experience standards. Mayo Clinic is recovering financially and implementing aspects of its 2030 strategy. In response to COVID-19, Mayo Clinic developed and scaled a COVID-19 test and led a national convalescent plasma effort. Mayo Clinic is making new investments in its healthcare practice, especially in its cancer center, expecting to become a “category of one” in cancer treatment, education, and research. Mayo Clinic Platform, in partnership with nference and Google, is working to transform digital patient care.

Mayo Clinic is reactivating several capital projects, including the \$120 million, 176,000 square foot Kellen Building in Discovery Square, which will break ground in 2021. Mayo Clinic remains committed to the development of the rapid transit circulator and West Transit Village and is constructing a \$40 million Discovery Square parking ramp. In total, Mayo Clinic is pursuing more than 100 capital projects totaling approximately \$230 million in value and developing plans for the smart hospital of the future. In addition to these capital investments, Mayo Clinic hired more than 1,000 new staff, bringing its total Rochester workforce to 39,300, including 20,000 downtown employees. Mayo Clinic has also moved approximately 1,5000 staff to primarily remote working and is looking at ways to reactivate downtown space.

Board members asked several questions about Mayo Clinic’s anticipated employment growth and Discovery Square business development partnerships and thanked Mayo Clinic for its lead in combating the COVID-19 pandemic. Chair Rybak asked if Mayo Clinic could assist in tracking businesses who take up space in Rochester to be closer to Mayo Clinic; Mr. Bolton replied that Mayo Clinic would assist these tracking efforts.

X. EDA Update.

- A. Waterfront Small Area Plan. Mr. Seeb updated the Board on efforts to redevelop the downtown Rochester waterfront, including the downtown waterfront small area plan concentrated on the contiguous K-mart, AMPI, and Fullerton lot sites. Property owners and adjacent neighborhood associations are participating in this small area planning, which is leveraging existing neighborhood plans. Riverfront redevelopment efforts will eventually include the western river frontage and will need to account for existing flood control infrastructure.
- B. COVID-19 Organizational Response. Ms. Clarke provided an update on DMC’s COVID-19 recovery efforts. DMC’s efforts have complemented other City, County, and community effort in the areas of grantmaking, business operations, and business support. More than 800 businesses have received direct support.
- C. DMC Annual Meeting: December 3, 2020. Ms. Clarke informed the Board that DMC’s virtual annual meeting will be broadcast on December 10, 2020.

XI. Meeting Schedule.

- A. Next Regular Meeting: February 3, 2021 at 9:30 A.M.

XII. Adjournment. Council President Staver moved to adjourn. Ms. Wheelock seconded.

Ayes: Commissioner Bier, Mr. Campbell, Mr. Dougherty, Mayor Norton, Council President Staver, Chair Rybak, Ms. Wheelock, Mr. Williams.

Nays: None.

TO: Jim Bier, Treasurer
Kathleen Lamb, Attorney

FR: Dale Martinson, Assistant Treasurer

Date: January 27, 2021

RE: December 2020 DMCC Budget Summary



The attached unaudited financial summary of activity through December of 2020 reflects total year-to-date DMCC operating expenditures of \$2,383,009 of the \$2.9 million approved 2020 budget. The remaining amount unspent represents 19% of the total budget with only a few outstanding 2020 bills remaining to pay.

The second page of this summary provides a listing of DMCC authorized projects managed by the City of Rochester. Approximately \$18.6 million has been spent on these projects through December of this year. Total life-to-date expenditures on these projects is just over \$58.5 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 December 2020	December 2020 Year To Date	Amount Remaining	Percent Remaining
General Administrative Expenses	41,000		8,373	32,627	80%
Professional Services	225,500	20,878	151,231	74,269	33%
Insurance and Bonds	20,000		26,080	(6,080)	-30%
Contributions (Keep It Local Grants - Pandemic Response) (Federal CAREs Funded - Amended Budget)	51,078	-	51,078	-	
Subtotal DMCC	337,578	20,878	236,762	100,816	30%
Third Party Costs - DMC EDA **					
Payroll, Staff, Administration & Benefits-EDA	965,481	90,944	717,425	248,056	26%
Operating Expenses	69,695	28,300	269,732	(200,037)	-287%
Operational Costs - Contracted		1,322	28,193	(28,193)	#DIV/0!
Economic Development Outreach & Support	807,200	14,125	507,152	300,048	37%
Professional Services	677,770	11,556	606,944	70,826	10%
Miscellaneous Expenses	50,000	-	-	50,000	100%
Subtotal EDA	2,570,146	146,246	2,129,448	440,698	17%
2145902					
2179991.8					
Total DMCC 2020	34089.8	2,907,724	167,123	2,366,209	541,515 19%
2019 Budget Carryover - Encumbered Funds for EDA Contracts	16,800	-	16,800	-	0%
Totals for 2020 Including Encumbrance	2,924,524	167,123	2,383,009	541,515	19%
			DMCC Working Capital Note	1,000	
			EDA Working Capital Note	75,000	

DMCC Projects - Managed by the City of Rochester

As of 12/31/2020 (unaudited)

Project	YTD Expenditures	Project Budget	Life To Date Expenditures
8611C- - Sn/S12AvSW/NW<2StSW>2StNW	60,059	2,850,000	583,080
8612C- - WZmbrRvrSn/SRlflin<CookPk>CCDr		950,000	46,592
8613C- - ChateauTheatrePre-OccupancyM&O	80,263	4,826,802	451,618
8614C- - DMCTransit&InfrastrctrPgrmMgmt	9,872	3,260,524	1,826,262
8617C- - Broadway @ Center Parking Ramp		10,500,000	10,500,000
8618C- - SharedParkngStudy&PrgmDevlpmnt	35,298	2,061,854	1,874,219
8620C- - City Loop Plan		1,209,938	968,732
8621C- - Transit Circulator Study		2,241,532	1,780,877
8623C- - DMCC Street Use Study		3,117,708	2,885,882
8624C- - ChateauTheatreBldgImprov/Purch	218,612		8,455,706
8625C- - Heart of the City	10,381,216	11,648,940	12,715,977
8626C- - Sn/SUsize1Av&3AvSE<4StS>1StN	3,086,621	8,500,000	8,618,921
8326 C - Reconst4thStSW<1stAve>6thAveSW			2,250,000
8628C- - Downtown Circulator Project	229		269,941
8629C- - Development Plan Update	139,760		139,760
8632C- - Downtown Changes COVID-19	43,524		43,524
8702C- - RPTSolarPwrBusFleetGrntApp			51,333
8703C- - FTA TOD Pilot PrgmGrntApplctn			26,058
8704C- - FTA Low-NoEmissions PrgGrntApl			1,140
8705C- - TransitCrcltr-FTAGrntBus&Factl			19,258
8706C- - DMCTransitCirculatorTODPlnStdy	672,041		829,414
8707C- - Rapid Transit Projects	1,636,117		1,636,117
8708C- - Transit Villages 1&2	29,321		29,321
8709C- - Arrive Rochester Implementatn	18,983		18,983
8804C- - TH 52 LID Bld GrantApplication			22,145
8901C- - TH 14/52 InterchangeBldGrntApp			36,331
8902C- - FestivalAreaStdy&ConceptDesign			84,133
8903C- - DedctdBikeLns-3rd/4thAve&CtrSt	1,390,192		1,623,139
8904C- - Discovery Walk	758,280		758,280
Grand Total	18,560,389	51,167,298	58,546,744

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

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ___-2021

Authorizing Report to the Legislature Pursuant to Statute

BACKGROUND RECITALS

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

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

B. The DMCC and City staff have prepared a draft report, due on February 15, 2021, and attached here as Exhibit 1.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that the Chair or Vice Chair of the DMCC is authorized to execute and submit the report to the Minnesota Legislature as required by the Act, in form similar to the report attached here as Exhibit 1, as may be modified through further discussions with the City, and to take such other actions as are necessary and appropriate to effectuate the timely submission of the report to the Minnesota Legislature.

EXHIBIT 1

to Resolution A - Authorizing Report to Legislature

February ____, 2021

The Honorable John Jasinski
Chair, Local Government Committee
Minnesota State Senate
3211 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Sandra Masin
Chair, Local Government Division
Minnesota House of Representatives
543 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Steve Cwodzinski
Local Government Committee
Minnesota State Senate
2231 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Duane Quam
Local Government Division
Minnesota House of Representatives
247 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Mary Kiffmeyer
Chair, State Government Finance and Policy
and Elections
Minnesota State Senate
3103 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Michael Nelson
Chair, State Government Finance and Policy
Minnesota House of Representatives
585 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Jim Carlson
State Government Finance and Policy
and Elections
Minnesota State Senate
2207 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Jim Nash
State Government Finance and Policy
Minnesota House of Representatives
349 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

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

The Honorable Mohamud Noor
Chair, Workforce and Business Development
Finance and Policy Committee
Minnesota House of Representatives
379 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Bobby Joe Champion
Jobs and Economic Growth Finance and
Policy Committee
Minnesota State Senate
2401 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

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

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

The Honorable Carla Nelson
Chair, Taxes Committee
Minnesota State Senate
3235 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

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

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

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

The Honorable Rod Hamilton
Workforce and Business Development
Finance and Policy Committee
Minnesota House of Representatives
277 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

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

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

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

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

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

Re: Destination Medical Center
February 15, 2021 Report

Dear Senators, Representatives, Commissioners and Chairs:

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

As we look back on the year 2020, we are struck by the value of the Destination Medical Center (“DMC”) initiative. This model public-private partnership proved resilient enough to help meet the challenges posed by the COVID-19 pandemic, as well as providing a meaningful foundation for the years 2021 and beyond.

There is much to celebrate, despite the pandemic.

Together, with our partners, we certified over \$272 million in 2019 private investments, marked the completion of 3 new major private and public infrastructure projects, updated the Development Plan in accordance with the Act, and adopted a budget for 2021 that reflects our strategic priorities, which include: transportation, common ground, housing, workforce, transformative projects and sustainability.

Specifically, in 2020, we certified a total of \$272,130,214.44, for the year ending December 31, 2019, which includes \$139,126,160.79 in Mayo Clinic investments and \$133,004,080.65 in other private investments. This annual private investment total sets a single-year record for Mayo Clinic’s investment in the DMC initiative. The cumulative total of Mayo Clinic and other private investments, through 2019, is \$962,794,654.81. The City of Rochester has contributed \$50,546,188.19 in certified expenditures from July 1, 2013, through December 31, 2019.

There are more than 40 projects either proposed, under construction, or completed, the majority of which are private investments with no DMC-provided public assistance. Approved DMC projects have created construction jobs that generate median wages of more than \$39 per hour, plus benefits.

In 2020, much focus was given to DMCC Phase 1 priorities:

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

One Discovery Square, an 89,000 square foot building designed to support the acceleration and translation of the most promising health-related therapies and technology, is a key component to the continued development of the Discovery Square subdistrict innovation ecosystem. It was completed and opened in 2019, and is currently at 97 percent capacity as a home to several leading and global health care companies.

Discovery Square Two represents the expansion of DMC’s health care innovation campus. It is currently under construction. And final design work has been done on Discovery Walk, a four-block linear parkway along 2nd Avenue SW that will serve

pedestrians and vehicle traffic while also serving as a catalyst to future private development in Discovery Square.

Heart of the City Phase 1 – Peace Plaza: Heart of the City creates a true center of the City, where Mayo Clinic, commercial, hospitality, retail, and residential meet. Restoration of Peace Plaza public space and adjacent streets and alleys has been in the planning stages for several years. It is a transformative project that includes improved safety, accessibility, universal design elements, sustainability, integrated art and improved infrastructure. Work began in spring 2020, and as a result of a focused strategy to hire locally, 40 percent of the bid packages were awarded to Rochester-based businesses, and 92 percent were from Minnesota. A specific “Business Forward” Strategy was developed to support and respond to business needs during construction. Additionally, efforts were made to allow access to and accommodation of businesses operating adjacent to the construction site. The construction schedule was also accelerated to ensure that construction activities do not unnecessarily inhibit the resumption of “normal” commerce and public events as the risk presented by the COVID-19 pandemic recedes. Phase 1 of this project is expected to be completed in summer, 2021.

Transit: A forward-thinking transportation plan is integral to DMC’s success. With the 2019 selection of the locally preferred alternative for route and mode of the transit line and an additional emphasis on creating transit villages, the City, County, the DMCC and the EDA worked together to submit a Federal Transit Administration Small Starts Grant application. If successful, the federal grant will support an approximately three-mile bus rapid transit (“BRT”) route that will run from the west transit village in northwest Rochester to downtown Rochester via 2nd Street SW, with seven station stops along the route. This BRT route is expected to be the first phase of a more extensive transit circulator. At Mayo Clinic’s Saint Marys Hospital Station, a transit center will be built, along with a pedestrian tunnel connecting the hospital and transit center. DMC analyses of the transit route and mode, transit villages, and transit stops indicate that significant economic development opportunities will be created by this transit project. This was studied further in 2020 with the creation of the “New Rapid Transit For A Growing, Equitable Rochester,” a transit-oriented development (“TOD”) study. Additionally, the City has established bike- and car-sharing programs, piloted scooter-sharing, and marketed the services offered by the “Arrive Rochester” transportation management association.

COVID-19: Once the COVID-19 pandemic started, all of our partners, the City, Olmsted County (the “County”), Mayo Clinic and the Destination Medical Center Economic Development Agency (the “EDA”) recognized that we needed to pivot, to try to address the new challenges presented by the pandemic in order to blunt the harshest economic impacts of the pandemic and best position Rochester to lead southeastern Minnesota’s post-pandemic economic recovery.

Five-Year Update to the Development Plan: The Act requires that the Development Plan, which is the guiding document for the DMC initiative, be updated not less than every five years. As the year began, we undertook the task of preparing and planning for the update. The five-year update was approved by the City of Rochester Common Council and Destination Medical Center Corporation Board of Directors in November 2020 and is further discussed below.

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

I. Destination Medical Center: Background.

A. Private Investment Leads the Public Investment.

The Act required that private investment lead the way for this private-public model of partnership: over \$200,000,000 in Mayo Clinic and other private investment had to occur before any state funding would begin to flow. That threshold was met, and exceeded, in 2017.

B. Development Plan.

One of the primary goals of the Act was the adoption of a Development Plan. In September 2013, the DMCC established specific goals and objectives for the Development Plan: to create a comprehensive strategic plan, and over the life of the project, to stimulate over \$5 billion in private investment that will be supported by \$585 million in public funds, create 35,000-45,000 new jobs, generate \$7.5 billion to \$8.5 billion in net new tax revenue, and achieve the highest quality patient, visitor and resident experience.

The Development Plan is the strategic framework for the Destination Medical Center initiative, establishing a comprehensive business and economic development strategy. It addresses several items, including land use, transportation and infrastructure planning, market research, funding priorities, business and economic development and market strategies. Upon making the findings set forth in the Act, including finding that the City had approved the Development Plan, the DMCC adopted the Development Plan on April 23, 2015.

The Act requires that the Development Plan be updated not less than every five years. The “Five-Year Update” was a point of focus for the DMCC, the City and the EDA in 2020, and provided an overview of the progress made in the first five years of the DMC initiative, as well as a roadmap for the next five years.

As a part of the Five-Year Update to the Development Plan, HR&A Advisors (“HR&A”) were engaged to perform a COVID-19 impact analysis to assess dual crises: an unprecedented global health emergency, coupled with the steepest jobs loss on record. In the Rochester standard metropolitan statistical area, jobs in the health care services, the leading employment sector, and in the hospitality sector have been hit the hardest.

In a detailed report set forth in the Five-Year Update, HR&A made the following findings:

- Unlike natural disasters, this pandemic hit every city in the country; however not all are developing recovery strategies.
- Despite significant losses, Rochester has fared better than other cities.
- Rochester is starting its recovery from a place of strength.

- Rochester had a robust and growing economy. The healthcare industry and Mayo Clinic provide stability during weak economies. The City has the tools from the DMC to support growth.
- Future economic development strategies should:
 - support existing local businesses
 - prioritize public infrastructure
 - re-use excess real estate capacity creatively
 - diversify the economy
 - support development proactively

These findings informed our work and strategic planning for the Five-Year Update. The Development Plan, along with the Five-Year Update, is posted on the DMCC website: www.dmc.mn.

C. Mission Statement.

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

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

D. Website.

The DMCC's website is: www.dmc.mn. The website contains the regular meeting schedule, meeting agendas, minutes and other information on DMCC activities, as well as project updates, investor and developer information, subdistrict descriptions, market research, and ongoing activities of the EDA. The City's website, www.rochestermn.gov, also has a link to the DMCC website.

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

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

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

The Development Plan was initially adopted on April 23, 2015, and amended in 2016 and in 2020 to modify the Destination Medical Center Development District, the geographic area in the City of Rochester in which public infrastructure projects are implemented to support DMC.

The Act requires that the Development Plan be updated not less than every five years. As noted above, the Five-Year Update was posted publicly and a public hearing was held. Pursuant to the statutory requirements, the City approved the Five-Year Update, and

subsequently the DMCC adopted it as well. The Development Plan and the Five-Year Update can be found at the DMCC website: www.dmc.mn.

B. “Progress of projects identified in the Development Plan.”

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

1. Completed Projects.

The Historic Chateau Theatre: is located in the “Heart of the City” subdistrict as described in the Development Plan. In 2015, the DMCC approved the acquisition of the Chateau Theatre by the City for the purchase price amount of \$6,000,000, of which Mayo Clinic contributed \$500,000. The acquisition and renovation of this 10,000 square foot, historically-designated landmark is considered key to the planning and enhancement of the Heart of the City subdistrict. After construction of the capital improvements, the Chateau re-opened in 2019. The City selected St. Paul-based Exhibits Development Group to manage and program the building for the next 3-5 years. Due to the health risks presented by the COVID-19 pandemic, operation of the Chateau Theatre temporarily ceased in early 2020.

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

The Berkman Apartments (formerly known as the “Alatus Project”): is located on 2nd Street SW in the “Saint Marys” subdistrict as described in the Development Plan. Approved in 2016, this mixed-use project involved the construction of an approximately 350,000 square foot, thirteen-level commercial and residential complex. It includes 350 market-rate rental units, created an estimated 235 construction jobs and eight permanent jobs, and generated a total of \$115 million in private investment. The Berkman was completed in 2020.

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

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

89,000 square foot building includes office, collaborative and retail space. As noted above, this project is the first phase of achieving a key component of the Development Plan: providing jobs in the bio-science sector. One Discovery Square was completed in 2019 and is approximately 97 percent rented.

Wells Fargo Renovation (21 1st Street SW): This project is a renovation of a 92,000 square foot existing building, located in the “Heart of the City” subdistrict as described in the Development Plan. Approved in 2018, this project is a catalyst for the public realm in the Heart of the City subdistrict and includes connections to the street and pedestrian skyway. The renovation has made approximately 23,000 additional square feet of commercial or office space available. The project created an estimated 30 construction jobs and provided 115 permanent jobs. This project was completed in 2020.

Hotel Indigo Renovation: The Hotel Indigo project involved the renovation of an existing 172-room Holiday Inn, located in the “Downtown Waterfront” subdistrict as described in the Development Plan. Approved in 2018, the \$42 million redevelopment included the addition of 33,000 square feet to the existing 114,500 square feet, and provided approximately 111 construction jobs and 28 new permanent jobs. Opening of the new hotel and restaurant occurred in 2020.

2. Projects Underway.

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

Heart of the City Phase 1 – Peace Plaza: As noted above, public realm construction of phase 1 is ongoing and estimated to be completed in 2021. During construction, significant efforts have been made to minimize negative impacts on nearby businesses.

Discovery Walk: Design development is underway for this four-block linear parkway, and construction is expected to begin in 2021. This public realm space provides the linkage between Mayo Clinic and the Discovery Square projects.

Discovery Square Two: This expansion of the DMC bio-medical, research and technology innovation campus is a keystone to the DMC economic development strategy and is contemplated to be a 123,000 square foot building. Like One Discovery Square, this new construction will support emerging entrepreneurs and innovators across health industry sectors. The groundbreaking occurred in 2020, and construction is underway.

Downtown Waterfront SE Small Area Plan: The City has initiated a small area plan study for a 60+ acre area, located southeast of the downtown core on the Zumbro River. The plan is intended to guide the transformation of the redevelopment area to a future mixed-use neighborhood.

Transit: Rochester Rapid Transit is an approximately three-mile bus rapid transit (“BRT”) route that, in its first phase, will run from a west transit village to downtown Rochester with seven stations. As noted, DMCC and the City approved the submission of a grant application to the Federal Transit Administration, seeking 49% of the capital costs, with the remaining portion to be paid by DMC State and County Transit Aid.

There are several other projects underway, in the initial stages of planning, or expected to come to fruition in 2021. The status of these projects will be reported in a future annual report.

In addition to the approved projects noted above, the DMCC and the City have approved a Capital Improvement Plan (“CIP”) for public infrastructure projects for 2021. Projects identified in the CIP are categorized as follows: Common Ground, Transformative Private Development, Streets and Sewers, and Transit.

Common Ground Projects include:

- Heart of the City
- Discovery Walk Design and Implementation
- Chateau Theatre Improvements
- Downtown Sidewalk Experience Enhancements
- Riverfront Reimagined

Streets and Sewers Projects include:

- 6th Street Bridge
- Reconstruct North Broadway
- 12th and 13th Avenue Sanitary and Storm Sewer Capacity Improvements
- Downtown District Energy System

Transit Projects include:

- Arrive Rochester Implementation
- Rapid Transit Implementation
- Active Community Resource Center
- Downtown Electric Charging Stations

The DMC-funded projects above are only a portion of the number and type of public and private development projects in the DMC district. Early strategic DMC investments in public infrastructure and commercial and residential projects successfully established Rochester as a destination for investment and development. Other projects, which are now proceeding without the need for public DMC support, include workforce and market-rate housing, extended stay hotels for patients and companions, renovations to historic properties, world-class medical care and research facilities, co-working space, small business improvements, and more.

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

The Act requires that an annual certification of private investment by Mayo Clinic and other private investors be made to DEED by April 1 of each year, and DEED must certify that \$200,000,000 of private investment has been made before any state funding may be paid. This

threshold was met and exceeded in 2017. The cumulative total amount of private and Mayo Clinic certified investments to date is \$962,794,654.81.

In compliance with Minnesota Statutes Section 469.47, attached is the annual certification of Mayo Clinic and other private investment that was submitted to DEED on March 27, 2020, and the revised annual certification of City expenditures, which was submitted to DEED on May 18, 2020 (Exhibit A). DEED conducted its own audit process of the certified expenditures, requested revisions, and then approved the expenditures. The DEED certifications, dated June 9, 2020, are also attached (Exhibit B).

In addition, we offer the following information:

1. Through December 31, 2020, State Infrastructure Aid in the amount of \$43,445,321.36 has been received. No State Transit Aid has been received.
2. Actual costs paid by the City from commencement through December 31, 2020 have totaled \$59,082,968.14, based on year-end unaudited costs. The funding source was initially City internal borrowing, which is being repaid, along with the costs for new projects and initiatives, by the City's 0.25% DMC sales tax. The City has also issued capital debt for a new parking ramp in the district. Just as the Mayo Clinic investments and other private investments have underscored the commitment to DMC, so too have the City contributions.
3. Through December 31, 2020, Olmsted County has contributed \$10,500,000.
4. The 2021 combined operating and capital improvements budget for the DMCC totals \$47,862,441, a portion of which (approximately \$20 million) is being paid for with funding other than DMC funds. Of this amount \$3,000,000 will be provided by Olmsted County from its wheelage tax. The remaining amount is to be provided by the City of Rochester from a variety of City funding sources, including its .25% DMC sales tax. In addition, Mayo Clinic has pledged financial and in-kind funding to the EDA in the amount of \$1,314,970.

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

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

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

The debt service schedule is attached as Exhibit C.

CONCLUSION

Thank you for your consideration of this annual report. On behalf of both the DMCC and the City, we welcome your comments or questions. We look forward to continued progress on the Destination Medical Center initiative in 2021.

R.T. Rybak, Chair
Destination Medical Center Corporation

Kim Norton, Mayor
City of Rochester

Enclosures
cc: Legislative Reference Library

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DRAFT

EXHIBIT A
To February 15, 2021 Report

EXHIBIT A

**Annual Certification of Mayo Clinic and Other Private
Investment Submitted to DEED on March 27, 2020**

(Correspondence to Steve Grove, Commissioner, Minnesota
Department of Employment and Economic Development
and Attachments 1, 2 and 3)

and

**Revised Annual Certification of City Contributions
Submitted to DEED on May 18, 2020**

(Attachment 4)

EXHIBIT A

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

March 27, 2020

VIA ELECTRONIC AND U.S. MAIL

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

Dear Commissioner Grove:

On behalf of the Destination Medical Center Corporation ("DMCC") and Mayo Clinic, I am pleased to forward the following materials for the April 1, 2020 certification, pursuant to Minnesota Statutes Section 469.47, Subdivision 2. I would like to emphasize that the expenditures set forth here are the investments that have been made by Mayo Clinic and by other private individuals or entities, to advance the Destination Medical Center initiative.

1. DMCC Certification: I enclose the DMCC Certification of Expenditures made by an individual or entity, other than Mayo Clinic, for the period ending on December 31, 2019 ("Attachment 1"). The City of Rochester, Minnesota, assisted with the compilation of this report. The amount of investments set forth in this report is \$133,004,080.65.

2. Mayo Clinic Certification: I enclose correspondence and accompanying materials from Jeffrey W. Bolton, Vice President of Administration at Mayo Clinic, dated March 20, 2020 ("Attachment 2"). Mayo Clinic is certifying expenditures for the period of January 1, 2019 through December 31, 2019 in the amount of \$139,126,160.79.

3. Summary of Investments: The summary page, entitled, "Certification of Expenditures, Destination Medical Center" is enclosed, setting forth total cumulative expenditures through December 31, 2019, in the amount of \$962,794,654.81 ("Attachment 3").

Commissioner Steve Grove
March 27, 2020
Page 2

These investments furthering the Destination Medical Center initiative demonstrate that this unique public-private partnership is succeeding, and that 2019 was an exceptional year. As we face the challenges presented by the current health pandemic and emergency in 2020, however, I have a request of you. I would like to accelerate our economic development efforts this year to make investments where we can to assist in the re-building of the economy. I ask that DEED also accelerate its efforts in its certification process to expedite the transfer of state funding for our efforts.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "R.T. Rybak".

R.T. Rybak
Chair
Destination Medical Center Corporation

Encl.

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

ATTACHMENT 1

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	082430	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 2960 W Hwy 14 ROCHESTER, MN 55901	BLOOM INTERNATIONAL REALTY LLC 206 BROADWAY S SUITE 400 ROCHESTER, MN 55904	C of C	10/4/2019
Commercial Bldg	Phased Partial Permit	R15-0384CB	4/4/2017	Yes	017936	10 E CENTER ST, ROCHESTER, MN 55904	\$45,000,000	CP-4 package: Core building and shell, no MEP's (Hilton on Broadway)	No	KRAUS-ANDERSON CONSTRUCTION CO NICK LEIMER 416 S BROADWAY ROCHESTER, MN 55904	Legacy Fund I, LLC 30 3 St SE ROCHESTER, MN 55904	Finaled	3/29/2019
Commercial Bldg	New	R15-0447CB	11/8/2017	Yes	017936	10 E CENTER ST, ROCHESTER, MN 55904	\$38,282,469	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 416 S BROADWAY ROCHESTER, MN 55904	Legacy Fund I, LLC 30 3 St SE ROCHESTER, MN 55904	Finaled	7/25/2019
Included on the Partial Expenditure Credit Worksheet							\$ 2,050,000						

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	7/10/2019
Commercial Bldg	Addition	R18-0048CB	7/9/2018	082445	850 SW 2 ST, ROCHESTER, MN 55902	\$10,126,000	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	11/4/2019
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 façade 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, café and lounge. (Fiddlehead Café)	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 LaCrosse, 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	\$726,786	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	5/16/2018	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 600 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	\$28,380,000	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 600 ROCHESTER, MN 55904	CO	11/19/2019	
Multi-Family Bldg	New	R18-0037MFB	10/3/2018	084104	301 SW 14 AVE, ROCHESTER, MN 55902	\$2,178,293	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-I Broadway at Center project. (Pittsburgh Blue Restaurant)	Titan Development - Brian Moser 30 3 ST SE STE 600 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)	BGD5 HOTEL LLC 30 3 ST SE STE 600 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 600 ROCHESTER, MN 55904	C of O Issued	7/26/2019
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 Kenitz 211 2 ST NW ROCHESTER, MN 55901	Finalied	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	Finalied	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 façade, relocating domestic water in Peace Plaza and installation of new elevator. (Wells Fargo Downtown)	ROCHESTER PROPERTY OWNER LLC - Tony Barronco 533 SOUTH THIRD ST STE 100 MINNEAPOLIS, 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

ATTACHMENT 2



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

March 20, 2020

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

Dear Commissioner Grove:

Attached with this letter is Mayo Clinic's certification of qualified expenditures of the medical business entity for the Destination Medical Center (DMC) initiative for the period starting January 1, 2019 and ending December 31, 2019. The amount of qualified investment is approximately \$139.1 million. Major projects included the continued modernization and expansion of Mayo Clinic Hospital, Saint Marys Campus, many improvements to Mayo Clinic's downtown Rochester campus and Discovery Square and several research/lab upgrades.

As in prior years, Mayo Clinic is taking a conservative approach when counting DMC-eligible capital expenditures, and we remain committed to achieving the long-term DMC development and investment goals. Overall, Mayo Clinic expended more than \$283 million on capital projects and equipment in Rochester, Minnesota in 2019. In addition to our commitment to DMC, these investments include continued improvements to our IT infrastructure and electronic health record, the purchase of world-class medical equipment, and more. In total, Mayo Clinic will invest more than \$1 billion in Rochester facilities and equipment between now and 2022. Through 2019, Mayo's DMC investment totals more than \$590 million.

Our commitment and collaboration with the State of Minnesota, City of Rochester, Olmsted County, and other stakeholders continues to strengthen our economy and affirms Minnesota's position as the world's premier destination medical center.

Thank you.

Sincerely,

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

Jeffrey W. Bolton
Chief Administrative Officer
Mayo Clinic

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

Permitted Expenditures from July 1, 2013 to December 31, 2019

Approval Date	Project/Req Number	Project/Equipment Name	2013 - 2018 Expenditures Reported	Prior Years Expenditures not previously reported	2019 Expenditures	Total Expenditures reported for 2019	Total Spent as of December 31st 2019
11/13/2019	7R180310	0068-18 E18-3021-RAD-MCR-MSH-MMB-R-RAD DR Converter	-	-	38,849.28	38,849.28	38,849.28
8/15/2018	7R180360	Eisenberg Dumbwaiter Replaceme	-	-	165,045.28	165,045.28	165,045.28
9/30/2019	7R180450	Administrative Drop In Center	-	3,477.50	231,635.14	235,112.64	235,112.64
10/9/2019	7R180480	Dr. Pipe Lab-DiscSq1	-	1,223.75	42,600.84	43,824.59	43,824.59
10/18/2018	7R180610	Mayo Clinic Food Service, RMC	-	-	133,400.18	133,400.18	133,400.18
12/10/2018	7R180690	3D Metal Printer for Div of Engineering	-	-	581,851.43	581,851.43	581,851.43
2/14/2019	7R180750	41st Street Complex Employee Cafeteria	-	33,345.73	1,202,685.18	1,236,030.91	1,236,030.91
3/13/2019	7R180860	RST SMC/RMC Visitiior Cafeteria	-	-	253,248.34	253,248.34	253,248.34
3Q2019	7R180900	RMC Eisenberg AHU-S62 Replacement	-	-	7,367.21	7,367.21	7,367.21
4/11/2019	7R181000	REO Makeup and Export Water Tank	-	-	706,686.51	706,686.51	706,686.51
4/11/2019	ROBB18C0010	Global Business Solutions Consolidation	-	-	90,679.48	90,679.48	90,679.48
2Q2019	ROFF19C0010	41st St Complex Infrastructure Upgrades- Phase 3	-	-	38,101.42	38,101.42	38,101.42
3Q2019	ROJO18C0020	Joseph 1 Northwest Local Infrastructure-SMC River Room Expansion	-	-	1,300.03	1,300.03	1,300.03
8/28/2019	ROJO19C0010	0050-19 RST Creation of New MED 13 Hospital Service	-	-	168,688.29	168,688.29	168,688.29
2/14/2019	ROMA18C0020	Mayo 11 Remodel	-	-	5,980,106.47	5,980,106.47	5,980,106.47
6/26/2019	ROMB19C0030	RST SMC Sterile Processing Renovations	-	-	22,776.04	22,776.04	22,776.04
6/26/2019	ROOP19C0010	Opus MRI Instal	-	-	2,217.66	2,217.66	2,217.66
6/13/2019	ROXX18C0020	Healthcare Technology Management Expansion at 1937 Buildin	-	-	27,363.46	27,363.46	27,363.46
10/2/2019	ROXX19E0180	RST Practice Optimization Accelerator	-	-	11,983.10	11,983.10	11,983.10
	CPC2033104 / 7R151420	PHILIPS; AZURION 7 M20 (Asset 192750)	-	-	1,259,678.14	1,259,678.14	1,259,678.14
9/27/2017	7R160230	Research PET/CT Charlton 6	-	2,199,122.72	92,302.97	2,291,425.69	2,291,425.69
	R2050020 / 7R160230	Biograph Vision 600 (asset 192309)	-	-	2,015,000.00	2,015,000.00	2,015,000.00
6/28/2018	7R170290	Human Cellular Therapy Expansion	-	52,992.00	176,696.13	229,688.13	229,688.13
12/6/2018	7R180260	Revenue cycle consolidation / relocation	-	49,448.57	3,892,509.97	3,941,958.54	3,941,958.54
8/12/2019	ROSI19C0010-ROSI19C0016	Subway Refresh Project	-	-	1,069,883.24	1,069,883.24	1,069,883.24
			452,015,853.42	2,676,189.14	136,449,971.65	139,126,160.79	591,142,014.21

ATTACHMENT 3

**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.

ATTACHMENT 4



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

FIRST CLASS CITY • FIRST CLASS SERVICE



May 18, 2020

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

RE: City of Rochester Revised DMC Certificate of Contributions for January 1, 2019
through December 31, 2019

Dear Commissioner Grove:

The City of Rochester is hereby revising our certification of our local contributions for calendar year 2019 towards the local matching contributions for the Destination Medical Center development. The original certification of 2019 expenses, dated March 17, 2020, was for the amount of \$4,367,998.77. The cumulative previous contributions total \$46,235,161.24, for a combined total of \$50,603,160.01. Since that time, after review with internal and DEED staff, changes were made to the certified total.

For 2019, upon review with the DEED auditors an error was found that adjusts the adjustment in the total expense claimed for costs. The cumulative effect of this change is a decrease to our certification for 2019. Our new certified 2019 amount is \$4,311,026.95 for a cumulative total of contributions as of 12/31/2019 of \$50,546,188.19.

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

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

Sincerely,

Kim Norton, Mayor
City of Rochester

Steve Grove, Commissioner
DEED
Page 2
May 18, 2020

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

Aaron Parrish
Brent Svenby
Kathleen Lamb
Dale Martinson
Amanda Jacob

Certification of Contributions

City of Rochester

For Calendar Year 2019

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

REVISED AS OF MAY 12, 2020

The City of Rochester hereby submits to the Department of Employment and Economic Development (DEED) the following report for Contributions that relate to the Destination Medical Center (DMC) Development for the calendar year 2019, as required by the City of Rochester Commissioner of Employment and Economic Development State Infrastructure Aid Agreement. The city may revise this certification based on audit adjustments prior to June 1.

GENERAL STATE AID

General Aid Contributions Reported this Year

TOTAL Contributions Reported This Year by the City of Rochester ¹	\$ 4,311,026.95	1
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General State Aid Qualified for this Year (Medical Entity/DMCC match also required)

General State Infrastructure Aid Qualified for (Annual Exp. multiplied by \$2.55)	\$ 10,993,118.72	2
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Cumulative City General Aid Contributions

Cumulative Previous Contributions	\$ 46,235,161.24	3
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Contributions This Year	\$ 4,311,026.95	4
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Cumulative Contributions as of 12/31/2019	\$ 50,546,188.19	5
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Cumulative State Aid Qualified for as of 12/31/2019	\$ 128,892,779.88	6
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State GSIA expended this year	\$ 2,992,783.23	7
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TRANSIT AID

Transit Aid Contributions Reported this Year

Transit Aid Contributions Reported This Year by the City of Rochester ^{1,2}	0	8
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Transit State Aid Qualified for this Year (Medical Entity/DMCC match also required)

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

Cumulative City Transit Aid Contributions

Cumulative Previous Contributions	0	10
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Contributions This Year (from Box 8)	0	11
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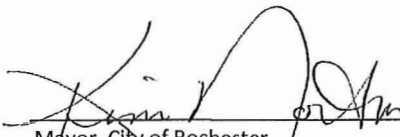
Cumulative Contributions as of 12/31/2019	0	12
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Cumulative State Aid Qualified for as of 12/31/2019	0	13
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Add Box 12 multiplied by 1.5

State Transit Aid expended this year	0	14
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By providing my signature below, I am hereby certifying the information stated herein is accurate, true and complies with the provisions of Statute 469.47 of the State of Minnesota and the approved methodology as outlined in the City of Rochester Commissioner of Employment and Economic Development State Infrastructure Aid Agreement.



 Mayor, City of Rochester

5/13/2020

 Date



 City Administrator, City of Rochester

5/15/2020

 Date

¹ Funds expended need to be after June 30, 2013

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

EXHIBIT B
To February 15, 2021 Report

EXHIBIT B



June 9, 2020

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

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

Dear Mr. Rybak and Mr. Bolton:

Thank you for submitting the 2019 Certification of Expenditures for Destination Medical Center (DMC). We are excited to assist with this initiative to make the Mayo Clinic, Rochester, and Minnesota a premier medical destination.

Your certification listed \$139,126,161 in Mayo Clinic expenditures and \$133,004,081 in other expenditures. The Mayo Clinic provided DEED with information on all invoices and payments (more than 16,000 entries) to account for their certification amount. You also provided an independent third party report from Ernst & Young LLP stating the law and procedures for certifying expenditures are being followed properly. Additionally, DEED staff reviewed invoices and payments in your certification. We selected 66 expenditures totaling \$8,777,922. We selected one expenditure from each of the 40 new projects listed. We also selected 26 random entries from previously reviewed projects. All invoices for the selected expenditures were on file and payments were made in a timely fashion. DEED staff also confirmed that projects had building permits after June 30, 2013. DEED acknowledges the expenses and payments met guidelines and the internal accounting and auditing system the Mayo Clinic has in place is sufficient.

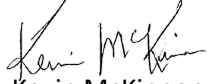
Additionally, the DMCC and the City of Rochester provided DEED with a list of 30 completed projects for \$15,662,402 in expenditures. DEED randomly selected 10 permits and was provided the permit application, permit, project closeout, and map of projects. From this information, DEED confirmed the projects' values, dates, eligibility, and completion. The city also approved \$117,543,023 in expenditures on eight projects that are completed over multiple years. The total 2019 Certification of Expenditures was \$133,004,081. DMCC contracted with Clifton Larson Allen (CLA) to complete a review on its Certification to insure it is correct. CLA issued an opinion that the amount of the DMCC certification process was correct.

As required by law, I have determined that the amount of 2019 Destination Medical Center Expenditures are the \$272,130,241.44 as you certified. DMC cumulative Expenditures are now

\$962,794,654.81. As directed by statute, \$200 million is subtracted from this amount to provide Qualified Expenditures of \$762,794,654.81. Based on this figure and adequate general aid contributions from the city, I have determined the City of Rochester has qualified for \$20,976,853 of General State Infrastructure Aid in 2018. As per state statute, this payment will be made prior to September 1.

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

Regards,



Kevin McKinnon Deputy
Commissioner

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

June 9, 2020

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

Dear Mayor Norton:

Thank you for submitting the 2019 Certification of Contributions for Destination Medical Center (DMC). We are excited to assist with this initiative to make the Mayo Clinic, Rochester, and Minnesota a premier medical destination.

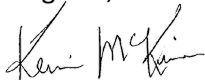
Your revised 2019 Certification listed \$4,311,026.95 in city contributions between July 1, 2013 and December 31, 2019. You provided a detailed listing of more than 1,500 expenditures. These expenditures consisted of direct DMC expenses paid by the city as well as DMC Corporation and DMC Economic Development Authority expenses paid for by the city. From that list, DEED randomly selected 78 expenses for review. We reviewed invoices, payments and city payroll files for accuracy and eligibility.

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

The amount of your contributions qualifies you for the annual maximum of \$30 million of general aid, however Qualified Expenditures from Mayo Clinic and others were \$762,794,654.81. This amount of Expenditures reduces the amount of general aid to the city to \$20,976,853. Your excess Contributions will be credited towards future years. We will be providing prior to September 1 as mandated by statute.

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

Regards,



Kevin McKinnon
Deputy Commissioner

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

EXHIBIT C
To February 15, 2021 Report

EXHIBIT C

Post-Sale

\$21,265,000

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

DEBT SERVICE SCHEDULE

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

1), 2) below

SIGNIFICANT DATES

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

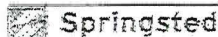
Yield Statistics

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

IRS Form 8038

Net Interest Cost.....	2.6154298%
Weighted Average Maturity.....	11.612 Years

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



Footnotes:

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

DMC Metrics: WMBE Goals

To: DMC Corporation Board of Directors
 From: DMC Economic Development Agency
 Date: January 28, 2021



Request of the DMC Corp. board of directors:

No request of the board.

Background:

In 2020, the DMCC Board and Rochester City Council adopted new workforce participation and targeted business goals effective in 2021.

The table below outlines the previous goals, those recommended by the state of MN, and new, approved goals based on the experience to date of DMC projects. Workforce strategies are being implemented to support the pursuit of these goals and leverage partnerships 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	Approved 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 30,000+ new jobs over the 20-year initiative, 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 2021 DMC EDA work plan support the focus and delivery of programs to support women and minority owned workforce and targeted business enterprise targets.

TARGETED BUSINESS AND WORKFORCE PARTICIPATION MONTHLY REPORT December 2020

INCLUSIVE WORKFORCE PARTICIPATION PLANNING ONLINE WORKSHOP FOR ALL-SIZED COMPANIES



The City of Rochester and Destination Medical Center are partnering with **Winona State University Adult & Continuing Education** to offer **Inclusive Workforce Practices: Why You Need a Workforce Participation Plan** online workshop on **January 20, 2021**, from 2-3 p.m. This workshop is for CEOs, presidents, vice presidents, managers, recruiters, DEI / EEO / AA officers, and other human resource generalists and specialists across multiple sectors who want to learn how to make workforce diversity support organizational success.

Register for this engaging workshop via Eventbrite.

FREE VIRTUAL WORKSHOPS FOR WOMEN AND MINORITY-OWNED COMPANIES TO GET CERTIFIED AND WIN BIDS ON CITY OF ROCHESTER, OLMSTED COUNTY AND MINNESOTA PROJECTS

Certification Application

workshop on Thursday, **February 4, 2021** from 9 a.m.–12 p.m. The workshop will be offered virtually and in-person. Computers will be provided for the in-person workshop with social distancing and masks required.

Bidding and Bonding workshop will be offered virtually on Thursday, **March 4, 2021** from 9 a.m.–12 p.m. Experts on bidding government contracts and construction bonding will present.

Pre-register via email to orlanda.klinkhammer@state.mn.us.

CONSTRUCTION

Targeted Business (TB) Contracts

Goal: 4% (7% on future contracts)

Average TB Result*: 7.6%

Workforce Participation

Goals

Women: 6% Average Result*: 3.4%

Minorities: 15% Average Result*: 15.8%

1st Street NW Sewer Diversion Project Workforce Participation Results

Total Hours: 8,192

Women: 547 hours, 6.7%

Minorities: 539 hours, 6.6%

Rochester Residents: 3,428 hours, 41.8%

Of the 547 hours worked by women on this project, 543 hours were trucking hours.



Photo was taken socially distanced.

Marcie with Elcor worked 532 hours driving trucks for this project. She has been with Elcor since 2013.

Melissa Beach, owner of Missy's Trucking, LLC worked 11 hours on this project.

Missy's Trucking also hauled for Heart of the City project this year and numerous other City of Rochester projects in past years.

Hauling activities are subject to the state prevailing wage law

The hauling of any or all stockpiled or excavated materials on the project work site to other locations on the same project even if the truck leaves the work site at some point. Business entity that is considered a commercial establishment that delivers or hires trucks to deliver its materials or products from an off-site facility to the project site of work is exempt.

<http://www.dot.state.mn.us/const/labor/trucking.html>

Closed Projects

- Alatus Housing – 2nd Street
- Chateau Theatre
- Hotel Indigo
- One Discovery Square
- Urban on 1st
- Wells Fargo Building
- J2582 Parking Ramp #6
- J7326 4th St SW
- J7319 6th & 7th Avenue
- M16-21 Sewer Siphon
- J8903 City Loop Bike Lane
- J7830 1st Street NW Sewer

Active Projects

- Civic on First/Hyatt House
- Discovery Square Phase 2
- Heart of the City

Future Projects

- Discovery Walk



PROFESSIONAL SERVICES & CONSTRUCTION ADMINISTRATION

Targeted Business (TB) Contracts

Goal: 4% (7% on future contracts)

Average TB Result: 5.2%

Workforce Participation

Goals

Women: 6% Average Result*: 34.9%

Minorities: 15% Average Result*: 8.3%

Closed Projects

- SRF PMC Agreement
- Integrated Transit Studies (4)
- SRF Const. Admin
- Transit Oriented Development

Active Projects

- J8707 SRF A&E Rapid Transit

* Results are cumulative April 2017 – November 2020.

Heart of the City

To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: January 28, 2021

Request of the DMCC board of directors:

- No Action Requested

Background:

Peace Plaza Construction

Heart of the City Phase One project includes restoration of its public space, known as Peace Plaza, the adjacent street, sidewalks and alley way. 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.

Business Forward Strategy

DMC EDA, City of Rochester, 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.

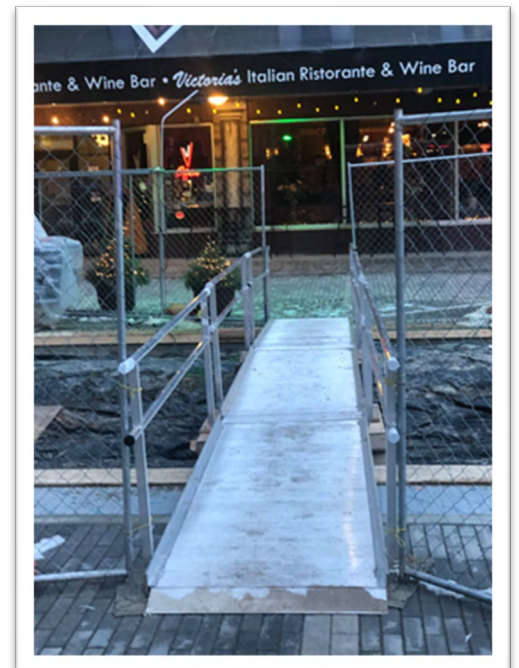
Business Forward principles include:

- Access, Safety and Smart Micro -Construction Phasing
- Communication
- Activation and Programming (focusing on pedestrian foot traffic and supporting local businesses)

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

Since the start of the construction, the team has continually evaluated ways to accelerate the schedule and support the business forward mentality. Recent business forward strategies include:

1. Continued micro-phasing to support the business forward initiative which has been accelerated to finish areas of the project this year that were originally planned to be completed next year.
 - a. Fast-tracked construction projects (replacing sidewalk in a week, working weekends and overtime shifts)
 - b. Continued construction projects in colder weather (sidewalks, paving)
2. Added lighting for safety and interest (adding colored lighting at night to walkways in the construction site to draw interest to the businesses in and around the construction)
3. Enhanced way-finding has been implemented and updated throughout the project to help pedestrians navigate retail, dining and entertainment options.



Temporary walkways to encourage pedestrian traffic.

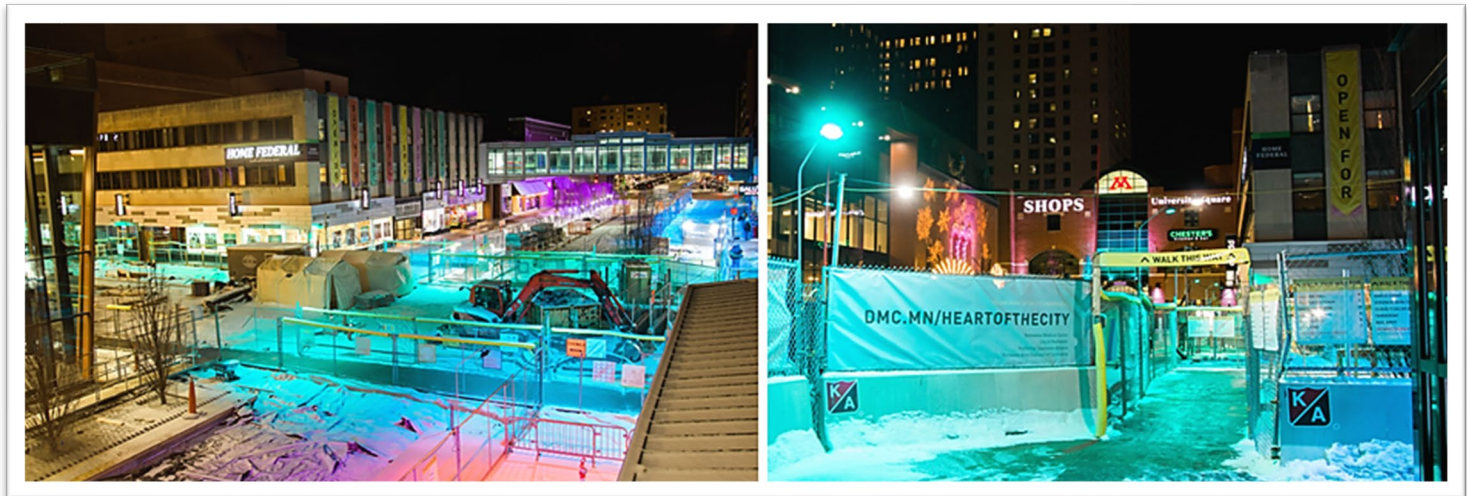
Schedule:

<u>Project Component</u>	<u>Original Schedule</u>	<u>New Schedule</u>
• Second Street Completion	09/28/2020	08/25/2020 (COMPLETE)
• First Avenue South	07/28/2021	07/01/2021
• First Avenue North Sidewalk	08/20/2021	06/01/2021
• First Avenue North Street	08/20/2021	07/15/2021
• Peace Plaza	08/13/2021	**08/13/21

**Potential Timeline Issues

There are three potential issues that could impact the timeline of the Heart of the City project:

1. Weather – with favorable winter weather and aggressive construction planning the dates noted above are achievable. A deep freeze or other winter weather challenges could impact when the team can begin major construction again in the spring. Extra measures were taken (such as blanketing) so the construction team can start as soon as possible.
2. Design Evolution – the Heart of the City team continues to work closely with Ann Hamilton regarding her art installation. Over the past months there has been a collaborative effort to rework the artwork. This may impact the phasing of the construction of the Peace Plaza and additional resources may be needed.
3. Custom Fabrication – portions of Rafael Lozano-Hemmer’s art (interactive centenary light system) include customized poles and lighting infrastructure. Due to the impact of Covid-19, there are some delays in manufacturing these elements. The Heart of the City team is evaluating overall schedule and phasing to minimize disruption in the timeline.
 - a. 08/13/21 Peace Plaza completion date assuming that catenary lights are installed after the completion of the plaza (trees and pavers)
 - b. 11/01/21 Peace Plaza completion date assuming catenary lights are installed first, delaying tree and paver installation



Enhanced evening lighting for pedestrian safety and creating an inviting environment.

Chateau Theatre

The Chateau Theatre is under the management of a St. Paul-based company, Exhibits Development Group (EDG). They continue to temporarily postpone public access and programming with a goal of reopening in the Summer of 2021, in line with the completion of Peace Plaza. Scheduled reopening is dependent on public health milestones associated with COVID-19. During this downtime, EDG will work with the community to develop new programming initiatives, assess and recommend building modifications, and develop future marketing strategies.

Galleria/University Square

The 2015 DMC Development plan envisioned a connection between Mayo Civic Center (MCC) and Gonda, via 1st Street SE, Galleria, and Peace Plaza. At the end of Q4 2020, discussions took place to begin to re-imagine how this vision could come together with land stakeholders in this area. This discussion has been put on hold as the stakeholders are reevaluating future use of this area.

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. This will be particularly important as we embark on a Retail, Dining, and Entertainment marketing and recruitment strategy.

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:



Discovery Square

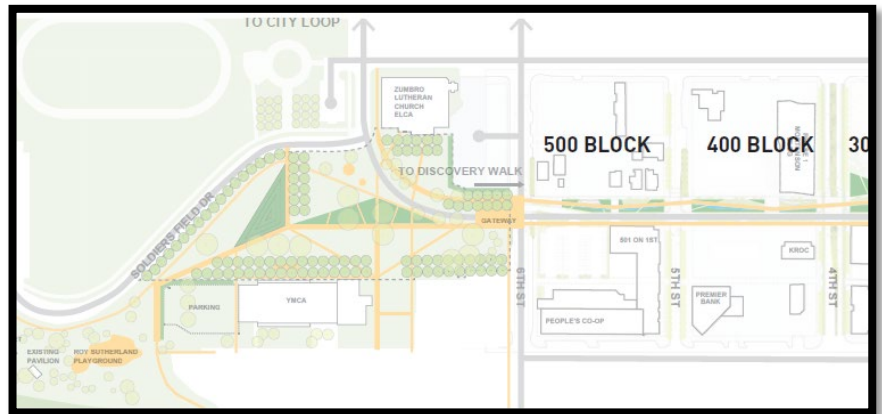
To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: January 28, 2021



Request of the DMCC board of directors:
No requests.

Background:

- Economic Development Activities
 - Continue business development and recruitment activities to pitch Discovery Square as the best place in Minnesota for companies that want to grow.
- Discovery Walk
 - Project at 100% completion of Design Documentation for base plan and Add Alts.
 - The three artist projects are being developed and incorporated into the design, with input from the Co-Designers.
 - Project timeline is still TBD due to the complexity of underground utilities and the desire of multiple utility providers to take advantage of this project to make necessary upgrades.
 - Locations and designs for five weather shelter largely finalized, total estimated cost \$960K.



- Original budget estimate (Q1 2018) did not include snowmelt system. Rochester City Council subsequently asked that snowmelt be included in base project. This added approx. \$2.2M to project budget, per most recent estimates.
- Project team working on value engineering to otherwise align with original budget, including clarification of project boundaries on the 300 block.
- City staff developing Operations and Maintenance plan and budget.
- Monthly stakeholder engagement continues with businesses and neighborhood associations.
- The Discovery Walk Business Forward Strategy is under development, objectives are business retention and business growth during construction. DMC staff meeting biweekly with a subset of the Stakeholder group to craft the strategy.

- Discovery Square 2
 - Construction continues apace, no deviations from scheduled core/shell completion of late Q1, 2022 have been reported.
 - Tenant recruitment plans and discussions continue with numerous potential tenants.
 - Recently launched a standing meeting with Mayo stakeholders for lead generation.

- One Discovery Square
 - Two separate lease actions (TBA) bring total leased space to 97%. Discussions underway for the remaining space.
 - Building Tenants: Mayo Clinic, Wuxi Diagnostics, Epic, Boston Scientific, Philips, RION, University of Minnesota Rochester, Café Steam, TBA x 2.



- Entrepreneurship activities
 - Start-up initiative discussions continue. Goal continues to be a soft-launch in Q1 2021.
 - DEED LaunchMN renewed funding of the SE MN E1 network, of which DMC is a member, so we can continue to support entrepreneurial programming to the region.

- Other Discovery Square development, residential and retail activities
 - The Maven now leasing - residential and retail space.
 - The Residence Discovery Square now leasing - residential and retail space.
 - The Hue now leasing – residential and retail space.
 - Mayo Clinic developing plans for a 1,200 car parking structure, with approximately 30% for tenants of One Discovery Square and Discovery Square 2, on Block 6 immediately west of One Discovery Square.

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.

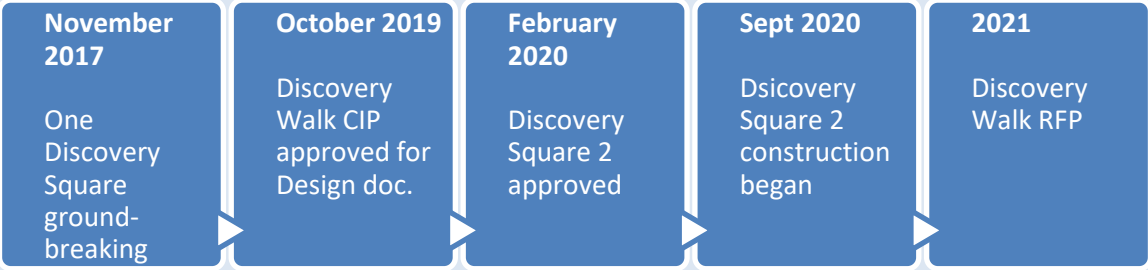
Technology and innovation are core to the DMC economic strategy. Our vision is to promote an economic development structure that fosters advancement and growth of the medical, research, innovation, education, entrepreneurial and general business environment in Rochester.

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 2021 operating and CIP funds, including the design documentation of Discovery Walk.

Approvals, milestones, and decision points:



Transportation

To: DMC Corporation Board of Directors
 From: DMC Economic Development Agency
 Date: January 28, 2021



Request of the DMC Corporation board of directors:

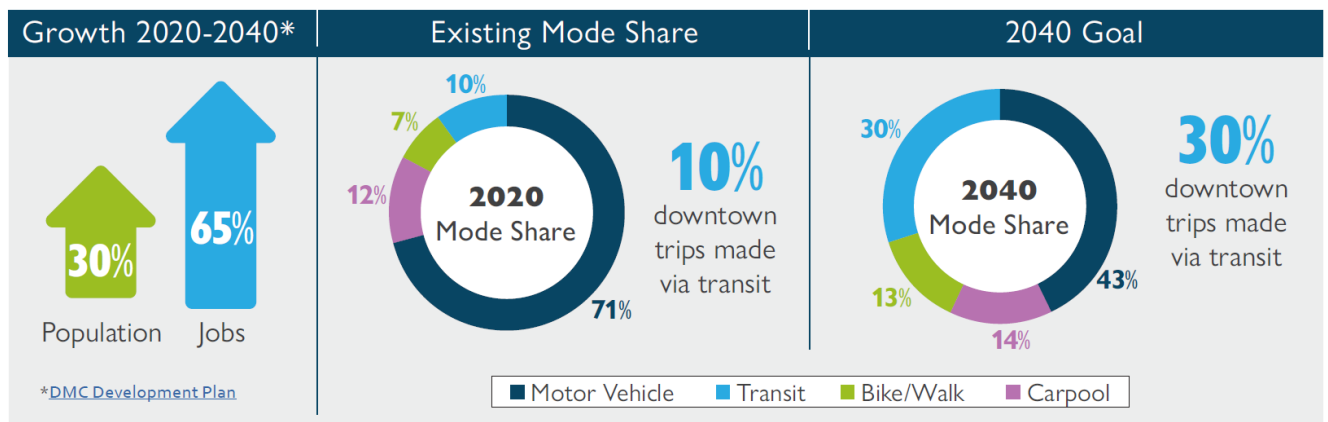
- No Action required at this time.

Background:

TRANSPORTATION STRATEGY:

Based on market demand studies, forecasts for downtown growth, and an understanding of the city’s street and infrastructure capacity, a model was developed as part of the DMC Development Plan and subsequent Integrated Transit Studies (ITS), which projects the number of people commuting downtown daily will almost double by 2035, while the existing street grid will remain fixed as it already developed. This projection was revisited as part of the COVID-19 economic impact analysis completed as part of the 5-year DMC update and indicated that the growth projections post-recovery will still support these figures. A multi-modal mobility strategy for the DMC has been developed that includes the implementation of a Rapid Transit Circulator

DOWNTOWN ROCHESTER: PRESENT AND FUTURE



RAPID TRANSIT CIRCULATOR:

Following authorization by DMC EDA, Rochester City Council, and DMCC, the City formally submitted an application to the Federal Transit Administration in **Fall 2020** requesting support for the first phase of the Rapid Transit program which consists of a Bus Rapid Transit (BRT) line along the Second Street corridor, connecting Cascade Lake to the Government Center.

KEY CHARACTERISTICS OF ROCHESTER RAPID TRANSIT



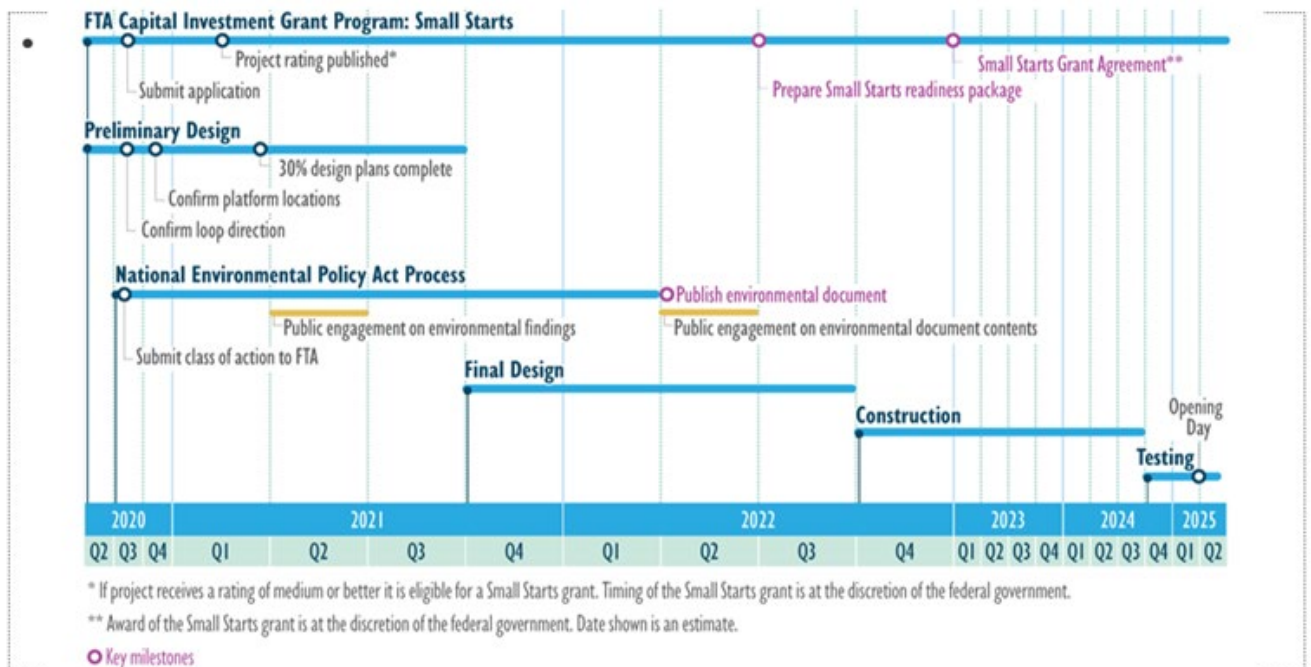
Fulfilling the DMC Vision, Mission, and/or Goals:

DMC EDA Staff are working in collaboration with the City staff and external consultant team led by SRF to develop the design of Rochester Rapid Transit. DMC is particularly focused on the end-to-end user experience of transportation across every mode of mobility, with the goal of creating a world-class experience that centers equity of access and foregrounds BRT as a desirable consumer choice.

Approvals, milestones, and decision points:



ROCHESTER RAPID TRANSIT DEVELOPMENT PROCESS



Bryk Apartments

To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: January 28, 2021



Request of the DMC Corporation board of directors:

- No Action Requested

Background:

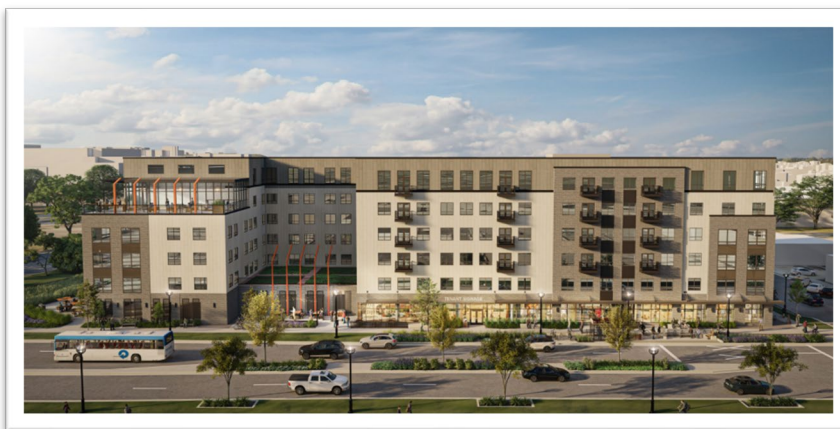
Site: Land is officially purchased and owned by Bryk Apartments Rochester LLC. The property is located on the NW corner parcel of the intersection between N Broadway and Civic Center Drive.

Team:

- Project Team: John and Marcia Bouquet & Dirk Erickson (Investors & Developers) Kristina Larson (Operations consultant) Ben Kall (Real Estate Consultant): 30 years of local multi-family experience
- Design: ISG Architects
- Construction: Kraus Anderson



Project Objectives:



The project team is currently planning a mixed-use, mixed-income apartment building consisting of approximately 165 to 180 workforce housing apartments and 5,000-15,000 sf of commercial space with construction to begin April 1, 2021 and be completed by August 2022.

The project will provide units at varying rent levels as outlined below.

- ~20% @ 50% AMI
- ~20% @ 60% AMI
- ~60% @ prices held at or below 80% AMI

The overall unit count and affordability targets are subject to change but represent a commitment by the Project Team to provide affordable workforce housing opportunities in the downtown. The development team is interested in increasing the number of 50% and 60% AMI units beyond the targets above with the

assistance of TIF and DMC funds. Further discussions have been scheduled with the Developer, City and DMC to explore this possibility.

DMC/City Priority Alignment:

The project aligns with the following DMC and City priorities as follows:

- Workforce housing project within the City, Transit-Oriented Development (TOD) and DMC zones.
- Revitalizes blighted site
- Provides a balanced and sustainable housing stock
- Promotes neighborhood stabilization and revitalization in coordination with the North Broadway reconstruction project.
- Increase to the city’s tax base.
- Commercial space is considering a few possibilities to address food insecurity or childcare needs. Portions of space will be intentionally held at below market rates to promote local small business integration into the project.
- Sufficient parking will also be included for the commercial tenants.
- Project is being designed to meet City and DMC Sustainable Design Requirements

Financing:

Multiple Financial Institutions have been contacted and the project has been approved with a certain expectation of assistance required. The developer is waiting to make a final acceptance on a financial institution as they are determining various benefits of each offer (i.e.: PACE financing, terms, etc.). Project has been awarded a brownfield site grant to facilitate its clean-up.



Next Steps:

- DMC EDA staff and City of Rochester Staff will continue to work with the Developer
- The Developer has submitted their DMC and City Joint application and it is being reviewed for DMC and City TIF funding opportunities
- DMC EDA staff and City of Rochester Staff are continuing to work with the team to identify a project gap and will bring forward a recommendation to the DMC EDA Sub-Committee Review Team, DMC EDA Board, and pending approval, the DMCC Board.

South-of-Downtown Waterfront

To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: January 28, 2021



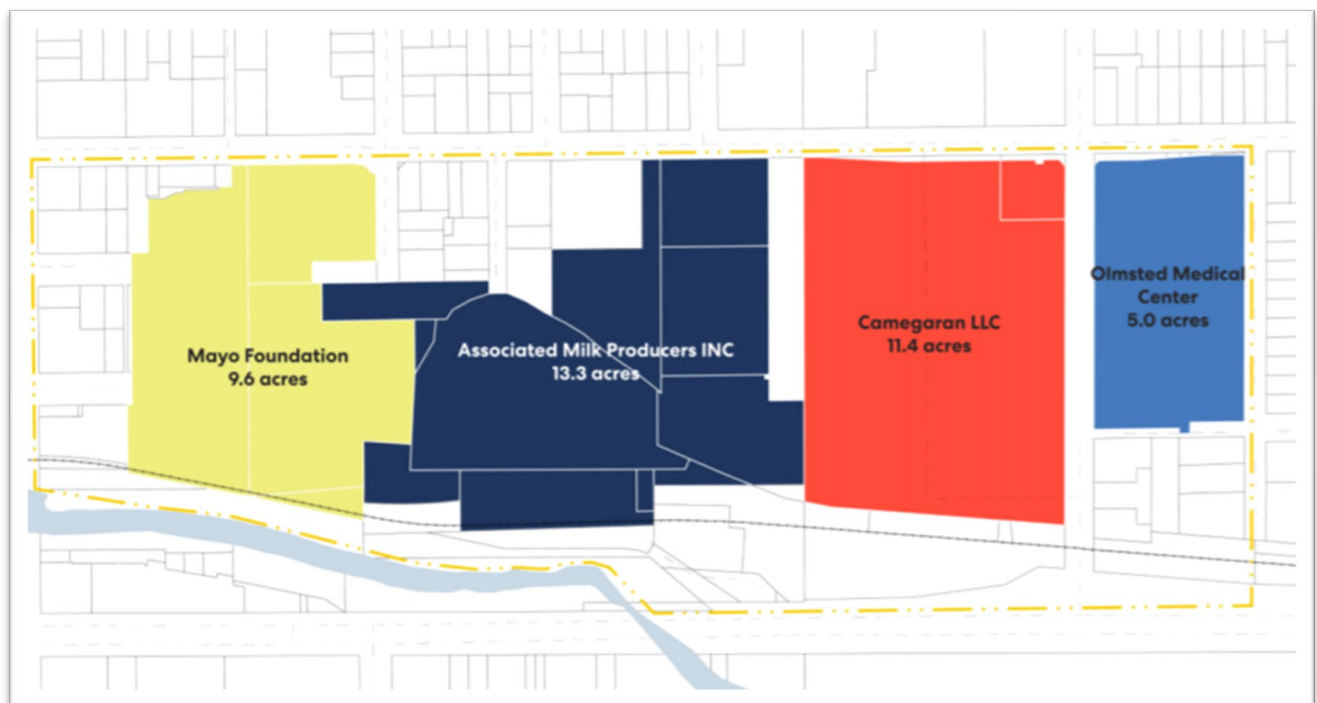
Request of the DMC Corporation board of directors:

- No Action Requested

Background:

In Rochester's most recent comprehensive plan, adopted in 2018, the South-of-Downtown Waterfront Area was identified for revitalization due to its proximity to the downtown, frontage along the Zumbro River, and the presence of large tracts of underutilized property (i.e., vacant properties and/or parking lots). However, the comprehensive plan did not provide specific direction for what the area should become in the future. Recently several large parcels within the Project Area have been sold or are in the process of being sold, which is an indication that significant change may occur in the future.

The City of Rochester felt that it would be beneficial to work with stakeholders, including DMC EDA, to prepare a collaborative, community-driven plan that represents a shared vision for the future of the Project Area. This plan is nearing completion and is called the Downtown Waterfront S.E. Small Area Plan (DWSE SAP).



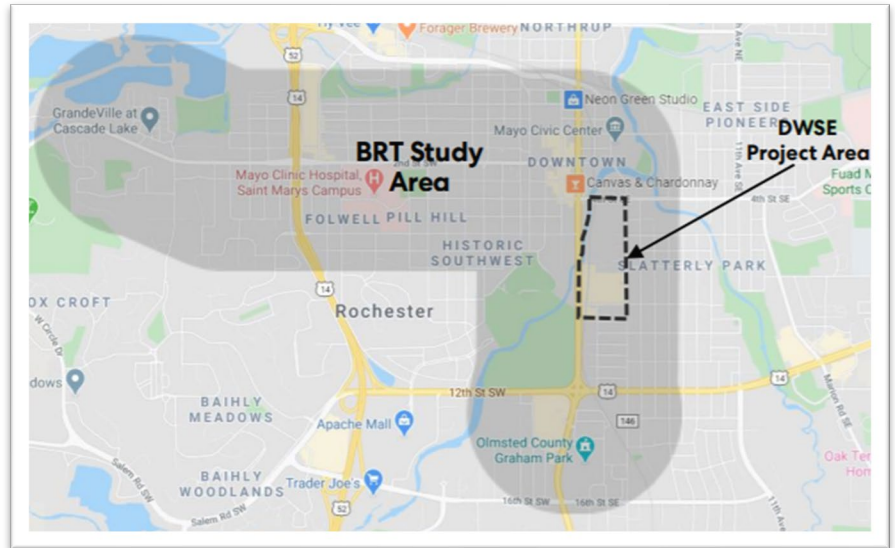
Fulfilling the DMC Vision, Mission, and/or Goals:

DMC EDA staff have participated in the DWSE SAP process in collaboration with partners to determine how a former industrial site better connects the downtown to nearby neighborhoods while fulfilling the DMC vision. This area was also identified in the Urban3 tax capacity analysis completed as part of the DMC's 5-year update as "low hanging fruit" for thoughtful and targeted redevelopment, due to the central location

and large areas of open surface parking. The site also represents an opportunity to connect the walkable street grid that exists in surrounding areas and increase green space and recreational path connections to better leverage the Zumbro River frontage as a community asset.

The Process

The City engaged Perkins & Will to help develop the DWSE SAP. This effort included monthly meetings with a core stakeholder group beginning in July of 2020 that included representation from property owners within the project site, the Sunnyside Neighborhood Association, the Slattery Park Neighborhood Association, City staff and DMC staff. There were also several community engagement opportunities, including three community forums, two property owner workshops, three neighborhood workshops, and one community poll.



Approvals, milestones, and decision points:

After the third and final community forum that occurred on Jan 27, 2021, the project team will begin the process of seeking public approval of the plan. It should be noted that many of the recommendations that come out of the plan may take many years before they are realized. This is because most of the land in the project area is privately-owned and any change that occurs on such parcels will need to be initiated and funded by landowners.

In order to achieve this vision and the economic potential associated with the plan, there will need to be considerable infrastructure investment. This includes roads, bridges, blue/green systems, etc. DMCC will likely be one of the sources of support.



2020 Marketing & Communications Recap 2021 Preview

DMC Marketing Plan Objectives:

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

Results:

Advertising Key Highlights

- 28.7M impressions delivered across TV, Radio, Social Media, Search and Display advertising.
- Launched sponsored content partnerships with American Inno and VOX Media
- Promoted webinar series via partnerships with Twin Cities Business and Finance & Commerce in addition to digital advertising
- Paid search engagement increased year-over-year with a 4.05% Click Thru Rate (CTR) in 2020 compared to 2.21% CTR in 2019.



Website Analytics

DMC marketing efforts have been successful in driving traffic to key pages, primarily the homepage, Discovery Square, Investors & Developers, Maps and Heart of the City pages .

2020 Sessions: 91K

2020 Pages Views: 154.1K

GEOGRAPHIC REACH (Google Analytics)

Description	Target Metric	Current Metric
Geographic reach beyond Rochester	75% beyond Rochester	79%
Geographic reach beyond Minnesota	66% beyond Minnesota	61%

Top cities beyond Rochester in order of visits include Minneapolis, MN, Chicago, IL, New York, NY, Washington, D.C., Saint Joseph, MO, Quincy, WA, Saint Paul, MN, Crozet, VA, and Denver, CO.

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

Blogs and e-Newsletters

Blogs Published

Newsletters Delivered

Subscribers Reached

73

27

102,015 (cumulative)

Open rate is 28.09% over the past twelve months/27 newsletters. (Industry avg. = 21.9%)

Click rate is 4.9% over the past twelve months/27 newsletters. (Industry avg. = 2.2%)

715 new subscribers were added to the newsletter database, partly due to the success of DMC’s webinars.

As a result of the COVID-19 pandemic, DMC introduced new communication efforts/platforms:



The Business Pivot Blog Series featured 13 local businesses pivoting during the pandemic.

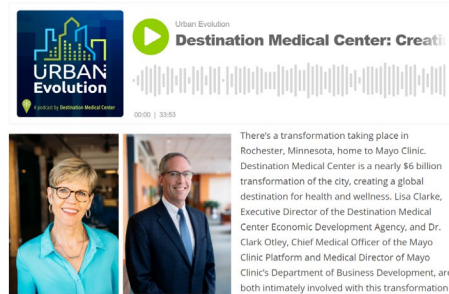


The DMC Road to Recovery Webinar Series featured industry experts sharing insights of how key sectors of the economy could begin to reopen safely. This series was supported with paid media and attracted a national audience. Additional webinars were focused on DMC’s 5-year update to the Development Plan. Webinars attracted approx. 188 attendees per webinar.

DMC debuted a planned, new platform in mid-December 2020: *Urban Evolution*, a podcast about harnessing creativity and innovation to transform communities.

Urban Evolution Episode 1: Destination Medical Center: Creating a Global Destination for Health and Wellness in Rochester, Minnesota

December 7, 2020 Urban Evolution Podcast



Four episodes were published by the end of December 2020, focusing on the DMC initiative, entrepreneurship, collaboratively responding to COVID-19 and the changing hospitality landscape. New episodes post bi-weekly. Since launch, there were 643 interactions with the podcast (streaming downloads and YouTube views). Targeted goal was 300 interactions.

[Download a transcript of this episode.](#)

Social Media

In 2020, DMC continued its strong social media posting and presence to communicate progress on projects, events, educational resources and information available on the website. Additionally, more info on COVID support and relief efforts were communicated through DMC social channels.

Facebook Likes	Twitter Followers	LinkedIn Followers	Instagram
7,271	4,128	1,489	1,393
+124	+122	+558	+510

Earned Media

From January 1 – December 31, 2020, 1,254 DMC-related stories in the media were tracked.

Year-to-date story highlights include: COVID-19, DMCC Board meetings, DMC Annual Program, Heart of the City, Discovery Square 2, Discovery Walk, DMC leadership transition

DMC in the Community



2021 Preview

Continuing hyper-targeting to life science, entrepreneurs/startups and digital health audiences; add new retail, dining and entertainment (RDE) audience to marketing mix. Expand reach of Urban Evolution podcast; continue topical webinars with thought leaders; develop an integrated lifestyle campaign around remote working. Continue to be opportunistic.

December 2020

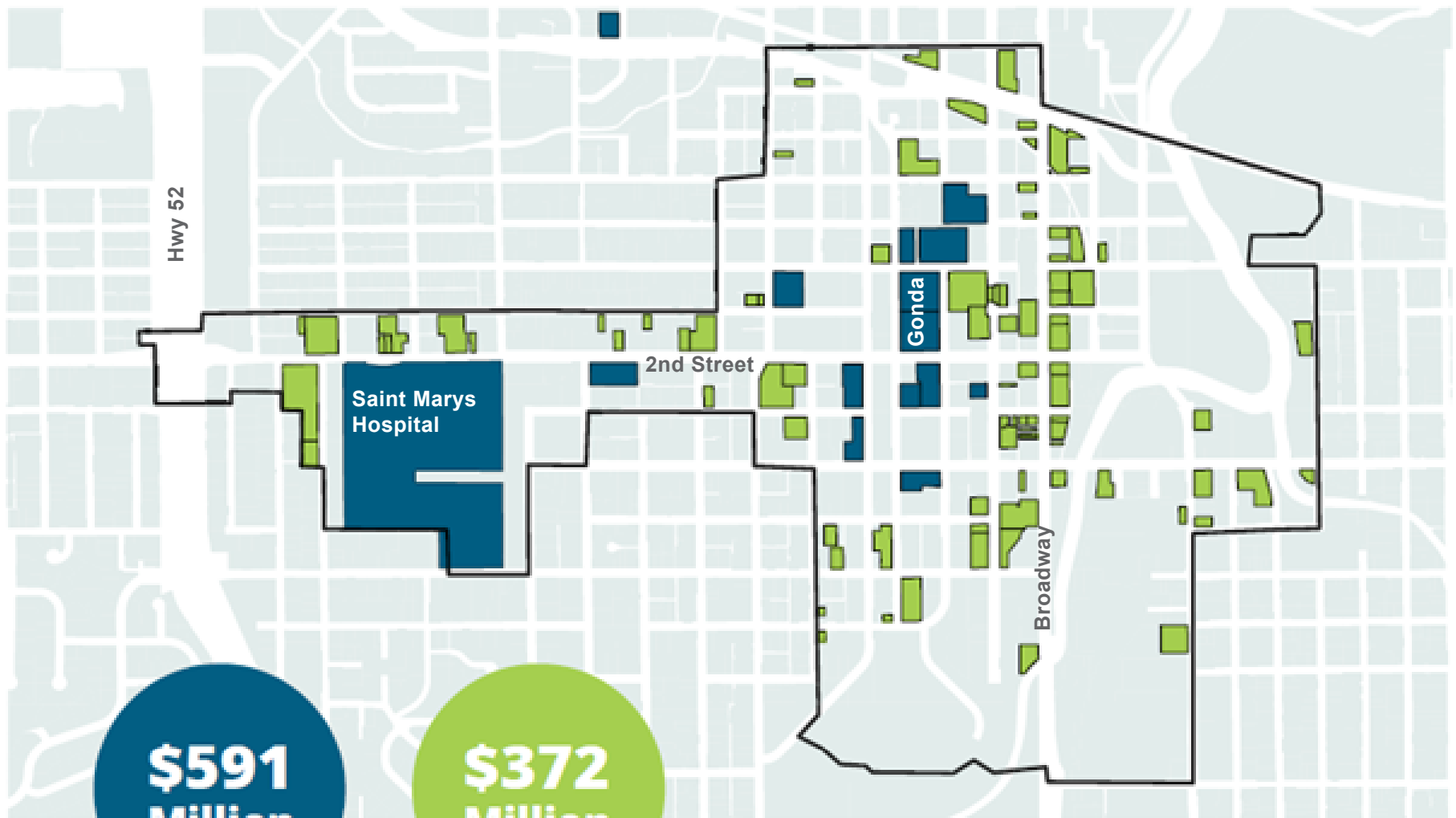


DMC 2020 Annual Program- December 10, 2020

I am pleased to provide you with the Destination Medical Center Economic Development Agency December, 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

2015-2019 Private Investment in DMC District



**\$591
Million**

MAYO CLINIC
INVESTMENTS

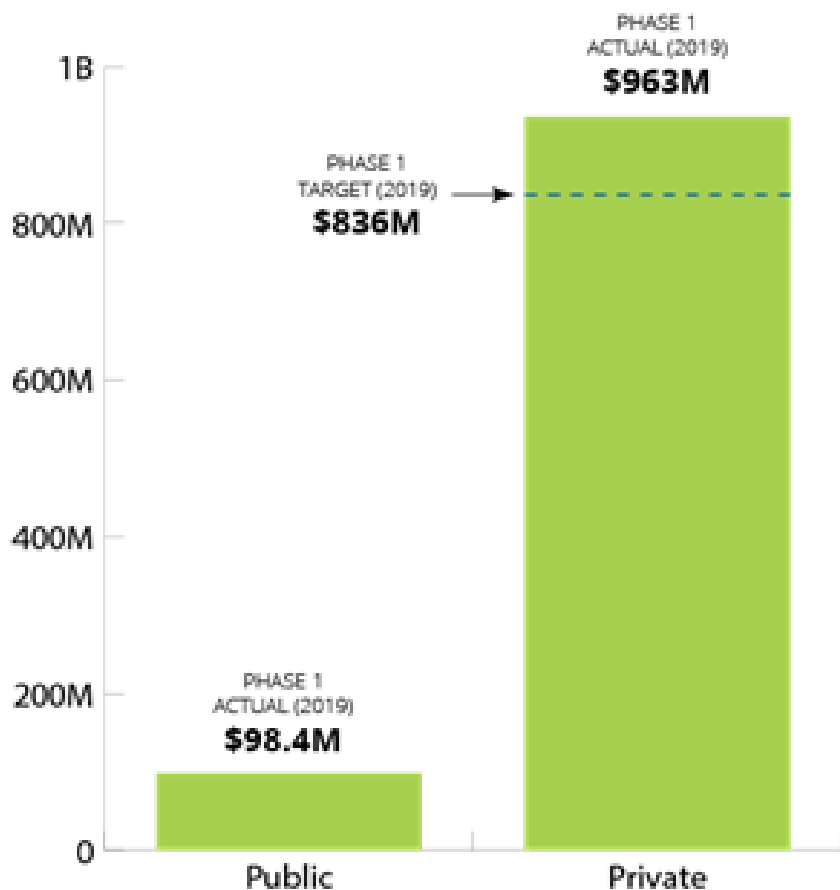
**\$372
Million**

NON-MAYO CLINIC
PRIVATE INVESTMENTS

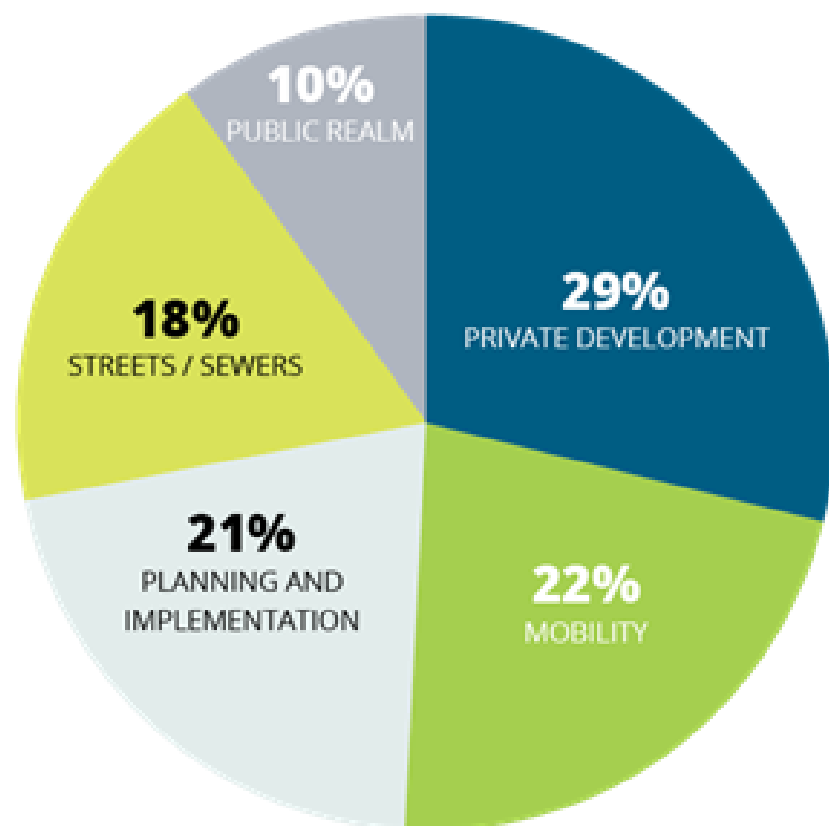
NOTE: Mayo Clinic investment total also includes Rochester investments outside of the DMC boundary per DMC Legislation guidelines.

2015-2019 DMC Public and Private Investment

Total Investment



Public Investment



December 2020 Updates

Economic Development

DMC funded project updates:

- Berkman Apartments- Completed June 2020.
- Wells Fargo Renovation- Completed spring 2020.
- Hyatt House- Anticipated completion spring 2021.
- Discovery Square Two- Construction began Oct 2021
- Titan Hilton Hotel- Completed spring 2019.
- The Maven on Broadway - Completed summer 2019.
- One Discovery Square- Completed summer 2019.
- Hotel Indigo- Completed early 2020.



Heart of the City Public Space Progress

- **Transportation-** Circulator *Route*: connecting a, **Phase I**, transit village at Mayo Clinic-owned property near Cascade Lake to a, **Phase II**, transit village at Olmsted County-owned property. *Mode*: high amenity rapid transit (electric bus vehicles). DMCC and Rochester City Council directed staff, who have since then, advanced a grant application to the Federal Transit Administration (FTA) in its 2020 application cycle, the deadline which was August 28, 2020. The FTA provided a categorical exclusion for environmental review in November 2020.
- **Heart of the City** public realm phase one construction is estimated to be completed by July, 2021. DMC continues to lead a robust engagement strategy to minimize negative impact on nearby businesses. These improvements, plus continual aggressive planning will continue to have a dramatic impact on the final completion dates benefiting the local businesses and community.
- **Discovery Walk** design documentation for a base plan and add alternatives is 100% completed. The design development drawings for Discovery Walk and public realm development, were approved at the November 2020 DMCC Board meeting, and that the DMC EDA and City continue the next phase of the work, including construction documents and bidding; provided that the final project and award of any bid for construction are subject to the approval of the DMCC. A Discovery Walk version of the Business Forward Strategy is under development. Like the Heart of the City Business Forward strategy, this version will include tactics intended to support existing businesses (business retention). It will also include tactics related to business recruitment and business launch.
- **Chateau Theatre** organizer, EDG, recently announced it will temporarily discontinue public access and programming with a goal of reopening in the Summer of 2021, in line with the completion of Peace Plaza. Scheduled reopening is dependent on public health milestones associated with COVID-19. During this downtime, EDG will work with the community to develop new programming initiatives, assess and recommend building modifications, and develop future marketing strategies.
- The **Downtown Waterfront SE Small Area Plan** (DWSE SAP) is a 60+ acre study area located southeast of the downtown core and has approximately 1,600 feet of Zumbro River frontage. The plan will include visionary concepts that are people centric and establish natural and cultural resources within the area. The DWSE SAP will guide transformation of the redevelopment area from its current state to a future mixed-use neighborhood that will have both its own character as well as authentically reflect the surrounding neighborhoods. DMC along with other partners has conducted community input sessions to inform and gather input. A high level summary of the plan was shared at the November 2020 DMCC Board meeting.

December 2020 Updates

Marketing & Communications

Traffic to DMC.MN:

- December traffic showed 7,656 visits and 13,182 pageviews.
- Top pages: Home page, Discovery Square, Urban Evolution Podcast, Investors and Developers, Innovators Roundtable
- Top 5 states: Minnesota, New York, Florida, Virginia, Maine
- Top 5 cities outside of Rochester: Turner ME, Minneapolis, Chicago, New York, Clermont FL

Social Media:

- Social media channels that saw growth in December included Facebook (+1) LinkedIn (+33) and Instagram (+21)

Media News Stories:

- In December, 149 DMC-related stories were published in the media and 296 social media mentions.

Highlights:

- How has DMC met job and tax goals in first 5 years
- Mayor Norton has big goals and priorities for Rochester in 2021
- DMC launches podcast to explore community transformation
- Destination Medical Center looks to the future
- Showcasing 5 years of Destination Medical Center progress

Newsletter:

- Two newsletters were delivered to 4,008 subscribers. The average open rate was 27.4% (industry average: 21.8%) and the average click rate was 3.6% (industry average: 2.2%).

DMC Marketing Campaign:

- December Digital, radio and search
2.0 million impressions; 1,500 clicks and average click through rate of 0.08%

Blog

- 11 blogs were published in December

Organizational Response to COVID

- Infrastructure Relief- The DMC Corporation Board of Directors approved \$250,000 in financial resources in response to the COVID-19 pandemic to support businesses reopening and recovery and new innovations that will enhance and grow Rochester's economy and help small businesses. Initial investment supported safely helping restaurants expand their outdoor seating.
- Keep it Local Innovators Grant Program- DMC and the City of Rochester supported 55 Rochester businesses through the Keep It Local, COVID-19 Innovators Grant Program. The \$100,000 grant program assisted small businesses that were impacted by the COVID-19 pandemic and are working with other small business in the community to respond to those challenges.
- The Business Pivot, a blog series from DMC, features local small businesses that are pivoting not just to survive, but to thrive in the current economic environment. These businesses are helping Southeast Minnesota continue to access products and services while also making a difference in the community. The blog series can be accessed at dmc.mn.
- Road to Recovery Webinar Series- DMC hosted six webinars focused on the Road to Recovery during the COVID-19 pandemic and beyond. National, regional and local leaders from a variety of industries, including construction, hospitality and commercial office, shared examples and ideas of how key sectors of our economy can begin to reopen safely and effectively. The webinars can be accessed at dmc.mn
- Project Bootstrap is a pilot program from DMC that offers free consulting to downtown Rochester retailers and restaurants interested in receiving free in-depth consulting geared toward innovative solutions to challenges caused by the pandemic.
- Rochester Ready- DMC is a founding partner of the Rochester Ready initiative to ensure a safe and resilient recovery for Rochester. Civic and community organizations have convened a coalition to create a framework for moving Rochester forward as businesses begin to reopen and to address long-term stability.

December 2020 Updates

Experience

- DMC is working with the Mayo Clinic, Experience Rochester, Rochester Downtown Alliance, and the Rochester Area Chamber of Commerce to identify opportunities to enhance the experience downtown safely during the pandemic. These groups continue to work together to discovery and learn new ways to provide a safe experience in downtown Rochester.
-

Community Engagement

- With the acceptance of the DMC five year update, the DMC Team continues to use this information to inform the next steps related to the DMC workplan and future community engagement. The DMC Team is sharing the information related to the data and analysis with other stakeholders as well, including at the Rochester Area Chamber of Commerce's Economic Development Summit: Our Path Forward 2021.
 - Engagement specific to the Heart of the City construction continues. Weekly Zoom stakeholder meetings are held through end of Q4 to provide construction updates and identify opportunities for improvement when working with businesses in the impacted area. A weekly newsletter is also published with important construction and Business Forward updates, and links to community partner resources. In anticipation of the colder winter months the engagement team is working closely with the Rochester Downtown Alliance for programming in Q1 and Q2 of 2021.
-

Finance

- 2021 DMC EDA workplan and budgets (Budgets – DMC EDA & City, DMCC and CIP) were approved at the DMCC Board meeting in August 2020.
-

Sustainability

- The Energy Integration Committee (EIC) continues to work on the projects identified in the strategic project plan including a large-scale solar installation led by RPU and finalizing its operational model on a downtown district energy system with the City and RPU.
- Voluntary Energy Benchmarking - The DMC and City are finalizing an energy benchmarking report for 2019 building performance this winter to share with the DMCC Board and City Council.
- Culture-Building: For the Sustainability Series in December, we hosted Olmsted County and We Bike Rochester to discuss rules of the road for bikes, vehicles, and methods to share the roadway. Thirty community members attended the presentation.