



DMC
Destination
Medical Center

Destination Medical Center Corporation
Board of Directors Meeting

Thursday, February 3, 2022
9:30 A.M.

DESTINATION MEDICAL CENTER CORPORATION (DMCC)
BOARD MEETING

Thursday, February 3, 2022 at 9:30 AM**

Following the January 15, 2022 Declaration of Local Emergency by Mayor Norton, the Destination Medical Center Corporation (DMCC) will conduct this meeting by interactive technology, 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 Declaration of Local Emergency 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 (#1) or on-line through the link below (#2).

1. To join the meeting by telephone, dial 1-888-788-0099; when prompted, enter meeting ID 879 0249 0884
2. To join the meeting by videoconference, use the following link:
<https://us02web.zoom.us/j/87902490884>

AGENDA

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¹ For public comments, please indicate that you wish to speak either through the chat feature on the web link or by emailing info@dmc.mn by 9:00 AM on February 3rd. Written comments may also be submitted to info@dmc.mn.

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**** Please Note: On February 3, 2022 following the DMCC meeting, 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 from 12:00 – 2:00 PM. A quorum of the DMCC Board Members may be present. Members of the public are welcome to attend the joint work session by calling the phone number listed above (#1) or on-line through the link above (#2).**

DESTINATION MEDICAL CENTER CORPORATION (DMCC)
BOARD MEETING

Thursday, November 4, 2021
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, Council President Brooke Carlson, Pamela Wheelock, Paul Williams, Michael Dougherty, Jim Campbell, and Commissioner Jim Bier were present. Mr. Campbell and Ms. Wheelock participated via interactive technology due to scheduling conflicts.
- III. Approval of Agenda. Commissioner Bier moved approval of the Agenda. Mayor Norton seconded.

Ayes: Commissioner Bier, Mr. Campbell, Council President Carlson, Mayor Norton, Chair Rybak, Mr. Williams.

Nays: None.
- IV. Approval of Minutes: September 30, 2021. Commissioner Bier moved approval of the Minutes. Mayor Norton seconded.

Ayes: Commissioner Bier, Mr. Campbell, Council President Carlson, Mayor Norton, Chair Rybak, Mr. Williams.

Nays: None.
- V. Public Comment. No public comments were offered.
- VI. Chair's Report. Chair Rybak commended Jeff Bolton, Mayo Clinic Chief Administrative Officer and former EDA President, who is retiring, as well as two DMCC Board Members, Commissioner Jim Bier and Michael Dougherty, whose terms conclude this year.
- VII. Commendations.
 - A. Resolution A: Commending James V. Bier.
 - B. Resolution B: Commending Michael E. Dougherty.
 - C. Resolution C: Commending Jeffrey W. Bolton.Mayor Norton moved approval of Resolutions A, B and C. Mr. Williams seconded.

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

Nays: None.

- VIII. Consent Agenda. Mayor Norton moved approval of the Consent Agenda. Mr. Dougherty seconded.

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

Nays: None.

- A. DMCC 2021 Budget: Year to Date Update.

- IX. Metrics. Dr. Clark Otley, EDA President, described efforts to engage with businesses interested in Rochester. He noted that DMC promotes an environment of scientific and economic support.

Jamie Rothe, EDA Director of Experience and Community Engagement, provided an update on public space development and experience in the Heart of the City subdistrict. Ms. Rothe also explained construction and space programming practices in response to the COVID-19 pandemic.

- X. Project Discussion (City of Rochester, EDA).

- A. Discovery Square. Chris Schad, EDA Director of Business Development, provided a Discovery Square construction and business development update. Council President Carlson provided feedback from the City Council as to the overall budget, including on-going operation and maintenance costs of public projects, accessibility in design, local vendors, and broad use of downtown. Mayor Norton emphasized the need for communication. Ms. Wheelock suggested that the DMCC Board discuss public space operations and maintenance costs, including levy impacts. Mr. Williams suggested modeling to project operation costs, tax, and revenue impacts of DMCC public infrastructure investments.

- B. Mobility. Catherine Malmberg, EDA Director of Economic Development, provided a mobility update, including the FTA grant process and upcoming planning and design milestones.

- C. DMC Business Development Framework.

1. Lead Generation and Site Selection. Michael Flynn, EDA Senior Director of Economic Development, provided an overview of the site selection and lead generation process. Mr. Campbell asked that Mr. Flynn explain his identified target markets and the "Why Rochester" sales pitch at the next meeting.

2. Retail Retention and Recruitment. Cindy Steinhauser, City Deputy Administrator, and Mr. Schad provided the retail strategy update. They explained the data gathered to date, including gap analyses and customer research.

D. DEED Main Street Grant Award. Mr. Schad and Ms. Steinhauser described the grant that DEED recently awarded to the EDA, with the assistance of the City. They noted that community members will help in developing the local grant application, review process, and outreach.

Resolution D: Commending the EDA on the Main Street Economic Revitalization Award and Authorizing the Use of Funds.

Commissioner Bier moved approval of Resolution D. Mr. Williams seconded.

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

Nays: None.

XI. Project Updates (EDA).

A. Riverfront Reimagined. Ms. Steinhauser noted that the City has engaged a consultant to develop a more detailed strategy for the “Riverfront Reimagined” site and continues to plan for Sixth Street SE infrastructure. Mayor Norton reported that the City took a delegation to Washington, D.C. to advocate for federal support for the Bloomberg grant.

XII. Adjournment. Commissioner Bier moved to adjourn. Mr. Dougherty seconded the motion.

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

Nays: None.

To: DMCC Executive Board Members

From Dale Martinson, DMCC Assistant Treasurer



Date: January 26, 2022

RE: Request for 2021 Budget Encumbrance

I have reviewed the request made by the DMC EDA to carry forward budget authorization from the 2021 budget into the 2022 operating year. This request is to complete two projects related to the study/development of a downtown district energy system (DES) as I identified in their 2021 work plan. The DMC EDA has negotiated work with Darcy Solutions and Underground Energy for geothermic test wells and a study of Rochester's aquifer as an energy store.

Estimated costs of the geothermal wells by Darcy Solutions is \$20,000 and the aquifer study by Underground Energy is \$62,000 for a total encumbrance request of \$82,000.

Since the above-noted work was started in 2021 and was a part of the 2021 work plan, as well as the fact that the DMC EDA will have more than \$400,000 remaining unspent from their 2021 budget to cover this encumbrance, I support their request.

MEMO

To: Dale Martinson, Assistant Treasurer, DMC Corp.

From: Patrick Seeb, Executive Director, DMC EDA

Date: 01/24/2022

RE: Request for 2021 Budget Encumbrance

The 2021 DMC EDA work plan approved by the DMC Corp. board of directors and Rochester City Council included an objective to “complete 9 projects identified in Phase 1 of Strategic Energy Project Plan and begin work on Phase 2 projects.” One of the nine projects described in the Strategic Energy Project Plan is the development of a downtown district energy system (DES). The DES will replace aging infrastructure at several publicly owned downtown buildings and, with \$1.8 million in DMC CIP funding, include capacity for up to 500,000 s.f. in new private development.

In November 2021, the DMC EDA began DES-related negotiations with two technical services firms:

- Darcy Solutions: Darcy Solutions will oversee the drilling of two geothermal test wells, which are intended to determine the feasibility of geothermal power as an energy source for the proposed district energy system. The test well analysis is expected to cost \$20,000.
- Underground Energy: Underground Energy will conduct an analysis of downtown Rochester’s aquifer to determine if the aquifer can serve as an asset for retaining geothermal energy generated by the proposed district energy system. The analysis will determine whether the local aquifer can feasibly and economically serve as a store of geothermal energy. Additionally, the analysis will provide the DMC EDA, DMC Corp., and City of Rochester with CAPEX and OPEX estimates. The total cost of this analysis is \$62,000.

The scopes of work have been finalized and the DMC EDA is requesting that the DMC Corp. board of directors approve a 2021 operating budget encumbrance of \$82,000 in order to pay for these services. Funds remain available in the 2021 budget to cover these costs: as of December 31, 2021 DMC EDA operating budget expenses paid by the DMC Corp. totaled \$1,796,280.30, or 80% of the approved \$2.24 million 2021 budget.



TO: R.T. Rybak, Chair
Kaela Brennan, Attorney

FR: Dale Martinson, Assistant Treasurer

Date: January 26, 2022

RE: December 2021 DMCC Budget Summary

The attached budget summary of operating activity through December of 2021 reflects total year-to-date DMCC operating expenditures of \$2,064,085 of the \$2.5 million approved 2021 budget. The remaining amount unspent represents 18% of the total budget with one payment application outstanding of \$63,508 and a few remaining bills yet to receive before final close.

The second and third pages of this summary provides a listing of DMCC authorized capital projects managed by the City of Rochester. We have tried to categorize the project spend in accordance with program budgets.

Approximately \$20.9 million has been spent on these projects through December of this year with the majority spent on Heart of the City, Discovery Walk, North Broadway and Rapid Transit activity. Total life-to-date expenditures on these projects is just under \$84.7 million.

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

Destination Medical Center Corporation
Financial Budget Summary
December 31, 2021 (unaudited)

	2021 Approved Approved Budget	Current Month December 2021	December 2021 Year To Date	Amount Remaining	Percent Remaining
General Administrative Expenses	42,750	1	2,726	40,024	94%
Professional Services	206,000	15,490	145,720	60,280	29%
Insurance and Bonds	20,000	(2,418)	25,565	(5,565)	-28%
	-	-	-	-	-
Subtotal DMCC	268,750	13,072	174,011	94,739	35%
Third Party Costs - DMC EDA					
Payroll, Staff, Administration & Benefits-EDA	997,931	157,842	888,679	109,252	11%
Operating Expenses	77,884	27,341	201,151	(123,267)	-158%
Operational Costs - Contracted		2,232	24,437	(24,437)	
Economic Development Outreach & Support	533,161	48,536	213,091	320,070	60%
Professional Services	567,800	13,454	513,030	54,770	10%
Miscellaneous Expenses	59,000	-	49,686	9,314	16%
Subtotal EDA	2,235,776	249,405	1,890,074	345,702	15%
Total DMCC 2021	2,504,526	262,477	2,064,085	440,441	18%
Note: Received an additional EDA pay request in January for December 2021 expenses totaling \$63,508.38.				1,000	
				75,000	

DMCC Projects by Category
Managed by City of Rochester
Through December 2021 (unaudited)

PROJECT	PROJECT STATUS	YEAR TO DATE EXPENSES	PROJECT BUDGET	LIFE TO DATE EXPENSES	LIFE TO DATE ENCUMBRANCE
Administration					
C.8601 - City Project Administrative Costs-DMCC (Budget-Current Yr)	Annual Budget	436,156	696,215	1,892,730	
C.8606 - City Staff Costs-DMCC - (Budget-Current Yr)	Annual Budget	17,404	100,000	403,788	
C.8607 - County Staff Costs-DMCC	Complete			168,754	
C.8629 - Development Plan Update	Complete	6,145	750,000	154,960	
C.8632 - Downtown Changes COVID-19	Active		250,000	43,524	
C.8902 - FestivalAreaStdy&ConceptDesign	Complete			84,133	
Total Administration		459,705	1,546,215	2,620,232	
Econ Development/Public Realm					
C.8624 - ChateauTheatreBldgImprov/Purch	Nearly Complete	109,733	8,786,438	8,565,438	3,731
C.8625 - Heart of the City	Nearly Complete	6,671,728	17,648,940	20,081,125	1,100,590
C.8633 - Strategic Development	Ongoing	2,200,000	7,000,000	2,200,000	
C.8904 - Discovery Walk	Bid Acceptance	1,315,683	7,000,000	2,186,448	369,766
Total Econ Development/Public Realm		10,297,144	40,435,378	33,033,012	1,474,087
Infrastructure					
C.8611 - San. Sewer 12th Ave from 2nd St NW to 2nd St SW	Active Construction	3,414,302	2,850,000	4,022,797	2,085,717
C.8612 - West Zmbro San Sewer Lift Line from CookPk to Civic C Drive	Post Construction		950,000	46,592	Combined w/8611
C.8626 - San. Sewer Upsize 1st Ave & 3rd Ave SE on 4th / Govt Cntr Siphon	Post Construction	16,366	8,500,000	8,635,287	
C.7326 - Reconst 4th St SW from 1st Ave to 6th Ave	Complete		2,205,789	2,205,789	
C.7319 - Reconst 7th Ave NW from 2nd St NwW to 4st NW	Complete		1,107,000	1,107,000	
C.7318 - Reconst North Broadway -	Active Construction	2,500,000	4,400,000	2,900,000	Allocation Share
C.7830 1st Street NW San Sewer Diversion from 1st Ave to Broadway	Post Construction	20,200	1,371,000	1,391,200	
Total Infrastructure		5,950,868	21,383,789	20,308,665	2,085,717

**DMCC Projects by Category
Managed by City of Rochester
Through December 2021 (unaudited)**

PROJECT	PROJECT STATUS	YEAR TO DATE EXPENSES	PROJECT BUDGET	LIFE TO DATE EXPENSES	LIFE TO DATE ENCUMBRANCE
Transit					
C.8614 - DMCTransit&InfrastrctrPgrmMgmt	Complete		3,956,739	1,826,262	
C.8617 - Broadway @ Center Parking Ramp	Complete		10,500,000	10,500,000	
C.8618 - SharedParkngStudy&PrgmDevlpmnt	Complete		2,061,854	1,874,219	
C.8620 - City Loop Plan	Complete		1,209,938	968,732	
C.8621 - Transit Circulator Study	Complete		2,241,532	1,780,877	
C.8623 - DMCC Street Use Study	Complete		3,117,708	2,885,882	
C.8628 - Downtown Circulator Project	Complete			269,941	
C.8706 - DMCTransitCirculatorTODPlnStdy	Complete			829,414	
C.8707 - Rapid Transit Projects	Design	3,983,192	5,452,000	5,948,725	49,750
C.8709 - Arrive Rochester Implementatn	Ongoing	55,740	60,000	75,109	
C.8903 - Dedicated Bike Lanes-3rd/4thAve&CtrSt	Post Construction	133,775		1,757,151	-
Total Transit		4,172,707	28,599,771	28,716,312	49,750
Grand Total		20,880,423	91,965,153	84,678,221	3,609,554

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ___-2022

**Commending Kathleen M. Lamb and Expressing Gratitude for Her Service
to the Destination Medical Center Corporation**

BACKGROUND RECITALS

WHEREAS, in 2013, the Minnesota Legislature passed legislation establishing the Destination Medical Center Initiative to foster development and investment in Rochester, Minnesota (the “City”), home to the Mayo Clinic; and

WHEREAS, on May 23, 2013, Governor Mark Dayton signed Chapter 143, 2013 Minnesota Laws into effect (the “Act”); and

WHEREAS, the Act established an ambitious public-private partnership, intended to create a comprehensive strategic plan that would, over the life of the initiative, stimulate over \$5 billion in private investment that would be supported by \$585 million in public funds, create 35,000-45,000 new jobs, generate \$7.5-\$8.5 billion in net new tax revenue, and achieve the highest quality experience for patients, visitors, and residents; and

WHEREAS, the Act established the Destination Medical Center Corporation (the “DMCC”) to approve public infrastructure projects and to oversee the prudent expenditure of public funds; and

WHEREAS, in September 2013, the Destination Medical Center Corporation Board of Directors (the “Board”) selected Kathleen Lamb and the McGrann Shea Carnival Straughn & Lamb, Chartered firm to serve as general counsel of DMCC; and

WHEREAS, Ms. Lamb brought her considerable expertise in governance, public bodies, and the public interest to the DMCC; and

WHEREAS, Ms. Lamb has been an extraordinary advocate of the Destination Medical Center Initiative, supporting the work of the DMCC, and more broadly, the City, Olmsted County, and the State of Minnesota; and

WHEREAS, Ms. Lamb’s dedication, integrity, transparency, and leadership contributed to the overwhelming achievements of the Destination Medical Center Initiative thus far and framed its continued success.

RESOLUTION

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

BE IT FURTHER RESOLVED, that the Board expresses its gratitude to Ms. Lamb for devoting her time and energy to the Board, for her leadership in establishing guiding governance for the Board, for her engagement on issues and willingness to share her expertise, and for her resolute determination to make Rochester, Minnesota, America's City for Health.

1388459.DOCX

DESTINATION MEDICAL CENTER CORPORATION**RESOLUTION NO. ___-2022****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, 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, 2022, and attached as Exhibit 1. On January 19, 2022, the City Council approved the report.

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

February ____, 2022

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 Mark Thein
Chair, Olmsted County
Board of Commissioners
151 4th St SE
Rochester, MN 55904

Re: Destination Medical Center
February 15, 2022 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 2021, the value of the Destination Medical Center (“DMC”) initiative is more clear than ever: this model public-private partnership proved resilient enough to help meet the continuing challenges posed by the COVID-19 pandemic, as well as providing a meaningful foundation for the years 2022 and beyond.

We are particularly proud to report that from 2013 through 2021, the collective efforts of Mayo Clinic and other private entities exceeded \$1 billion in qualified private investments.

Specifically, in 2021, we certified a total of \$144,101,481.33 for the year ending December 31, 2020, which includes \$60,341,258.46 in Mayo Clinic investments and \$83,760,222.85 in other private investments. The cumulative total of Mayo Clinic and other private investments through 2020, is \$1,106,896,136.12. The City of Rochester has contributed \$54,132,085.87 in certified expenditures from July 1, 2013 through December 31, 2020.

In addition to these secured investments, there are more than a dozen projects either proposed or under construction, the majority of which are private investments with no direct DMC public assistance. Approved DMC public infrastructure projects have created construction jobs that generate median wages of more than \$39 per hour, plus benefits.

In 2021, much focus was given to continue the DMCC 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 has become a hub 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 100 percent capacity as a home to several leading local and global health care companies.

Two Discovery Square represents the expansion of DMC’s health care innovation campus. It is currently under construction. It is a 125,000 square foot bioscience building that will feature tech-forward tenant spaces designed with flexible lab capacity and leading-edge technology. Project completion is scheduled for January, 2022.

Discovery Walk is 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. The project has been approved, and construction will commence in early 2022, with completion scheduled for 2023.

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. 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 was substantially completed in 2021. A post-occupancy evaluation planned for 2022 is expected to inform future DMC public space and infrastructure development.

Mobility: 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, Olmsted County (the “County”), the DMCC and the Destination Medical Center Economic Development Agency (the “EDA”) worked together to submit a Federal Transit Administration (FTA) Small Starts Grant application. We are pleased to report that the project received a Medium-High rating from the FTA Capital Investment Grants Program, and was included in the President’s proposed federal budget. 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, which will feature energy-efficient electric buses, is expected to be the first phase of a more extensive transit circulator. At the Mayo Clinic Hospital Saint Marys Campus Station, a transit center will be built, along with a pedestrian tunnel connecting the hospital and transit center. The proposed BRT was re-branded in 2021 to “Link” rapid transit. 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 and already there are several private development projects proposed along the rapid transit corridor. 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.

Accessing DMC Funding: A particular focus of the City and DMCC has been on ensuring that the local economy in the DMC development district is provided assistance and support. To that end, a funding application process for small and medium development projects has been approved and will be launched in 2022, to assist small and medium business owners and to aid in economic recovery and downtown retail revitalization, all consistent with the DMC initiative.

COVID-19 Economic Recovery: Once the COVID-19 pandemic started, all of our partners, the City, the County, Mayo Clinic and 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. Last year HR&A Advisors were engaged to perform a COVID-19 impact analysis to assess dual crises: the unprecedented global health emergency and the steepest job loss on record. To address some of the findings contained in that analysis, including recommendations to support economic diversification, the creative re-use of underutilized commercial space, and the proactive support of private development, the EDA collaborated with the City on a DEED Main Street Grant Economic Revitalization Program Application, to be used for capital projects only, with priority going to BIPOC applicants and to properties that are vacant. The grant of \$3.12 million was awarded to the EDA, and requires a 70% match from other sources. The application process and scoring criteria are currently being developed.

2022 Budget: In 2021, the DMCC approved a budget, in which the City concurred, that reflects the strategic priorities for 2022, which include: transportation, public realm, housing, workforce, transformative projects and sustainability.

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 approved by the City and by the DMCC in 2020, and is more fully described below.

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 in 2020. 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.

There have been multiple completed projects since the adoption of the Development Plan, ranging from the Chateau Theatre, hotels, housing and commercial and office space. The list of complete projects can be found at Exhibit A.

2. Projects Underway.

Discovery Walk: Design development is underway for this four-block linear parkway, and construction will begin in 2022. This public realm space provides the linkage between Mayo Clinic and the Discovery Square projects.

Two Discovery Square: 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 125,000 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 is on track to be completed in 2022.

Riverfront Reimagined: Following a City-initiated small area plan study for a 60+ acre area, located southeast of the downtown core on the Zumbro River, the City issued a request for proposals from qualified teams to lead a community process to develop a plan to link this “front door” to the river to a gateway into downtown. The plan is intended to guide the transformation of the redevelopment area to a future mixed-use neighborhood.

Bryk Project: The Bryk Project is a mixed-use, mixed-income apartment building consisting of 180 workforce housing apartments, providing rent at varying levels. Construction began in 2021, and completion is expected by Fall, 2022.

Mobility: Rochester Rapid Transit, re-branded in 2021 to “Link” 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. The project received a Medium-High rating from the FTA, and was included in the President’s proposed federal budget.

There are several other projects underway, in the initial stages of planning, or expected to come to fruition in 2022. 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 2022. Projects identified in the CIP are categorized as follows: Public Realm, Strategic Redevelopment, Streets and Sewers, and Mobility.

Public Realm Projects include:

- Heart of the City
- Discovery Walk Design and Implementation
- Discovery Walk Phase 2 – Soldiers Field Park
- Chateau Theatre Improvements

Streets and Sewers Projects include:

- Downtown District Energy System
- Block 6 Ramp – Roadway Improvements
- Downtown Sidewalk Experience Enhancements

Mobility Projects include:

- Arrive Rochester Implementation
- Rapid Transit Implementation

The DMC-funded projects above are only a portion of the number and type of public and private development projects in the DMC district. Early strategic DMC investments in public infrastructure and commercial and residential projects successfully established Rochester as a destination for investment and development. Other projects, which are now proceeding without the need for public DMC support, include workforce and market-rate housing, extended stay

hotels for patients and companions, renovations to historic properties, world-class medical care and research facilities, co-working space, small business improvements, and more.

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 \$1,106,896,136.12.

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 23, 2021, and the revised annual certification of City expenditures, which was submitted to DEED on May 5, 2021 (Exhibit B). DEED conducted its own audit process of the certified expenditures, requested revisions, and then approved the expenditures. The DEED certifications, dated June 11, 2021, are attached (Exhibit C).

In addition, we offer the following information:

1. Through December 31, 2021, State Infrastructure Aid in the amount of \$68,384,980.36 has been received. No State Transit Aid has been received.
2. Actual costs paid by the City from commencement through December 31, 2021 have totaled \$73,156,419.92, 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, 2021, Olmsted County has contributed \$13,500,000.
4. The 2022 combined operating and capital improvements budget for the DMCC totals \$62,594,888, 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 0.25% sales tax. The remaining amount is to be provided by the City of Rochester from a variety of City funding sources, including its 0.25% DMC sales tax. In addition, Mayo Clinic has pledged financial and in-kind funding to the EDA in the amount of \$1,411,390.

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 D.

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 2022.

R.T. Rybak, Chair
Destination Medical Center Corporation

Kim Norton, Mayor
City of Rochester

Enclosures
cc: Legislative Reference Library

1381161-10.DOCX

EXHIBIT A
to February 15, 2022 Report

EXHIBIT A

Major Completed Non-Mayo Clinic Projects in the Destination Medical Center Development District

I. PROJECTS COMPLETED WITH DMCC FUNDING ASSISTANCE

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 100 percent leased.

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.

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. This project was completed in 2021.

Heart of the City Phase 1 – Peace Plaza: As noted above, public realm construction of phase 1 was completed in 2021. This phase of the project is a renovation of the east side of Peace Plaza and surrounding areas, and provided enhanced safety measures, including curbless streets and greater accessibility for people of all abilities. During construction, significant efforts were made to minimize negative impacts on nearby businesses.

II. PROJECTS COMPLETED WITHOUT DMCC FUNDING ASSISTANCE

Conley Maass Building: This project involved the renovation of a historic building into a restaurant space and leased space for high tech companies. The renovation was completed in 2016.

1st Avenue Flats: This is a 68-unit affordable housing building, and all of the units are income-restricted to persons at or below 60% of the area median income. The building opened in 2017.

Lofts at Mayo Park: The Lofts at Mayo Park is a five-story, 29-unit market rate rental apartment project, which opened in 2017.

Flats on 4th: This project is a six-story mixed use development consisting of 92 rental apartment units, with 19 of the units affordable to persons at 50% of the area median income, and 2,300 square feet of ground floor retail space. The building opened in 2018.

501 on First: 501 on First is a five-story, mixed use development consisting of 84 rental apartment units and 21,000 square feet of commercial/retail spaces. It opened in 2018.

Residence at Discovery Square: The Residence at Discovery Square is a six-story, mixed use development consisting of 143 rental apartment units, with 20% of the units affordable to persons at 60% of the area median income, and 15,400 square feet of commercial/retail space. It opened in 2019.

Hue Apartments: The Hue Apartments is a six-story, mixed use development consisting of 50 rental apartment units and 2,000 square feet of commercial/retail space. The Hue Apartments opened in 2020.

Even Hotels and Staybridge Suites: This is a 246-unit dual-branded hotel, which opened in 2021.

TownePlace Suites by Marriot: TownePlace Suites by Marriot consists of a 110-unit hotel with two levels of underground parking. The hotel opened in 2021.

EXHIBIT B
to February 15, 2022 Report

EXHIBIT B

**Annual Certification of Mayo Clinic and Other Private
Investment Submitted to DEED on March 23, 2021**
(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 5, 2021**
(Attachment 4)

EXHIBIT B

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

March 23, 2021

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, 2021 certification, pursuant to Minnesota Statutes Section 469.47, Subdivision 2. 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, 2020 (“Attachment 1”). The City of Rochester, Minnesota, assisted with the compilation of this report. The amount of investments set forth in this report is \$83,760,222.85.

2. Mayo Clinic Certification: I enclose correspondence and accompanying materials from Jeffrey W. Bolton, Chief Administrative Officer, Mayo Clinic, dated March 17, 2021 (“Attachment 2”). Mayo Clinic is certifying expenditures for the period of January 1, 2020 through December 31, 2020 in the amount of \$60,341,258.46.

3. Summary of Investments: The summary page, entitled, “Certification of Expenditures, Destination Medical Center” is enclosed, setting forth total cumulative expenditures through December 31, 2020, in the amount of \$1,106,896,136.12 (“Attachment 3”).

Commissioner Steve Grove
March 23, 2021
Page 2

I would like to emphasize the previous point: in the seven-year period of this initiative thus far, private investments, led by Mayo Clinic and including other private individuals and entities, have exceeded one billion dollars. These investments furthering the Destination Medical Center initiative demonstrate that this unique public-private partnership is succeeding, and that despite the challenges of the COVID-19 pandemic, 2020 was an exceptional year.

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,



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

ATTACHMENT 1

Building Permits within the DMC Boundary

(Does not include Mayo Projects)

Completed Projects	
Year	
2016	\$ 32,000.00
2018	\$ 8,540,000.00
2019	\$ 11,172,232.00
2020	\$ 1,618,471.00
TOTAL	\$ 21,362,703.00

2018/2019/2020 Destination Medical Center - Partially Completed Projects Tracking

Project	Address	Total Building Permit Value	2018	2019	2020
			Partial Completed Work Claimed	Completed Work Claimed	Completed Work Claimed
Berkman (Alatus)	217 & 301 14th Ave SW	\$ 93,315,800.00	\$ 25,936,546.00	\$ 59,063,337.00	\$ 8,315,917.00
		\$ 93,315,800.00	\$ 25,936,546.00	\$ 59,063,337.00	\$ 8,315,917.00

2019/2020 Destination Medical Center - Partially Completed Projects Tracking

Project	Address	Total Building Permit Value	2019	2020	2021
			Partial Completed Work Claimed	Completed Work Claimed	Completed Work Claimed
Hyatt House	315 1st Ave. NW	\$ 32,253,475.00	\$ 6,940,448.00	\$ 24,151,076.04	
Eleven02	101 11th Ave. SW	\$ 29,690,975.00	\$ 4,159,810.90	\$ 24,377,346.96	
		\$ 61,944,450.00	\$ 11,100,258.90	\$ 48,528,423.00	

2020 Destination Medical Center - Partially Completed Projects Tracking

Project	Address	Total Building Permit Value To Date	2020	2021
			Partial Completed Work Claimed	Completed Work Claimed
Two Discovery Square	415 2Ave SW	\$ 9,700,000.00	\$ 5,553,179.85	

TOTAL \$ 83,760,222.85

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Owner	Permit Status	Date Finaled
Commercial Bldg	Alteration	R16-0162CB	5/12/2016	014315	4 SW 3 ST, ROCHESTER, MN 55902	\$32,000	Reroof south 1,720 sq ft section with adhered EPDM (Grand Rounds Restaurant)	INDIGO FUSION HOLDINGS LLC 720 NORTHERN HILLS DR NE ROCHESTER, MN 55906	Finalized	5/22/2020
Sign	Business	R18-0093S	9/25/2018	083045	10 E CENTER ST, ROCHESTER, MN 55904	\$40,000	Wall signs "Hilton" for downtown location	Titan Development/Brian Moser 30 3 ST SE STE 600 ROCHESTER, MN 55904	Finalized	2/19/2020
Commercial Bldg	Alteration	R18-0451CB	5/7/2019	081707	20 SW 2 AVE, ROCHESTER, MN 55902	\$8,500,000	Renovation and reduction of existing hotel rooms. (Kahler Grand Hotel)	Christopher Ness 20 2 AVE SW ROCHESTER, MN 55902	C of C Issued	12/15/2020
Commercial Bldg	Alteration	R19-0070CB	4/2/2019	083045	10 E CENTER ST 220, ROCHESTER, MN 55904	\$92,750	Tenant improvements to include completion of mechanical and electrical and finishes. (J. Powers Office Space)	Powers Ventures 2112 2nd St SW Suite 100 Rochester, Mn 55902	CO Issued	2/19/2020
Commercial Bldg	Alteration	R19-0184CB	7/10/2019	025241	415 S BROADWAY AVE, ROCHESTER, MN 55904	\$310,000	Fit-up for RPS classroom in south half of building. North half will be whitebox for future tenant. (Incubator Classroom)	Traci Downs 14 4th St SW Suite 202 Rochester, MN 55902	CO Issued	3/23/2020
Commercial Bldg	Alteration	R19-0230CB	10/29/2019	083795	202 SW 4 ST 250, ROCHESTER, MN 55902	\$1,109,744	New tenant improvement will occupy space on the second level, office space. (Discovery Square Building)	Silver Lake Investors 700 Meadow Lane North Minneapolis, MN 55422	CO Issued	7/21/2020
Commercial Bldg	Phased Partial Permit	R19-0290CB	11/8/2019	080524	220 S BROADWAY AVE, ROCHESTER, MN 55904	\$350,000	Structural package for operable exterior wall and roof for new restaurant in building. (Hotel Indigo)	Jim Toninato 5713 Grand Ave Suite B Duluth, MN 55807	Finalized	9/2/2020
Commercial Bldg	Alteration	R19-0403CB	11/20/2019	073709	1211 SW 2 ST, ROCHESTER, MN 55902	\$100,000	Demo 85 tub/surrounds, replace vanities. Demo 3 ADA tubs in units 140, 413 & 405. (Aspen Suites)	Regency Hotel Management Company 1211 2nd St SW Rochester, MN 55902	C of C Issued	3/27/2020
Commercial Bldg	Alteration	R19-0326CB	12/11/2019	080524	220 S BROADWAY AVE, ROCHESTER, MN 55904	\$2,250,000	Core and shell for Crave restaurant. Refer to R19-0290 for Structural. (Hotel Indigo - Crave Restaurant)	Jim Toninato 5713 Grand Ave Suite B Duluth, MN 55807	C of C Issued	9/3/2020
Multi-Family Bldg	Phased Partial Permit	R19-0053MFB	8/5/2019	017784	324 SW 1 AVE, ROCHESTER, MN 55902	\$340,000	Earth retention for 50 unit multifamily with retail on the 1st floor. (The 324 Apartments)	Marc Bassara 3033 Excelsion Boulevard Suite 10 Minneapolis, MN 55416	Finalized	11/16/2020
Multi-Family Bldg	Phased Partial Permit	R19-0017MFB	8/21/2019	017784	324 SW 1 AVE, ROCHESTER, MN 55902	\$660,000	Footing/foundation for a 50 unit multifamily with retail on the 1st floor. (The 324 Apartments)	988 Rochester, LLC - Clark Gassen 1907 Wayzata Blvd Suite 180 Wayzata, MN 55391	Finalized	11/16/2020
Multi-Family Bldg	New	R19-0048MFB	9/16/2019	017784	324 SW 1 AVE, ROCHESTER, MN 55902	\$5,675,738	50 unit multifamily with retail on the 1st floor. (The 324 Apartments)	Marc Bassara 3033 Excelsion Boulevard Suite 10 Minneapolis, MN 55416	CO Issued	11/16/2020
Multi-Family Bldg	Alteration	R19-0092MFB	11/8/2019	083687	511 SW 3 AVE, ROCHESTER, MN 55902	\$250,000	Fit out of shell space for common area and community room for the residents. (Residence at Discovery Square)	Vance Vinar 3686 CHAPPUIS TRAIL FARIBAULT, MN 55021	CO Issued	4/14/2020
Multi-Family Bldg	Alteration	R19-0104MFB	11/8/2019	NOPN99	728 SW 1 AVE, ROCHESTER, MN 55902	\$34,000	Replacement of existing gypsum ceiling, batt insulation and rigid foam on the underside of a parking garage. (Point of View Condo Association)	POV Condo Association 728 1st Ave SW Rochester, MN 55902	C of C Issued	2/18/2020
Commercial Bldg	Alteration	R20-0057CB	04/01/20	11555	1215 2 ST SW, ROCHESTER, MN 55902	\$26,000	Contractor to remove and replace equipment, antennas and coax. (Roc Fiksdal Motel)	Verizon Wireless	Finalized	4/28/2020
Commercial Bldg	Alteration	R20-0159CB	07/08/20	82430	206 BROADWAY AVE S, ROCHESTER, MN 55904	\$262,128	Interior fit-up of fourth floor for office and training. (MN Public Defenders Office)	Cornerstone Management	C of C Issued	10/5/2020
Multi-Family Bldg	Alteration	R20-0022MFB	06/17/20	18102	211 2 ST NW 2003, ROCHESTER, MN 55901	\$80,000	Combining apartment 2003 and 2004 into one apartment. (Charter House)	CHARTERHOUSE INC - Deborah Kenitz	Finalized	10/29/2020
Multi-Family Bldg	Alteration	R20-0016MFB	05/22/20	18102	211 2 ST NW 417, ROCHESTER, MN 55901	\$130,000	Remodel of suite 417. (Charter House)	CHARTERHOUSE INC - Deborah Kenitz	Finalized	11/18/2020
Multi-Family Bldg	Alteration	R20-0001MFB	01/28/20	18102	211 2 ST NW 804, ROCHESTER, MN 55901	\$70,000	Combining apartment 804 and 805 into one apartment. (Charter House)	CHARTERHOUSE INC - Deborah Kenitz	Finalized	9/23/2020
Commercial Bldg	Alteration	R20-0017CB	05/28/20	82434	211 BROADWAY AVE S, ROCHESTER, MN 55904	\$89,000	Remodel of existing office space into two apartments condos. (211 S. Broadway)	NINE UNLIMITED LLC	C of O Issued	9/25/2020
Commercial Bldg	Addition	R20-0185CB	08/11/20	81808	214 BROADWAY AVE N, ROCHESTER, MN 55906	\$10,000	Adding to the existing deck. (Hollandberry Pannekoecken Restaurant)	Tasos Psomas	Finalized	9/14/2020
Multi-Family Bldg	Alteration	R20-0028MFB	07/07/20	17870	224 1 AVE SW, ROCHESTER, MN 55902	\$134,536	Remove and replace existing blasted EPDM roof. (Residences of Old City Hall)	Multiple Financial Services	Finalized	8/13/2020
Commercial Bldg	Alteration	R20-0124CB	06/12/20	17784	324 1 AVE SW, ROCHESTER, MN 55902	\$755,000	MinnWest Bank new branch office tenant fit out at the 324 Apartment Building. (MinnWest)	Minnwest Bank	C of O Issued	10/2/2020
Commercial Bldg	New	R20-0157CB	06/17/20	70415	400 5 AVE SW, ROCHESTER, MN 55902	\$22,107	Replace existing retaining wall with new modular retaining wall. (Christ United Methodist Church)	CHRIST UNITED METHODIST C	Finalized	7/2/2020
Commercial Bldg	Alteration	R20-0141CB	05/27/20	77284	705 2 ST SW, ROCHESTER, MN 55902	\$39,700	Re-roof of existing building. Tear off and re-roof asphaltic shingles. (Gift of Life Transplant House)	Gift of Life Transplant House	Finalized	6/22/2020
Commercial Bldg	Phased Partial Permit	R20-0243CB	11/04/20	83796	415 2 AVE SW, ROCHESTER, MN 55902	\$7,500,000	Footing, foundations and underground utilities. (Two Discovery Square)	Rochester 2 Associates LLC	Issued	11/4/2020
Commercial Bldg	Phased Partial Permit	R20-0281CB	12/18/20	83796	415 2 AVE SW, ROCHESTER, MN 55902	\$2,200,000	Structural steel. (Two Discovery Square)	Rochester 2 Associates LLC	Issued	12/18/2020

Partial Completed Projects

TOTAL \$21,362,703

ATTACHMENT 2

ATTACHMENT 2

March 17, 2021

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 from January 1, 2020, to December 31, 2020. The amount of qualified investment is approximately \$60.3 million. Major projects included the continued modernization of Mayo Clinic Hospital, Saint Marys Campus; many improvements to Mayo Clinic's downtown Rochester, Minnesota, campus; and investment in DMC's Discovery Square life science sub-district.

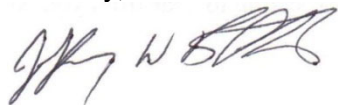
As in prior years, Mayo Clinic is taking a conservative approach when counting DMC-eligible capital expenditures, and we remain committed to achieving the long-term DMC development and investment goals. Overall, we spent more than \$300 million on capital projects and equipment in Rochester in 2020. In addition to our commitment to DMC, these investments included improving our medical tissues archive and purchasing world-class medical equipment. In total, we will invest more than \$1 billion in Rochester facilities and equipment between now and 2024. Through 2020, our DMC investment totals more than \$650 million.

While impacted by the economic effects of the COVID-19 pandemic, we were able to resume our investment in major capital projects in late 2020 and added more than one thousand jobs to our Minnesota workforce over the course of a challenging year. We accomplished this while also contributing to the worldwide efforts to end the COVID-19 pandemic. I am incredibly grateful to our dedicated and hard-working staff – in Minnesota and across the globe – who have continued to provide world-class patient care, medical education and research during this unprecedented time. As Minnesota's largest employer and largest-ever economic development initiative, Mayo Clinic and DMC will continue to play important roles in supporting the economic resiliency and recovery of our state.

We remain committed to collaborating with the state of Minnesota, city of Rochester, Olmsted County and other stakeholders to strengthen our economy and affirm Minnesota's position as the world's premier destination medical center.

Thank you.

Sincerely,



Jeff 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, 2020

Approval Date	Project/Req Number	Project/Equipment Name	2013 - 2019 Expenditures Reported	Prior Years Expenditures not previously reported	2020 Expenditures	Total Expenditures reported for 2020	Total Spent as of December 31st 2020
1Q17	7R161010,7R161020,7R161030, 7R161031,7R161040-7R161042, 7R161050,7R161060,7R161070, 7R161080,7R161090,7R161100, 7R161110,7R161120-7R161123, 7R161130,8R160740	SMC Modernization and Growth	100,903,647.18		12,297,513.16	12,297,513.16	113,201,160.34
5/8/2019	7R160701	Sports Medicine Relocaton to DAHLC 4	1,051,703.07		297.12	297.12	1,052,000.19
2/1/2019	7R170210	Mail Order Pharmacy Relocation	7,283,739.44		261,941.55	261,941.55	7,545,680.99
	CPC2034616, CPC2049576, CPC2049796, CPC2049797 /						
4Q2019	7R170210	Pharmacy Automation - Innovation (Asset 195397)	2,722,535.76			-	2,722,535.76
2/14/2019	7R170400	Archives Warehouse Tissue Registry Expansion	1,404,733.04		4,013,150.55	4,013,150.55	5,417,883.59
1/16/2019	7R170540	Redesign of Jacobson Locker Room	185,157.86		1,112.90	1,112.90	186,270.76
10/24/2018	7R170820	Remodel of GIH Research Space GU 17, Phase 1	550,605.19		524,732.28	524,732.28	1,075,337.47
5/30/2019	7R180100	SMH River Room	44,745.68		236,024.37	236,024.37	280,770.05
10/2/2019	7R180120	RST E18-3008 MR-MCR-GO3-I-3T MR Scanner	324,382.25		527,090.62	527,090.62	851,472.87
3/2/2018	R2036200 / 7R180140	Discovery MI 25CM (Asset 189900)	2,697,744.00			-	2,697,744.00
9/19/2018	7R180160	Radiology Office Space and 3D Lab on Joseph 6	411,676.06		2,504,849.59	2,504,849.59	2,916,525.65
7/27/2018	7R180200	SMC Decontamination Remodel Equipment and Replacement	905,949.87		359,417.67	359,417.67	1,265,367.54
6/26/2019	7R180240	RST Impact Lab Expansion CAR-T Cell Initiative	909,381.66		3,529,574.19	3,529,574.19	4,438,955.85
11/13/2019	7R180310	0068-18 E18-3021-RAD-MCR-MSH-MMB-R-RAD DR Conversion	38,849.28		373,269.84	373,269.84	412,119.12
8/15/2018	7R180360	Eisenberg Dumbwaiter Replaceme	165,045.28		1,064,267.83	1,064,267.83	1,229,313.11
9/30/2019	7R180450	Administrative Drop In Center	235,112.64		555,446.05	555,446.05	790,558.69
10/9/2019	7R180480	Dr. Pipe Lab-DiscSq1	43,824.59		799,355.83	799,355.83	843,180.42
10/18/2018	7R180610	Mayo Clinic Food Service, RMC	133,400.18		367,859.06	367,859.06	501,259.24
12/10/2018	7R180690	3D Metal Printer for Div of Engineering	581,851.43		142,797.30	142,797.30	724,648.73
2/14/2019	7R180750	41st Street Complex Employee Cafeteria	1,236,030.91		4,231,973.86	4,231,973.86	5,468,004.77
3/13/2019	7R180860	RST SMC/RMC Visitor Cafeteria	253,248.34		(232,461.38)	(232,461.38)	20,786.96
3Q2019	7R180900	RMC Eisenberg AHU-S62 Replacement	7,367.21		1,001,302.79	1,001,302.79	1,008,670.00
4/11/2019	7R181000	REO Makeup and Export Water Tank	706,686.51		125,081.43	125,081.43	831,767.94
4/11/2019	ROBB18C0010	Global Business Solutions Consolidation	90,679.48		262,889.87	262,889.87	353,569.35
2Q2019	ROFF19C0010	41st St Complex Infrastructure Upgrades- Phase 3	38,101.42		1,284,521.09	1,284,521.09	1,322,622.51
3Q2019	ROJO19C0020	Joseph 1 Northwest Local Infrastructure-SMC River Room Expansion	1,300.03		84,396.01	84,396.01	85,696.04
8/28/2019	ROJO19C0010	0050-19 RST Creation of New MED 13 Hospital Service	168,688.29		4,560,772.23	4,560,772.23	4,729,460.52
2/14/2019	ROMA18C0020	Mayo 11 Remodel	5,980,106.47		1,303,247.09	1,303,247.09	7,283,353.56
6/26/2019	ROMB19C0030	RST SMC Sterile Processing Renovations	22,776.04		662,785.67	662,785.67	685,561.71
6/26/2019	ROOP19C0010	Opus MRI install	2,217.66		150,005.07	150,005.07	152,222.73
6/13/2019	ROXX18C0020	Healthcare Technology Management Expansion at 1937 Building	27,363.46		233,226.63	233,226.63	260,590.09
10/2/2019	ROXX19E0180	RST Practice Optimization Acceleration	11,983.10		225,690.32	225,690.32	237,673.42
	CPC2033104 / 7R151420	PHILIPS; AZURION 7 M20 (Asset 192750)	1,259,678.14			-	1,259,678.14
9/27/2017	7R160230	Research PET/CT Charlton 6	2,291,425.69		393.60	393.60	2,291,819.29
	R2050020 / 7R160230	Biograph Vision 600 (asset 192309)	2,015,000.00			-	2,015,000.00
6/28/2018	7R170290	Human Cellular Therapy Expansion	229,688.13		1,007,580.34	1,007,580.34	1,237,268.47
12/6/2018	7R180260	Revenue cycle consolidation / relocation	3,941,958.54		35,577.57	35,577.57	3,977,536.11
8/12/2019	ROSI19C0010-ROSI19C0016	Subway Refresh Project	1,069,883.24		15,064,710.99	15,064,710.99	16,134,594.23
			591,142,014.21	-	60,341,258.46	60,341,258.46	651,483,272.67

ATTACHMENT 3

ATTACHMENT 3

Certification of Expenditure Destination Medical Center

For Calendar Year 2020

Due to Commissioner of Employment and Economic Development (DEED) by April 1, 2021

The Medical Business Entity and the Destination Medical Center Corporation (DMCC) Board of Directors (assisted by the City of Rochester) hereby submit 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 2020, 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	\$60,341,258.46 ¹
Total Expenditures Reported This Year for other Private Entities ^{1,2}	\$83,760,222.85 ²
TOTAL Expenditures This Year	\$144,101,481.31³

All Expenditures claimed since June 30, 2013


Previous Years Expenditures (cumulative)	\$962,794,654.81 ⁴
TOTAL Expenditures This Year ³ (from Box 3)	\$144,101,481.31 ⁵
All Claimed Expenditures as of 12/31/20 (Box 4 plus Box 5)	\$1,106,896,136.12 ⁶
Qualified Expenditures claimed in 2020 (Box 6 minus \$200,000,000)	\$906,896,136.12 ⁷

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

General State Infrastructure Aid Qualified for (Box 7 multiplied by .0275)	\$24,939,643.74 ⁸
State Transit Aid Qualified for (Box 7 multiplied by .0075 and then multiplied by . 6)	\$4,081,032.61 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 Minnesota Statutes Section 467.47 and the approved methodology as outlined in the City of Rochester Commissioner of Employment and Economic Development State Infrastructure Aid Agreement.

For Expenditures By the Medical Business Entity:



 Mayo Clinic Chief Financial Officer

3-23-21

 Date

For all other Expenditures:



 Destination Medical Center Corporation

3/25/21

 Date

¹Expenditures need to be after June 30, 2013

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

³This 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 (

ATTACHMENT 4



City of Rochester
201 4th Street SE
Rochester, MN 55904

Phone: 507-328-2900
Fax: 507-328-2901

May 5, 2021

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, 2020 through December 31, 2020

Dear Commissioner Grove:

The City of Rochester is hereby revising our certification of our local contributions for calendar year 2020 towards the local matching contributions for the Destination Medical Center development. The original certification of 2020 expenses, dated March 23, 2021, was for the amount of \$3,275,144.17. The cumulative previous contributions total \$50,546,188.19, for a combined total of \$53,821,332.36. Since that time, after review with internal and DEED staff, changes were made to the certified total.

For 2020, 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 an increase to our certification for 2020. Our new certified 2020 amount is \$3,585,897.68 for a cumulative total of contributions as of 12/31/2020 of \$54,132,085.87.

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,

A handwritten signature in black ink, appearing to read 'Kim Norton', is written over a faint, larger version of the same signature.

Kim Norton, Mayor
City of Rochester



Steve Grove, Commissioner
DEED
Page 2
May 5, 2021

cc: Kevin McKinnon
Jeremy Lacroix
R.T. Rybak, Chair DMC Corporation
Alison Zelms
Patrick Seeb

Aaron Parrish
Brent Svenby
Kathleen Lamb
Dale Martinson
Amanda Jacob



**Certification of Contributions
City of Rochester**

For Calendar Year 2020

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

REVISED AS OF MAY 5, 2021

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 2020, as required by the City of Rochester Commissioner of Employment and Economic Development State Infrastructure Aid Agreement. The city may revise this certification based on audit adjustments prior to June 1.

GENERAL STATE AID

General Aid Contributions Reported this Year

TOTAL Contributions Reported This Year by the City of Rochester¹ \$ 3,585,897.68 1

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

General State Infrastructure Aid Qualified for (Annual Exp. multiplied by \$2.55) \$ 9,144,039.08 2

Cumulative City General Aid Contributions

Cumulative Previous Contributions \$ 50,546,188.19 3

Contributions This Year From Box 1 \$ 3,585,897.68 4

Cumulative Contributions as of 12/31/2020 Add Box 3 and Box 4 \$ 54,132,085.87 5

Cumulative State Aid Qualified for as of 12/31/2020 \$ 138,036,818.97 6

State GSIA expended this year \$ 13,675,598.76 7

TRANSIT AID

Transit Aid Contributions Reported this Year

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

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

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

Cumulative City Transit Aid Contributions

Cumulative Previous Contributions 0 10

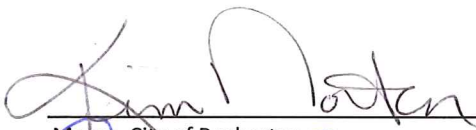
Contributions This Year (from Box 8) From Box 8 0 11

Cumulative Contributions as of 12/31/2020 0 12

Cumulative State Aid Qualified for as of 12/31/2020 Add Box 12 multiplied by 1.5 0 13

State Transit Aid expended this year 0 14

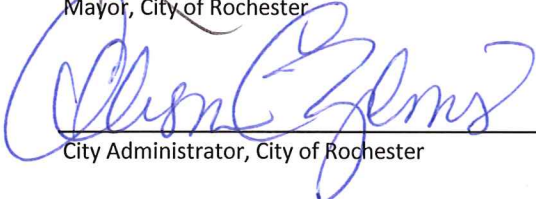
By providing my signature below, I am hereby certifying the information stated herein is accurate, true and complies with the provisions of Statute 469.47 of the State of Minnesota and the approved methodology as outlined in the City of Rochester Commissioner of Employment and Economic Development State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



Mayor, City of Rochester

5/4/2021

Date



City Administrator, City of Rochester

5/5/2021

Date

¹ Funds expended need to be after June 30, 2013

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

EXHIBIT C
to February 15, 2022 Report



June 11, 2021

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 2020 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 \$60,341,258.46 in Mayo Clinic expenditures and \$83,760,222.85 in other expenditures. The Mayo Clinic provided DEED with information on all invoices and payments (more than 9,500 entries) to account for their certification amount. You also provided an independent third party report from Ernst & Young LLP stating the law and procedures for certifying expenditures are being followed properly. Additionally, DEED staff reviewed invoices and payments in your certification. We selected 61 expenditures totaling \$3,946,254. We selected one expenditure from each of the 61 new projects listed. No previous years' expenses were claimed or reviewed. 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 36 completed projects for \$21,062,703 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 \$62,397,519.85 in expenditures on eight projects that are completed over multiple years. The total 2020 Certification of other private Expenditures was \$83,760,222.85. 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 DMCC certification process was correct.

As required by law, I have determined that the amount of 2020 Destination Medical Center Expenditures are the \$144,101,481.31 as you certified. DMC cumulative Expenditures are now \$1,106,896,136.12. As directed by statute, \$200 million is subtracted from this amount to provide

Qualified Expenditures of \$906,896,136.12. Based on this figure and adequate general aid contributions from the city, I have determined the City of Rochester has qualified for \$24,939,644 of General State Infrastructure Aid in 2021. As per state statute, this payment will be made prior to September 1.

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

Regards,

A handwritten signature in black ink, appearing to read "Steve Grove".

Steve Grove
Commissioner

C: Patrick Seeb, Economic Development Agency Executive Director
Brent Svenby, City of Rochester

June 11, 2021

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 2020 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 2020 Certification listed \$3,585,897.68 in city contributions between July 1, 2013 and December 31, 2020. You provided a detailed listing of more than 2,000 expenditures. These expenditures consisted of direct DMC expenses paid by the city as well as DMC Corporation and DMC Economic Development Authority expenses paid for by the city. From that list, DEED randomly selected 53 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 \$906,896,136.12. This amount of Expenditures reduces the amount of general aid to the city to \$24,939,644. Your excess Contributions will be credited towards future years. We will be providing payment prior to September 1 as mandated by statute.

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

Regards,



Steve Grove
Commissioner

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

EXHIBIT D
to February 15, 2022 Report

EXHIBIT D

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

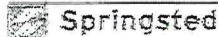
Yield Statistics

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.

Mobility

To: DMCC Board of Directors
From: DMC EDA
Date: January 28, 2022



Request of the board of directors:

Support directing staff to advance evaluation and design of project enhancements to return to the Board with:

- a) revised project definition
- b) revised project budget
- c) revised funding strategy
- d) revised timeline

Background:

A multi-modal mobility strategy for the DMC has been developed that includes the implementation of a Rapid Transit Circulator, which is the current focus of DMC's mobility infrastructure investments.

To ensure the standards articulated by this Board are incorporated in the project, staff has continued to evaluate the user experience of the system as designed. Staff has identified three main areas where the design needs to evolve to achieve the experience expectations and optimize Federal funding:

- Station design and pedestrian connections to stations
- The alignment at the eastern terminus of the route
- The potential to add infrastructure needed for the project into the FTA request to share funding

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

To address these opportunities, DMC EDA staff are working in collaboration with City staff and the consultant team, SRF, and recommend the following project refinements, with a goal of creating a world-class experience that centers equity of access and foregrounds BRT as a desirable consumer choice.

Current Status:

Below is a summary of each of the identified areas proposed to be evaluated for future addition into the project scope, budget, and timeline. Staff recommends requesting any additional costs from Federal sources in a revised FTA application and targeting keeping the local contribution the same.

Revised Project Definition:

1. Enhanced station user experience

- What
 - Enhanced station design—especially for protection from weather (12 stations) and quality materials for durability and sustainability
 - Direct vertical access to pedestrian subways (3 stations)
- Why
 - Community co-designer and stakeholder group input on station function and finish
 - Requirement for patient/visitor/employee experience consistent with existing quality of service

2. Realignment and extension at east terminus

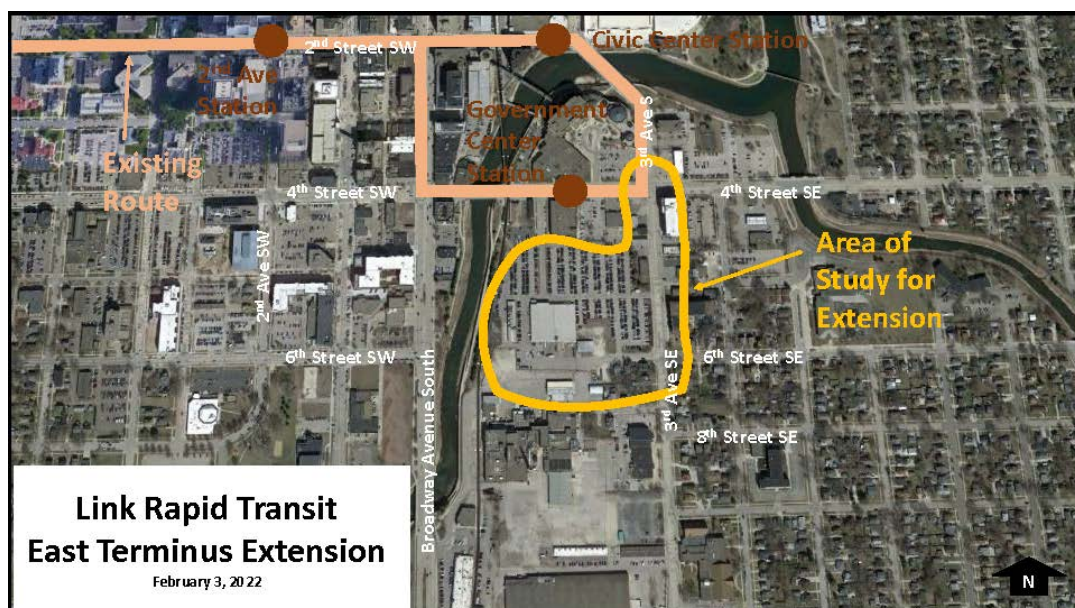
- What
 - New station on 6th Street SE, west of 3rd Ave. SE
 - Eliminate 1-direction loop by removing 4th Street/S. Broadway Ave from route
 - Add westbound station at Library
- Why
 - Increase local ridership potential by closer connection to SE neighborhood
 - Increase safety for commuters by eliminating the need to cross 4th Street
 - Economic development multiplier effect of Rapid Transit and Downtown Waterfront Southeast small-area plan
 - More conventional bi-directional route design along 3rd Ave to 2nd Street SE

3. Expand project definition to include infrastructure investments not part of the original federal Capital Investment Grant

- What
 - Design & construction of a portion (1,400 ft) of the roadway and public parking at West Transit Village
 - Design & construction of extensions to 5th St. SE, 1st Ave. SE and 6th St. SE
 - Bus maintenance bay at PWTOC
- Why
 - Opportunity to optimize use of federal funds by including additional infrastructure investments in project definition now that more detail is known

Next Steps:

- Rochester City Council Study Session
- Public engagement to discuss adjustments
- Advance project design
- Return to DMCC Board and Rochester City Council with updated timeline, budget, and funding strategy
- Revise National Environmental Policy Act (NEPA) report
- Submit a revised application to FTA (subject to Rochester City Council approval) to include:
 - Design for new project elements
 - New total cost estimate
 - Revised funding strategy
 - Updated project schedule
- Begin process for ROW acquisition and procurement of rolling stock prior to grant agreement



DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ____-2022

Approving Adjustments to Bus Rapid Transit Application in Federal Transit Administration's Small Starts Program

BACKGROUND RECITALS

A. On October 18, 2019, the Destination Medical Center Corporation (“DMCC”) considered the route alignment and mode for the bus rapid transit project (the “Project”) and adopted a locally preferred alternative (“Locally Preferred Alternative”) for route and alignment (2nd Street and Broadway) and mode (bus rapid transit, or “BRT”), subject to approval by the City of Rochester (the “City”) (Resolution No. 87-2019). The City subsequently approved the Locally Preferred Alternative on October 21, 2019. The DMCC also adopted a joint staff recommendation from the City and the Destination Medical Center Economic Development Agency (“EDA”), and approved \$3.872 million from the 2020 Capital Improvement Plan for the further design, engineering, environmental studies, additional analysis and application to the Federal Transit Administration Small Starts Program (the “FTA Small Starts Program”) for funding of the Project. On November 12, 2019, the DMCC approved including three Project features – 2nd Street Reconstruction and Streetscape; Saint Marys Transit Center and Subway Connection; and the East Parking Ramp – for application through the FTA Small Starts Program and increased the 2020-2021 budget to reflect an additional \$2.343 million, all subject to approval by the City Council (Resolution 89-2019).

B. By memorandum dated January 28, 2022 (attached, Exhibit A), the City and EDA staff now recommend that the City and the DMCC authorize evaluation of three enhancements to the Project (collectively, the “Proposed Project Enhancements”), for potential submission to the FTA Small Starts Program, namely:

1. Enhanced station design, including weather protection for 12 stations with quality materials for durability and sustainability and direct vertical access to pedestrian subways for 3 stations;
2. Realignment with a new station on 6th Street SE, west of 3rd Ave., removing 4th Street/South Broadway Ave. from the route, and adding a westbound station at the downtown library; and
3. Expanding the project definition in the application to the FTA Small Starts Program to include infrastructure improvements, including design and construction of a public plaza area, a portion (1,400 feet) of the roadway, municipal utilities along this roadway, and public parking at the West Transit Village, extensions to 5th Street SE, 1st Avenue SE, and 6th Street SE, and a bus maintenance bay at the Public Works Transit Operations Center.

Staff notes that the Proposed Project Enhancements are expected to adjust the funding and timeline for the Project and will provide updates as additional information is developed.

RESOLUTION

NOW THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that, subject to approval by the Rochester City Council, it directs staff to evaluate the Proposed Project Enhancements (enhanced station design, realignment and extension at the East terminus, and expanding the scope of improvements within the FTA Small Starts Program application) for further consideration and recommendations for final approval by the City and the DMCC.

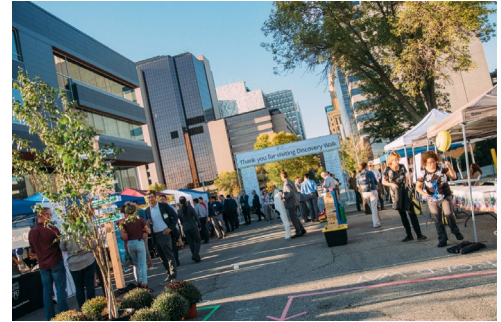
BE IT FURTHER RESOLVED, that staff is directed to consider and analyze the impact of the Proposed Project Enhancements on Project costs, schedule, and the pending FTA Small Starts Program application, to direct community engagement, and to gather additional information to assist with final decision making.

BE IT FURTHER RESOLVED, that the further evaluation, analysis, planning and recommendations with respect to the Project and the Proposed Project Enhancements, including recommendations for potential submission to the Federal Transit Administration, are deemed to be arising from and in furtherance of the Integrated Transit Studies, and the DMCC approves this work as a public infrastructure project within the meaning of Minnesota Statutes Section 469.40, subdivision 11, and consistent with the Development Plan.

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

Discovery Square

To: DMCC Board of Directors
From: DMC EDA
Date: January 28, 2022



Request of the board of directors:

No action requested.

Discovery Square Updates:

- Discovery Walk community engagement team doing a reset in anticipation of construction beginning in 2022, including Business Forward planning.
- Discovery Walk – landscape and community shelter packages currently out to re-bid.
- Three Discovery Square discussions underway.
- Tenant recruitment discussions underway.
- Business recruitment activities underway, see separate report.
- Mayo Clinic Kellen Building construction underway.
- Mayo Clinic 1,200 stall parking structure construction underway.

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

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

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

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

Work plan or capital improvement budget implications:

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

Approvals, milestones, and decision points:



Heart of the City

To: DMCC Board of Directors
From: DMC EDA
Date: January 18, 2022



Request of the board of directors:

- No Action Requested

Background:

Heart of the City Phase 1

The first phase of Destination Medical Center’s Heart of the City public realm project is a renovation of the east side of Peace Plaza and surrounding areas. The new design will create active, engaging experiences for residents, visitors and patients in the heart of downtown Rochester.

Known as Heart of the City Phase 1, it is focused on the redevelopment of three areas in the heart of downtown Rochester: East side of Peace Plaza, 1st Ave. SW between 2nd Street SW and W. Center Street and the adjacent alleys. The updates will provide enhanced safety measures, including curbsless streets, and provide greater accessibility for people of all abilities. Movable seating options will allow for a variety of public programming. The addition of more trees as well as interactive art displays and water features will create a family-friendly space to gather in the downtown area.

The project broke ground in April 2020.

Project Update

<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	07/15/2021 (COMPLETE)
• First Avenue North	08/20/2021	07/15/2021 (COMPLETE)
• Peace Plaza	08/13/2021	12/31/2021 (ONGOING)

Items to be completed in Spring 2022

- Catenary lighting installed
- Replacement of selected substandard pavers in Ann Hamilton + Gwen Westerman, *A Song for Water*
- Punchlist items

Inaugural Year + Milestone Activation

The goal of the inaugural strategy will be continued into is to create a welcoming new Peace Plaza environment now and, in the future, focusing on inviting community, downtown workforce, and visitors.

- Welcome Back Downtown, Opening of First Avenue South (July 8) – COMPLETE
- Delivery and Installation of *A Not So Private Sky* (Aug 11) – COMPLETE
- Paver signing event (throughout the summer 2021) – COMPLETE
- Roller Disco (October 9 + 10) – COMPLETE
- Anticipated reinstallation of the *Peace Fountain* (October 28) – COMPLETE
- Social Ice (March 2022)
- Grand Re-Opening of Peace Plaza dedication event (Spring 2022)

Other programming will be added throughout the year.

Chateau Theatre

After issuing a request for proposals, the City of Rochester selected Threshold Arts to manage and program the Chateau Theatre. The City and Threshold Arts are engaged in contract negotiations.

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

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

Work plan or capital improvement budget implications:

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

Approvals, milestones, and decision points:



Business Development / Lead Generation

To: DMCC Board of Directors

From: DMC EDA

Date: January 28, 2022

Request of the board of directors:

No action requested.

Site Selection: Multimarket evaluation of real estate, labor, infrastructure, costs, and government to determine the best possible location for an investment.

Typical Sources of Site Selection Project Opportunities

- **Proactive Lead Generation: 10-20%**
 - **Projects generated through a process of targeted outreach, typically to companies in specific industry niches, geographies, and stages of growth.**
- Company Direct (reactive): 40%-50%
 - The company making the investment is conducting their own analysis, they have not outsourced that responsibility to a Location Advisor. They contact us directly.
- Location Advisors: 25%-30%
 - Individuals that specialize in evaluating markets/sites for investment. LA's typically approach the process through the perspective of real estate, labor, costs, logistics, or government.
- In-market Connectors: 20%-30%
 - Referrals through affiliated organizations within a market. Typically include real estate brokers, contractors, major employers, industry associations, and partner economic development groups (state/regional/international).
- Other: 5%-10%
 - Can include deals generated through specialized marketing events (trade shows, expos, conferences), digital platforms (web sites, direct email, etc), walk-ins, and others.

Proactive Lead Generation: Campaign 1, San Diego

- Launched on January 3, 2022
 - First round of outreach completed by January 8 (three separate messages)
- Meeting request revised to be 100% virtual in response to Covid-19 spike
- Bounce rate of ~20%, in line with industry averages
- Eleven Leads uncovered to-date
- Second outreach sent the week of January 17

Upcoming Campaigns

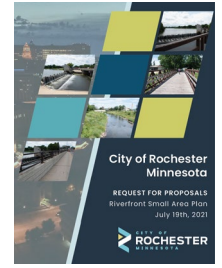
- 1Q2022 Campaigns will continue to be virtual
 - February: Major Midwest and Canada
 - March: Southeast and Los Angeles
 - TBD: Project Aurora-focused campaign

Action Items

- 1) **Build the business case – IN PROGRESS**
 - a) **What it is:** A detailed, documented understanding of the various workforce, cost, demographic, employer, infrastructure, logistic, education, and government factors that can affect an investment decision.
 - b) **Why it is important:** Expanding and relocating companies need to be able to compare markets to determine which is the most optimal for a specific investment. Having the data they need readily available will enable DMC to add value throughout this process.
- 2) **Create targeted sales collateral – IN PROGRESS**
 - a) **What it is:** Marketing materials that translate the business case into a format to which the expanding or relocating company will respond.
 - b) **Why it is important:** The DMC will deliver data and information directly when a company makes a formal request (RFP/RFI). We need to be able to deliver that same high-quality data to potential clients outside of a formal recruitment project to entice them to engage further.
- 3) **Develop key client databases – ONGOING**
 - a) **What it is:** Contact data, project activity, and marketing outreach for out-of-market Location Advisors, key company executives, local project referral sources, and any other individual that can be a source of project activity.
 - b) **Why it is important:** Maintaining a record of communication, project activity, outreach, and results will allow us to document progress, improve the annual program of work, and measure impact.
- 4) **Create a CRM to manage client and project data – LARGELY COMPLETED**
 - a) **What it is:** A place to house data on key clients, projects, marketing, outreach and how these various parts of the overall program intersect.
 - b) **Why it is important:** As the program scales, we will need to be able to systematically understand current and past clients, the effectiveness of various marketing and outreach programs, and the key parameters of our recruitment activity in order to continuously improve the effort.
- 5) **Build awareness and harvest leads – ONGOING**
 - a) **What it is:** Targeted outreach, relationship marketing, and general awareness building of the DMC mission and trade area.
 - b) **Why it is important:** As potential clients and connectors become aware of the DMC mission they can bring investment opportunities.
- 6) **Manage corporate recruitment projects – ONGOING**
 - a) **What it is:** The process of nurturing opportunities for investment from inquiry to announcement by leveraging data, relationships, and making the most compelling case possible for the DMC trade area.
 - b) **Why it is important:** New jobs and investment are a key driver of expanded economic activity.

Downtown Waterfront

To: DMCC Board of Directors
From: DMC EDA
Date: January 28, 2022



Request of the board of directors:
No Action Requested.

Background:

The City of Rochester selected urban design firm Gamble Associates, along with collaborators SWA Group, NEOO Partners and Omloop in fall of 2021 and work commenced in November 2021. Currently the team is finalizing the community engagement plan and testing initial design concepts.

The City-owned site has the potential to be both a “front door” that faces the river, as well as a gateway into downtown. Located at the intersection of the Rochester Arts and Culture District and the main street Mixed-Use District as outlined in the Downtown Master Plan, and in the Destination Medical Center (DMC) district.

The current use of the property is primarily public parking, consisting of a surface parking lot and a four-level parking ramp. On the south end of the site is a vacant building and October 18, 2021 the City Council voted to deny this property landmark status. This allows the small area planning to include options for adaptive reuse of this building without Landmark controls delineating what is or is not possible.

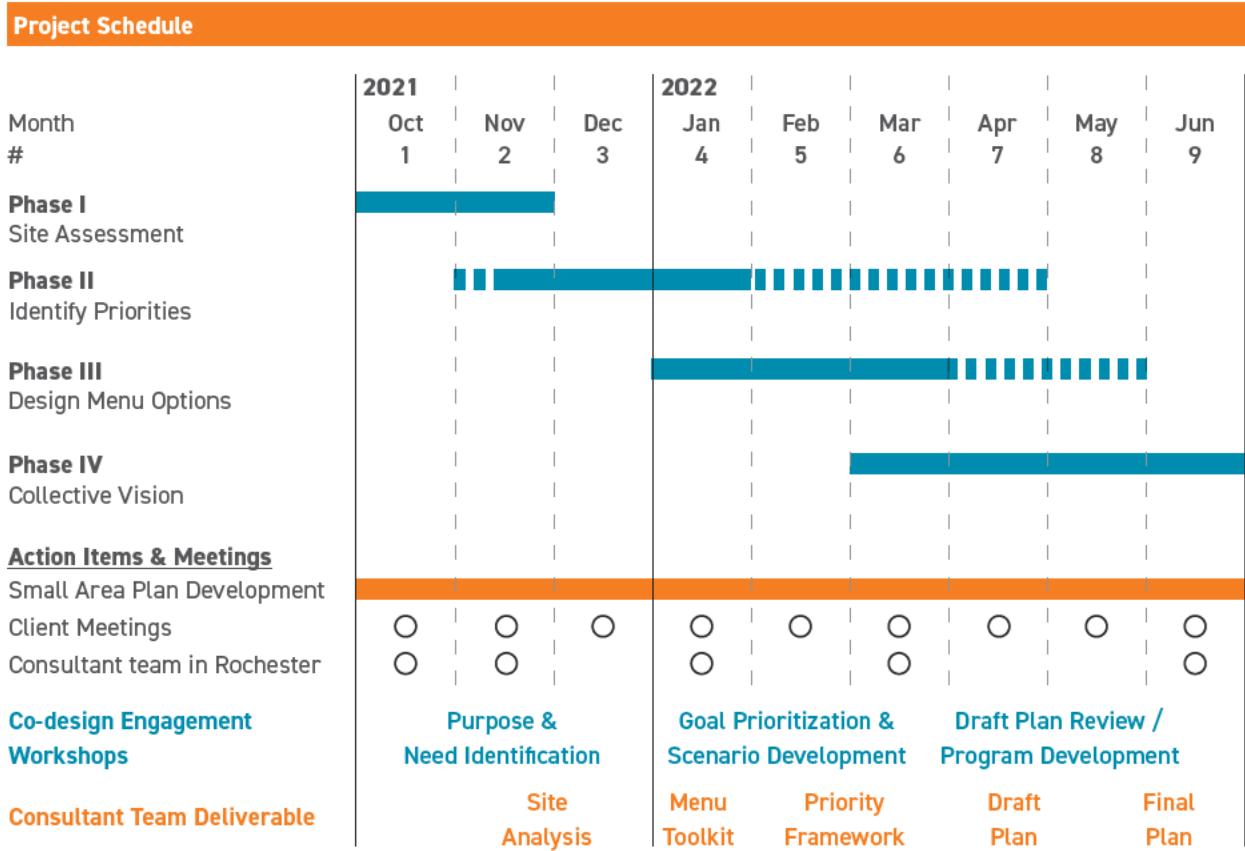
Work on the small area plan has begun by initiating the community engagement efforts to ensure the planning is rooted in the Rochester community vision.



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

DMC EDA staff worked in collaboration with City staff to select the consultant team, and DMC staff will continue to participate through the visioning and design process. DMC is particularly focused on the public realm experience and linkages between this site and the rest of the district.

Approvals, milestones, and decision points:



Housing

To: DMCC Board of Directors
From: DMC EDA
Date: January 28, 2022



Action for the board of directors:
No Action Requested

Project Update:

1. Construction continues on the Bryk site and is still working toward a fall 2022 completion.
2. DMC EDA Staff planning to provide a housing strategy presentation and discussion to the DMCC Board at the Q2 board meeting.

Background:

In 2020, the Rochester Housing Coalition in partnership with the DMC EDA, funded a housing study to understand the various housing needs across the County, City of Rochester and in the downtown. The major take-aways of this study are summarized below.

- Demand exists in the Olmsted County Analysis Area for the following general occupancy product types between 2020 and 2030:
 - Market rate rental: 2,999 units
 - Affordable rental: 1,274 units
 - Subsidized rental: 762 units
 - For-sale single-family: 5,623 units
 - For-sale multifamily: 2,017 units
 - **Total housing need by 2030: 12,675 units**
- In addition, there is demand for multiple senior housing product types. By 2030, demand in the Olmsted County Analysis Area for senior housing is forecast for the following:
 - Active adult ownership: 859 units
 - Active adult market rate rental: 1,461 units
 - Active adult affordable: 1,063 units
 - Active adult subsidized: 40 units
 - Independent Living: 772 units
 - Assisted Living: 738 units
 - Memory Care: 477 units
 - **Total Senior Housing Need by 2030: 5,410 units**
- Across both product types, general occupancy and senior housing, there is a market need across Olmsted County for **18,085 housing units by 2030.**

Concurrent to the Maxfield Housing study, the City and DMC also created a market demand study for the housing needs for the Bus Rapid Transit system project to better understand the downtown housing needs as a subset of the larger county-wide housing market demand. Within the downtown, the Bus Rapid Transit market demand study identified the need for various types and amounts of housing units in the downtown. *Please note additional data review needs to be conducted to determine progress against these targets.

- Downtown Transit Study – Housing Market Demand
 - **1,213 affordable and subsidized units for downtown by 2030***
 - 674 units at 30% AMI or below
 - 224 units at 30% to 50% AMI
 - Progress: Bryk Contribution = 54 units at 50% AMI
 - 315 units at 50% to 80% AMI
 - Progress: Bryk Contribution = 126 total units
 - 18 units at 60% AMI

- 108 units at 80% AMI

With the construction of the Bryk Project, 180 units of downtown affordable housing unit needs are being met, which reduces the overall need downtown affordable and subsidized market need to 1,033 units. In order to encourage more projects, the City is leading a request for proposals effort for a parking lot that they own located in the downtown, north of the Mayo Civic Center. Within the proposal, there was a heavy focus to include affordable housing and perhaps address some of the senior housing needs. The data below summarized the downtown market rate housing market demand by 2030. *Please note additional data review needs to be conducted to determine progress against these targets.

- **1,840 market rate units for downtown by 2030***
 - 1,472 market rate rental
 - 236 multifamily for sale
 - 132 single family for sale

Across both product types there is a need for **3,053 general occupancy units**. Please note that these totals do not include the senior housing needs. Applying the same percentages for general occupancy housing units for the downtown in comparison to the rest of Olmsted County, we can approximate the senior housing needs for downtown across a variety of senior housing types. These are outlined below.

- **919 downtown senior housing units for downtown by 2030**
 - Active adult ownership: 147 units
 - Active adult market rate rental: 248 units
 - Active adult affordable: 180 units
 - Active adult subsidized: 9 units
 - Independent Living: 128 units
 - Assisted Living: 125 units
 - Memory Care: 82 units

The downtown housing market demand for market rate units, affordable and subsidized units, and senior housing units by 2030 are summarized below.

- **1,213 affordable and subsidized units** at varying levels of affordability
- **1,840 market rate units** of varying type and affordability
- **919 senior housing units** of varying type and affordability
- Total: **3,972 housing units** needed by 2030 (22% of county-wide housing market demand)

To meet these demands, the DMC EDA has developed a housing strategy within the 2022 workplan.

1. Share market needs and recruit developers to deliver the various housing products needed within the downtown
 - Real Estate Summit Focused on Housing – Scheduled for May 2022
 - Prioritized recruitment and developer host visits
 - Establish a nation-wide housing developer analysis to broaden interest in the Rochester housing market
2. Collaborate with public and private partners to realize the downtown and community-wide outcomes
 - Rochester Housing Coalition Leadership Council Member
 - Understand past housing development progress in the downtown and its relationship to the projected market needs
3. Establish a policy and financial framework to realize the downtown housing market demand leveraging existing and new tools, and novel approaches
4. Learn best practices from across the US and determine applicability to downtown Rochester
 - Urban Land Institute Housing Conference in March 2022
 - Greenbuild Conference scheduled for Fall 2022
 - Analyze promising housing approaches:
 - Cooperative Housing
 - Rent to Ownership Models
 - Accessory Dwelling Units
 - Prefabricated construction methods
5. Establish staff and budget resources to Implement housing strategy
 - Sustainability and Housing Director – focus for position to integrate housing strategy and approach
 - Equitable Development Coordinator – Within job description, focus to realize housing outcomes aligned to downtown housing market needs

District Energy

To: DMCC Board of Directors
From: DMC EDA
Date: January 28, 2022

Request of the board of directors:

No Action Requested.

Background:

In 2015, DMCC adopted the DMC Development Plan, where the principles of sustainability planning are interwoven throughout, through an integrated mix of medium-to-high density uses, integrated live-work environments and green/park space features throughout the downtown. Subsequent action by the DMCC board further reinforces its commitment energy, environmental sustainability and the evaluation and strategic pursuit of district energy systems (DES):

- 2015: DMC Sustainability Goals Adoption within DMC Development Plan
- 2015: Sustainable Energy Options Report Accepted by DMCC
- 2016: District Energy System Resolution Passed by DMCC
- 2019: EIC Strategic Energy Project Plan Approval by DMCC

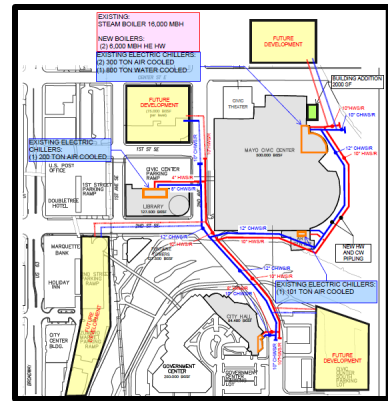
Recognizing the role that a downtown district energy system could have on realizing its energy consumption and carbon footprint reduction goals, DMCC authorized \$2 million in the 2021 and 2022 Capital Improvement Program, building off prior investment in preliminary engineering studies in 2019 and 2020.

Current Findings:

- Olmsted County's Waste to Energy Facility Steam Line will be decommissioned in October 2023
- Olmsted County decided to move forward with a building-based heating and cooling system and not participate in a district energy opportunity
- RPU has created a business plan for the DES including its anticipated operating costs and utility rates to customers
- RPU Board supported an approach to construct, operate and maintain a DES pending City Council direction
- Rochester City Council in March 2021 had a study session summarizing the work, progress, and next steps for the DES opportunity and asked that the City identify options to reduce the first cost and risk associated with identifying private developments to connect to the system

Next Steps:

- The Project Team identified a pathway to connect the City buildings and create the initial district energy plant within the Mayo Civic Center using additional space. City Staff will operate the system in its initial stages.
- DMC infrastructure funds are being used to upsize the system's piping connect 500,000 SF of future private developments around the government building sites. As more buildings are brought onto the system, a future DES plant can be placed behind the Civic Center.
- Additional planning will be conducted to connect the system to the South of Downtown Waterfront Site Development.
- City Staff brought forward a recommendation forward to City Council on May 3rd to move forward with the design of the initial district energy infrastructure which was accepted.
- Design of the District Energy System has been underway since the spring and the City has been working to develop the financial approach and various opportunities for the project. Initial cost estimates are above the project budget, so some scope elements are being augmented to fit the established project budget.



- The City of Rochester and DMC EDA partnered on an economic analysis of the district energy system that will deliver four key findings:
 - Relevant to the City, the analysis will compare the economic and environmental benefits of two outcomes: the City pursuing a building-level solution or a district energy solution
 - Relevant to the DMC, the economic case to a private developer to connect including the utility and environmental costs, and opportunity costs of saving space within a development
 - Finally, the economic evaluation will also place monetary value to the environmental outcomes of the district energy system to account for its environmental benefits and externalities
- Geothermal Feasibility Studies – In collaboration with the City of Rochester, Mayo Clinic, and Olmsted County, we are conducting two geothermal feasibility studies to understand the energy potential of the aquifer below Rochester. Two different technologies are being vetted for their suitability to the district energy system design.
- At the 2022 Q2 DMCC board meeting, the DMC EDA staff is planning to present the finalized design and budget of the system through 50% design development, along with the results of the geothermal and economic analyses.

Approvals, milestones, and decision points:



Community Co-Design

To: DMCC Board of Directors
From: DMC EDA
Date: January 28, 2022



Request of the board of directors:
No Action Requested.

Project Update:

In collaboration with the City / Community for Health steering committee, the DMC drafted a Community Co-design Toolkit to assist other practitioners to learn about the co-design process, its implementation, and ideally adopt it as a community engagement strategy in the future

Background:

Through discussion with the City/Community for Health Steering Committee, the group identified the need for broader and deeper community engagement in DMC Projects, particularly with individuals and communities that had the most to gain from a particular project, program, or initiative. This concept was further developed with the Steering Committee and created a model for DMC Projects called community co-design, where community members are hired as consultants to assist with reaching previously underrepresented communities and perspectives in the Rochester community. As consultants, community co-designers fill two roles. First, they act as community researchers to better understand the needs of their community and bring a holistic perspective to influence the design of the project. Second, they participate in design studios to ensure the intent of their communities' perspective is carried into the project design.

From piloting this process, the DMC and the City/Community for Health steering committee have found three important take-aways.

1. Deeper level of engagement with communities
 - a. The pace, depth, and insight from a co-design process has identified prescient design requirements from community that have created for inclusive, equitable, and accessible projects.
2. Community cultural, diversity and inclusivity competency
 - a. By hearing from communities most impacted and historically underrepresented, communication pathways are established on topics of diversity, equity and inclusion are established and broader community understanding and empathy among the project team.
3. Community and Individual Capacity Building
 - a. As a result of participation, individuals and communities learn about public-decision making processes and project design sequences. As a result of this learning, past co-designers have pursued new career opportunities.
4. Unique Project Insights
 - a. Engaging under-represented perspective can offer new and creative guidance and center communities' lived experience. This expertise cannot be accessed without directly engaging those living it.

Looking ahead to 2022, the DMC and Steering Committee are identifying means to methods to share the toolkit, continue to work with local organizations interested in its implementation, and building local capacity within facilitators and organizations to deliver community co-design.

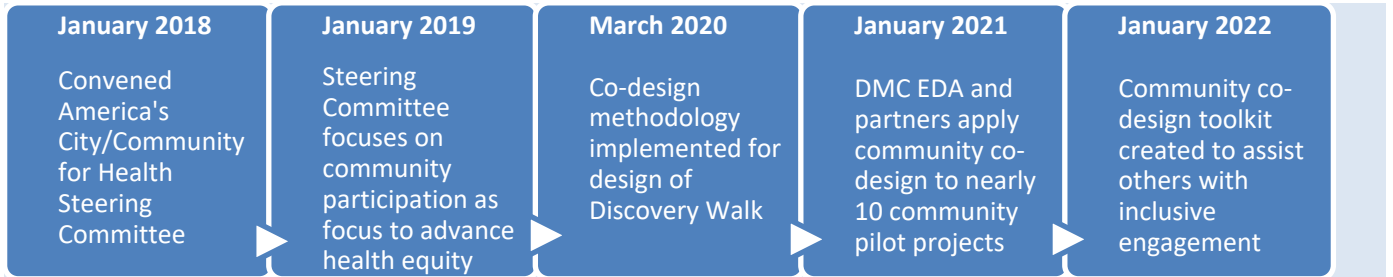
Fulfilling the DMC Mission, Vision, and/or Goals:

Equitable development is a key vision of the DMC project as recognized by the DMCC board in late 2020 and affirmed in 2021. The community co-design process utilizes the concept of human-centered design, which prioritizes the involvement of individuals and communities that have the most to gain from a program, project or initiative in public decision-making. This focus on co-designing with people most impacted creates more equitable policy, programs and projects, and builds collective capacity across our community, and individual capacity for leadership roles.

Work plan or capital improvement budget implications:

The current DMC work plan describes a variety of initiatives supported by the DMC 2021 operating and CIP funds to assist development projects broaden their engagement strategies to include members and communities of Rochester that historically have been excluded from participation.

Approvals, milestones, and decision points:



Retail Strategy

To: DMCC Board of Directors
From: DMC EDA
Date: January 28, 2022



Request of the board of directors:
No action requested.

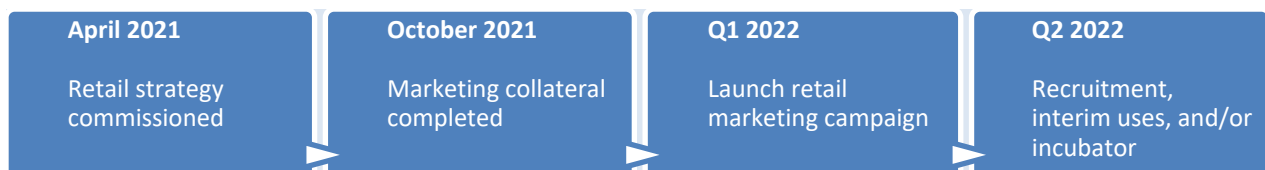
The Objective

Develop and execute a strategy that supports a vibrant downtown retail experience for residents, visitors and downtown employees. This includes tactics that support the growth of existing retailers and supports the recruitment of new businesses.

Strategy Components

- 1) Complete
 - a) Downtown resident research
 - b) Retail marketing collateral
 - c) Retail needs analysis.
- 2) Ongoing
 - a) Inventory of available space.
 - b) Site map of current retailers being developed as collateral material in recruitment activities.
 - c) Marketing and awareness plan being developed.
- 3) Under consideration:
 - a) Direct recruitment activities
 - b) Interim uses of vacant storefronts and/or pre-development properties
 - c) Retail incubator development

Approvals, milestones, and decision points:



Main Street Grant Program

To: DMCC Board of Directors
From: DMC EDA
Date: January 28, 2022

Request of the board of directors:

No action requested.

Context:

- DMC applied for and was awarded \$3.12M funding (\$3M for grant award, \$120K for administrative costs) by MN DEED.
- \$3M to be used for capital projects awarded via a to-be-developed application process.
- Max award for any given project is \$750K.
- Funds can support up to 30% of project cost, remaining funds to come from other sources.
- Service Area for the program is the DMC district.

Current state:

- Co-design team assembled, first design session completed with six participants.
- Identified best practices from other local grant programs, meeting with counterparts from other DEED awardees to identify other best practices.

Next steps:

- More design sessions with co-designers.
- Develop the application process using co-designer input.
- Post the RFP in Q2, specific date TBD.

Approvals, milestones, and decision points:



McKnight Foundation Grants: Equity and Sustainability

To: DMCC Board of Directors
From: DMC EDA
Date: January 28, 2022



Request of the board of directors:

No Action Requested.

Project Update:

- Since the last DMC EDA Board meeting, the interview process was completed with our project partners from the City of Rochester and Diversity Council. The interview team unanimously identified Wafa Elkhailifa as the recommended applicant for the Equitable Development Coordinator position.
- Wafa started at the DMC EDA on January 10, 2022, and we look forward to welcoming her to the agency and introducing her to our decision-making bodies at an upcoming board meeting.

Background:

- The McKnight Foundation has supported the DMC EDA's sustainability activities since 2017 in the sum of \$150,000 over two years.
- In 2019, the Foundation, increased their commitment to the EDA's sustainability programs by supporting its efforts for another two years, through 2021 in the sum of \$185,000 over two years.
- Toward the end of 2020 and early 2021, the City of Rochester and DMC EDA finalized another application for McKnight funding through their Climate & Energy Program, and through their Vibrant and Equitable Communities Program.
 - The Climate & Energy Program invited the DMC EDA to apply again for a \$185,000 grant over a two-year period. The DMC EDA prepared an application in collaboration with the City of Rochester. This funding will help support the following initiatives:
 - Electric Vehicle Infrastructure Community Plan
 - Active Commuter Resource Center: Community Co-Design
 - Sustainability and Resiliency Downtown Demonstration Development
 - Sustainability and Resiliency Action Plan Implementation
 - Staff Support
 - In collaboration with the City of Rochester, Diversity Council, the DMC EDA prepared an application for the Vibrant and Equitable Communities Program in the sum of \$154,000 over a 12-18 month period. This funding will help support the hire of an Equitable Development Coordinator within the DMC EDA to work on the following initiatives:
 - **Accelerate Economic Mobility:** Within this objective, the Coordinator will support local initiatives that foster economic equity and inclusion and advance ownership opportunities. This work is critically important to promote the myriad of projects and initiatives within the City, foster connections, and as possible develop strategies to form a coordinated approach and strategy to entrepreneurship.

- **Cultivate a Fair and Just Housing System:** Over the past year, an extensive housing analysis has shown there is a considerable need for affordable housing within the DMC District and throughout the region at varied rental and price points. The DMCC and the City of Rochester have identified affordable housing as a strategic objective. With the results of the recent market demand studies in hand, the Coordinator will research housing development models that foster ownership opportunities for BIPOC communities and identify partners to deliver on the vision.
- **Strengthen Democratic Participation:** Based on the success of piloted equitable community engagement approaches coined community co-design, the Coordinator will work to operationalize this process into DMC infrastructure projects in 2021 and beyond.

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

Energy and sustainability is a key piece of the DMC principles, development plan and goals for the project. The DMC EDA team is working to implement a range of projects, programs and initiatives to realize the ambitious goals included in the DMC Development Plan across a range of impacts including community health, workplace health, energy, greenhouse gases, water consumption, waste, and transportation.

Work plan or capital improvement budget implications:

The current DMC work plan describes a variety of initiatives supported by the McKnight Foundation, DMC 2021 operating and CIP funds. The McKnight funds would help to support the work plan objectives outlined above.

Approvals, milestones, and decision points:

