



DMC
Destination
Medical Center

Destination Medical Center Corporation
Board of Directors
Executive Committee Meeting

Thursday, March 10, 2022
8930 A.M.

DESTINATION MEDICAL CENTER CORPORATION (DMCC)

EXECUTIVE COMMITTEE MEETING

Thursday, March 10, 2022
9:30 A.M.

Remote Viewing: <https://video.ibm.com/channel/destination-medical-center>

AGENDA

	PAGE
I. Call to Order	
II. Roll Call	
III. Approval of Agenda	1
IV. Approval of Minutes: March 26, 2020`	3
V. April 1, 2022 Report to DEED (Presenters: Patrick Seeb, EDA; Doug Holtan, Mayo Clinic; Cindy Steinhauser, City of Rochester)	5
<u>Resolution A</u> : Authorizing and Approving the April 1, 2022 Report to DEED Pursuant to Statute	
VI. Adjourn	

*PLEASE NOTE: The Mayo Civic Center requires face coverings.
<https://www.mayociviccenter.com>

DESTINATION MEDICAL CENTER CORPORATION

EXECUTIVE COMMITTEE

March 26, 2020

9:30 A.M.

MINUTES

- I. Call to Order. Chair R.T. Rybak called the meeting to order at 9:43 a.m.
- II. Roll Call. Chair R.T. Rybak, Mayor Kim Norton, Paul Williams, and Commissioner Jim Bier were present. Jim Campbell and Michael Dougherty also attended the meeting.
- III. Approval of Minutes: March 21, 2019. Mayor Norton moved approval of the Minutes. Commissioner Bier seconded.

Ayes: Commissioner Bier, Mayor Norton, Chair Rybak, Mr. Williams.

Nays: None.

- IV. Coronavirus Pandemic: Discussion. Chair Rybak invited Mayor Norton and Commissioner Bier to provide updates on the City of Rochester and Olmsted County responses to the growing COVID-19 pandemic and resulting economic impact.

Chair Rybak asked if DMC should take on a role in ensuring the resilience of the local workforce. Mayor Norton replied that, while businesses have expressed concern about downtown construction further impacting business operations, it will be important to continue employing members of the construction trades during this time. Mr. Williams noted that the economic dislocation experienced by employees in the retail and hospitality industries is likely to be profound and that DMC will need data and analysis to understand the scope and scale of the pandemic's economic impacts.

Lisa Clarke, EDA Executive Director, Patrick Seeb, EDA Director of Economic Development and Placemaking, and Aaron Parrish, City of Rochester Deputy Administrator, continued the presentation. They discussed three areas in which DMC could support local economic activity: accelerating job creation; executing long-term strategies, including key partnerships with private investors and developers; and creating an innovative economic recovery and resiliency program.

- V. April 1 Report to DEED. Ms. Clarke noted that while 2020 may prove to be a trying year for investment and development efforts, 2019 was a record year, with more than \$272 million in annual private investment. This total brings cumulative DMC investment to nearly \$963 million. Non-Mayo-Clinic private investment totals \$133

million and includes the Maven and Berkman housing developments, downtown retail, renovations, and other projects. Terry Spaeth, City of Rochester Assistant Administrator, described the process for accounting for private investment, and Ms. Clarke described various Mayo Clinic investments and DMC's community benefits.

Resolution No. EC-6-2020: Authorizing April 1 Report to DEED Pursuant to Statute.

Mr. Williams moved approval of Resolution EC-6-2020. Commissioner Bier seconded.

Ayes: Commissioner Bier, Mayor Norton, Chair Rybak, Mr. Williams.

Nays: None.

- VI. EDA: Five Year Development Plan Update. Chair Rybak described the continuous efforts to refine DMC planning and respond to evolving marketing conditions. Mr. Seeb noted that the state DMC statute requires an update to the plan every five years, which will incorporate much of the ongoing planning into a formal document. Chair Rybak expressed a desire, which was shared by the other committee members, to move prudently and not rush to produce an update in the midst of the pandemic and economic crisis.

- VII. Other.

- VIII. Adjournment. Mayor Norton moved to adjourn. Commissioner Bier seconded.

Ayes: Commissioner Bier, Mayor Norton, Chair Rybak, Mr. Williams.

Nays: None.

DESTINATION MEDICAL CENTER

APRIL 1 REPORT TO DEED

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Page 13: Letter from Mayo Clinic to DEED

MEMO

TO: Destination Medical Center Corporation

FROM: Destination Medical Center Economic Development Agency

RE: 2021 DMC PRIVATE INVESTMENT

By April 1 of each year, the DMC Corporation and Mayo Clinic must report DMC private investment to the State of Minnesota Department of Employment and Economic Development (DEED). DEED uses this information to affirm the success of the DMC initiative and determine the required amount of annual State DMC funding. This productive reporting relationship is one aspect of the unique DMC economic development model. The formal report follows this summary memo.

New private investment in 2021, comprised of investment by Mayo Clinic and other private investors, totals \$155.3 million:

- a. Mayo Clinic private investment: \$110.6 million
- b. Non-Mayo-Clinic private investment: \$44.7 million

2021 private investment exceeded 2020 private investment by approximately \$11 million. It is an encouraging sign that Rochester's economy, secured by the financial and operational health of Mayo Clinic, is on a recovery trajectory. Many significant projects, from Mayo Clinic's Kellen Building to the Bryk on Broadway affordable housing development to Two Discovery Square, made significant progress over the course of 2021.

DESTINATION MEDICAL CENTER CORPORATION

EXECUTIVE COMMITTEE

RESOLUTION NO. EC-__-2022

Authorizing April 1, 2022 Report to DEED Pursuant to Statute

BACKGROUND RECITALS

A. Minnesota Statutes, Section 469.47, provides that by April 1 of each year, the medical business entity (Mayo Clinic) must certify to the Commissioner of the Department of Employment and Economic Development (“DEED”) the amount of expenditures made by Mayo Clinic in the preceding year. For expenditures made by an individual or entity other than Mayo Clinic, the Destination Medical Center Corporation (“DMCC”) must compile the information on the expenditures and may certify the amount to DEED. The certification to DEED must be in the form prescribed by DEED and include any documentation and supporting information regarding the expenditures that DEED requires. By August 1 of each year, DEED must determine the amount of expenditures for the previous year.

B. Staff from the City of Rochester and the Destination Medical Center Economic Development Agency (“EDA”) have prepared the draft report, due on April 1, 2022, attached hereto as Exhibit A.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Executive Committee of 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 Department of Employment and Economic Development as required by Minnesota Statutes, Section 469.47, in form similar to the form attached hereto as Exhibit A, as may be modified through further discussions with Mayo Clinic or the City of Rochester, and to take such other actions as are necessary and appropriate to effectuate the timely submission of the report to DEED.

EXHIBIT A

EXHIBIT A

Certification of Expenditure Destination Medical Center

For Calendar Year 2021

Due to Commissioner of Employment and Economic Development (DEED) by April 1, 2022

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 2021, 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	\$110,586,916.31	1
Total Expenditures Reported This Year for other Private Entities ^{1,2}	\$44,720,906.89	2
TOTAL Expenditures This Year	\$155,307,823.20	3

All Expenditures claimed since June 30, 2013

Previous Years Expenditures (cumulative)	\$1,106,896,136.12	4
TOTAL Expenditures This Year ³ (from Box 3)	\$155,307,823.20	5
All Claimed Expenditures as of 12/31/21 (Box 4 plus Box 5)	\$1,262,203,959.32	6
Qualified Expenditures claimed in 2021 (Box 6 minus \$200,000,000)	\$1,062,203,959.32	7

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

General State Infrastructure Aid Qualified for (Box 7 multiplied by .0275)	\$29,210,608.88	8
State Transit Aid Qualified for (Box 7 multiplied by .0075 and then multiplied by .6)	\$4,779,917.82	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

Date

For all other Expenditures:

Destination Medical Center Corporation

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.

Building Permits within the DMC Boundary

(Does not include Mayo Projects)

Year	Completed Projects
2014	\$ 38,400
2018	\$ 584,079
2019	\$ 7,585,007
2020	\$ 14,490,740
2021	\$ 598,000
TOTAL	\$ 23,296,226

2019/2020 Destination Medical Center - Partially Completed Projects Tracking

			2019	2020	2021
Project	Address	Total Building Permit Value	Partial Completed Work	Completed Work	Completed Work
Hyatt House	315 1st Ave. NW	\$ 32,253,475.00	\$ 6,940,448.00	\$ 24,151,076.04	\$ 1,161,950.96
Eleven02	101 11th Ave. SW	\$ 29,690,975.00	\$ 4,159,810.90	\$ 24,377,346.96	\$ 1,153,817.14
		\$ 61,944,450.00	\$ 11,100,258.90	\$ 48,528,423.00	\$ 2,315,768.10

2020 Destination Medical Center - Partially Completed Projects Tracking

			2020	2021
Project	Address	Total Building Permit Value To Date	Partial Completed Work	Completed Work
Two Discovery Square	415 2Ave SW	\$ 20,161,480.00	\$ 5,553,179.85	\$ 14,608,300.15

2021 Destination Medical Center - Partially Completed Projects Tracking

			2021
Project	Address	Total Building Permit Value To Date	Partial Completed Work
Brky Apartments	401 N Broadway	\$ 25,000,000.00	\$ 4,500,612.64

TOTAL \$ 44,720,906.89

Commercial Bldg	Alteration	R14-0094CB	3/14/2014	017965	101 E CENTER ST, ROCHESTER, MN 55904	\$38,400	Replaced all old windows, replace some brick that is bad and fill some holes	A & K Properties	Finaled	11/17/2021
Commercial Bldg	Alteration	R18-0144CB	8/1/2018	017926	21 SW 1 ST, ROCHESTER, MN 55902	\$584,079	Interior renovation of existing retail bank including electrical, plumbing and HVAC. (Wells Fargo)	Wells Fargo	CO	10/13/2021
Commercial Bldg	Alteration	R19-0364CB	10/17/2019	018102	211 NW 2 ST 1311, ROCHESTER, MN 55901	\$75,000	Alteration to an existing dwelling unit. (Charter House)	CHARTERHOUSE INC - Deborah Kenitz	Finaled	12/2/2021
Commercial Bldg	Alteration	R19-0308CB	12/9/2019	048779	624 SW 3 AVE, ROCHESTER, MN 55902	\$600,000	Adding an elevator to an existing 60,791 sf church. (Zumbro Lutheran Church)	ZUMBRO EVANGELICAL LUTHERAN	CO	1/26/2021
Commercial Bldg	Alteration	R19-0361CB	12/27/2019	025320	709 SW 1 AVE, ROCHESTER, MN 55902	\$47,924	Whirlpool equipment remodel and adding mechanical room. (Rochester Area Family YMCA)	YOUNG MEN'S CHRISTIAN ASSOCIATION	Finaled	12/6/2021
Demolition	Commercial	R19-0015D	7/3/2019	017784	324 SW 1 AVE, ROCHESTER, MN 55902	\$50,000	Demolition of single story art building and existing parking lot	Ackerberg Group	Finaled	12/6/2021
Demolition	Commercial	R19-0017D	7/25/2019	075680	1101 SW 2 ST, ROCHESTER, MN 55902	\$35,000	Demo of Virgil's Building	ROCHESTER HOTEL PARTNERS LLC	Finaled	12/6/2021
Demolition	Commercial	R19-0021D	9/6/2019	017760	405 SW 1 AVE, ROCHESTER, MN 55902	\$40,000	Tear down and remove entire Damsey restaurant structure	Premier Bank	Finaled	12/6/2021
Commercial Bldg	Commercial	R19-0211CB	2/27/2020	83133	601 SW 2 ST, ROCHESTER, MN 55902	\$5,437,083	Footing, foundation to level to for 6 story 110 unit hotel with 2 levels of underground parking. (TownePlace Suites by Marriott)	Portland Hotel LLC	Finaled	8/13/2021
Commercial Bldg	Commercial	R19-0432CB	2/19/2020	81707	19 SW 1 AVE ROCHESTER, MN 55902	\$1,300,000	Tenant improvement new restaurant space within Kahler Hotel. (Olde Brick House)	Ringneck Restaurants Inc	CO	11/23/2020
Multi-Family Bldg	Alteration	R20-0020MFB	08/28/20	11576	1111 2 ST SW, ROCHESTER, MN 55902	\$30,913	Reinforcement of existing roof structure to accommodate the increase snow loading due to the 1102 Hotel built next to it. (Eleven02 Hotel Snow Drift)	Tyler Miles	Finaled	12/13/21
Sign	Business	R20-0086S	08/25/20	83133	123 6 AVE SW, ROCHESTER, MN 55902	\$612,000	Wall signs for Towneplace Suites [lit] "TOWNEPLACE SUITES BY MARRIOTT"; "Will & Charlie's Pub	Persona Sign Company	Finaled	12/13/21
Commercial Bldg	Alteration	R20-0050CB	04/08/20	83795	202 4 ST SW 240, ROCHESTER, MN 55902	\$612,468	Build out of second level space for new office use tenant. (Discovery Square)	Silver Lake Investors	CO	06/28/21
Multi-Family Bldg	Alteration	R20-0013MFB	04/20/20	17786	325 1 AVE SW, ROCHESTER, MN 55902	\$727,504	Reroofing, tuckpointing, window replacement, new entry doors, carpet, water piping, HVAC, lighting and misc. alteration throughout building. (Newbridge Apartments)	Tapestry Companies	CC	03/01/21
Sign	Business	R20-0073S	07/14/20	17784	33 4 ST SW, ROCHESTER, MN 55902	\$23,336	Wall signs for The Hue [lit]	ACKY-324 LLC	Finaled	12/13/21
Commercial Bldg	New	R20-0053CB	08/05/20	83133	601 2 ST SW, ROCHESTER, MN 55902	\$11,660,444	New 6 story 110 guest room hotel with 2 levels of underground parking. (TownePlace Suites by Marriott)	TPS ROCHESTER I LLC	CO	08/13/21
Demolition	Demolition	R20-0009D	5/20/20	75694	18 1 Ave SE, Rochester 55904	\$824,075	Demolition and removal of existing building (former Post Bulletin building) on site	PB Rochester Investments LLC	Finaled	12/13/21
Commercial Bldg	Alteration	R21-0027CB	2/4/2021	14505	44 SE 4 ST, ROCHESTER, MN 55904	\$ 20,000.00	Partial remodel of main level. Adding conference room, moving office, updating bathroom. (Schatz Law Firm)	Michael Schatz	Finaled	8/27/2021
Commercial Bldg	Alteration	R21-0031CB	2/10/2021	17894	155 SW 1 AVE, #140, ROCHESTER, MN 55902	\$ 80,000.00	Interior alteration to existing by expanding kitchen line, adding a new hood and oven. (Bruegger's Bagel)	Fred Leon	C of C Issued	4/30/2021
Commercial Bldg	Alteration	R21-0156CB	5/24/2021	48779	624 SW 3 AVE, ROCHESTER, MN 55902	\$ 75,000.00	Remodel of approximately 1620 sq.ft. of existing space into a space for youth. (Zumbro Lutheran Church)	ZUMBRO EVANGELICAL LUTHERAN - Sara Lichty	C of C Issued	12/2/2021
Commercial Bldg	Alteration	R21-0167CB	6/4/2021	81808	210 N BROADWAY AVE, #103, ROCHESTER, MN 55906	\$ 75,000.00	Fit-up of the Suite #103 at the Queen Center (210 N. Boadway) for "The Fit Loon".	SKIATHOS LLC	C of C Issued	10/19/2021
Commercial Bldg	Alteration	R21-0352CB	10/7/2021	17926	21 SW 1 ST, #102, ROCHESTER, MN 55902	\$ 25,000.00	Interior demolition and remodel for Wells Fargo	ROCHESTER PROPERTY OWNER LLC	C of C Issued	10/28/2021
Multi-Family Bldg	Alteration	R21-0005MFB	3/2/2021	18102	211 NW 2 ST, #816, ROCHESTER, MN 55901	\$ 125,000.00	Remodel of apartment #816. (Charter House)	CHARTERHOUSE INC - Deborah Kenitz	Finaled	9/8/2021
Multi-Family Bldg	Alteration	R21-0021MFB	5/13/2021	82547	600 SW 4 ST, UNIT 501, ROCHESTER, MN 55902	\$ 125,000.00	Kitchen and bathrooms remodel	HIGH POINT COMPANY ASSOCIATION	Finaled	10/19/2021
Multi-Family Bldg	Alteration	R21-0037MFB	7/27/2021	81810	207 SW 5 AVE, APT 608, ROCHESTER, MN 55902	\$ 38,000.00	Kitchen Remodel	Cindy Boese	Finaled	12/15/2021
Multi-Family Bldg	Alteration	R21-0048MFB	9/3/2021	82547	600 SW 4 ST, UNIT 507, ROCHESTER, MN 55902	\$ 35,000.00	Kitchen remodel, master and guest bathroom remodel, Laundry Room	HIGH POINT COMPANY ASSOCIATION	Finaled	12/17/2021

\$23,296,226



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

March 3, 2022

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, 2021, to December 31, 2021. The amount of qualified investment is approximately \$110.6 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. Overall, we spent more than \$340 million on capital projects and equipment in Rochester in 2021 including improving our medical tissues archive and purchasing world-class medical equipment. In total, we plan to invest more than \$1 billion in Rochester facilities and equipment between now and 2025. Through 2021, our DMC investment totals more than \$762 million.

Looking back on 2021, I am grateful for our hard-working staff—in Minnesota and across the globe—who have put the needs of the patient first and sustained Mayo Clinic as a beacon of hope and healing. Last year, our dedicated Mayo Clinic team served more than 1.4 million patients, administered more than 1.1 million COVID-19 tests, and expended more than \$1 billion on research activities. Mayo Clinic also committed to investing in our people and our communities, including a guaranteed 4% minimum salary increase for eligible allied health staff in 2022 and community investments in Rochester totaling more than \$8.5 million including significant contributions to the Coalition for Rochester Area Housing, the Southeast Regional Crisis Center, and COVID-19 outreach and education.

Together, these commitments to our patients, our people, and the places where we live and work demonstrate Mayo Clinic's continued efforts to sustain and grow Rochester as a global destination medical center. We remain committed to achieving the long-term DMC development and investment goals and, despite COVID-19, we remain on a strong path. We look forward to continuing our DMC partnership with the city of Rochester, Olmsted County, and state of Minnesota.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Christina Zorn".

Christina Zorn, J.D.
Chief Administrative Officer
Mayo Clinic

