



DMC
Destination
Medical Center

Destination Medical Center Corporation
Board of Directors Meeting

Thursday, February 9, 2023
9:30 A.M.

DESTINATION MEDICAL CENTER CORPORATION (DMCC)

SPECIAL BOARD MEETING

Thursday, February 9, 2023
9:30 A.M.

To View the Meeting Remotely: <https://us02web.zoom.us/j/85429189790>

AGENDA

	PAGE
I. Call to Order	
II. Roll Call	
III. Approval of Agenda	1
IV. Approval of Minutes: November 10, 2022	3
V. Public Comment ¹	
VI. Chair's Report	
VII. Consent Agenda	
A. DMCC 2022 Budget: Year to Date Update	7
VIII. Annual Report to the Legislature	
<u>Resolution A: Approving February 15, 2023 Report to the Legislature</u>	11
IX. EDA Board President Comments	
X. Metrics: Plan Updates	
XI. Requests for Action	
A. <u>Resolution B: Providing Final Approval for the Expenditure of Funds from the 2023 CIP Budget for the Soldiers Field Project</u>	45

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

B.	<u>Resolution C: Providing Final Approval for the Expenditure of Funds from the 2023 CIP Budget for the Riverfront Redevelopment Project</u>	53
XII.	Discussions (City of Rochester, EDA)	
A.	LINK Bus Rapid Transit and West Transit Village	59
B.	Downtown Vibrancy Task Force	61
XIII.	EDA Work Plan Implementation	
A.	Business Development Market Research	63
XIV.	Informational Items	
A.	Business Development and Lead Generation	67
B.	Discovery Square	69
C.	Heart of the City	71
D.	Development Projects in the Pipeline	73
E.	DEED Main Street Economic Revitalization Program Grant	75
F.	District Energy	77
G.	McKnight Foundation Grants	79
H.	Housing	81
I.	Equitable Economic Development	83
XV.	Meeting Schedule	
A.	Executive Committee	
B.	Next Regular Meeting: May 25, 2023 at 9:30 A.M.	
XVI.	Adjournment	

***PLEASE NOTE: Immediately following the DMCC Board meeting, a joint work session is planned with the DMCC Board, the Rochester City Council, the Olmsted County Board of Commissioners, and the Destination Medical Center Economic Development Agency Board of Directors in Suite 102. A quorum of the DMCC Board Members may be present. Members of the public are welcome to attend.**

DESTINATION MEDICAL CENTER CORPORATION (DMCC)
BOARD MEETING

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

MINUTES

- I. Call to Order. Vice Chair Kim Norton called the meeting to order at 9:30 a.m.
- II. Roll Call. James Campbell, Council President Brooke Carlson, Mayor Kim Norton, R.T. Rybak, Commissioner Mark Thein, and Paul Williams were present. Two Board Members participated via interactive technology: Mr. Rybak due to family health concerns and Mr. Campbell due to health concerns.
- III. Approval of Agenda. Commissioner Thein moved approval of the agenda. Council President Carlson seconded the motion. Ayes: Mr. Campbell, Council President Carlson, Mayor Norton, Mr. Rybak, Commissioner Thein, Mr. Williams. Nays: None.
- IV. Approval of Minutes: September 22, 2022. Mr. Williams moved approval of the minutes. Council President Carlson seconded the motion. Ayes: Mr. Campbell, Council President Carlson, Mayor Norton, Mr. Rybak, Commissioner Thein, Mr. Williams. Nays: None.
- V. Public Comment. No public comments were offered.
- VI. Chair's Report. Vice Chair Norton noted that Chair Wheelock is interested in Board input on meetings, suggestions for improvements, and potential presentations separate from Board meetings.
- VII. Consent Agenda.
 - A. DMCC 2022 Budget: Year to Date Update. Council President Carlson moved to approve the consent agenda. Commissioner Thein seconded the motion. Ayes: Mr. Campbell, Council President Carlson, Mayor Norton, Mr. Rybak, Commissioner Thein, Mr. Williams. Nays: None.
- VIII. Metrics. Patrick Seeb, EDA Executive Director, Jamie Rothe, EDA Community Engagement and Experience Director, and Heather Heyer, City Management Analyst, presented the responses of Rochester residents to the first-time National Community Survey, including the areas of employment opportunities, affordable housing, transportation, and public space.
- IX. Soldiers Field Master Plan Update. Ms. Rothe and Mike Nigbur, City Park and Forestry Division Head, presented the short-term Soldiers Field Master Plan that was recently adopted by the Park Board. The plan includes more amenities, such as an expanded aquatics center, ADA-accessible playground, basketball and

pickleball courts, trails, and a fitness circuit. Ms. Rothe noted elements of the plan that align with DMC goals and objectives, including equity, connectivity to other public spaces, and community health. Mr. Nigbur estimated the cost of Phase I of the short-term plan at \$18 million. The Board discussed the 2023 DMC Capital Improvement Plan, which includes up to \$10 million for the improvement of public space in the Education and Recreation Subdistrict. Mr. Rybak reflected that the DMC funds in this project would help attract and retain employee talent and distinguish the DMC from its medical destination competitors. Mr. Seeb noted that a request for DMCC action, including final design and/or bid documents, will likely be presented in early 2023.

X. Project Discussions

- A. Discovery Square. Michael Flynn, EDA Senior Economic Development Director, Chris Schad, EDA Business Development Director, and Catherine Malmberg, EDA Public Infrastructure and Development Strategy Director, and Brent Webb, Mortenson Development Executive, presented an update on Discovery Square activities, including the variety of available office and laboratory space and business recruitment efforts across diverse sectors. Mr. Schad reported that the first phase of Discovery Walk is wrapping up. Mr. Campbell requested a marketing update at the February meeting to understand the strategies to promote the DMC initiative to the marketplace.
- B. Heart of the City. Ms. Rothe noted that final elements of the Heart of the City project are nearly done, including the installation of a catenary light system and the completion of a post-occupancy analysis.
- C. Mobility. Ms. Malmberg highlighted Link bus rapid transit federal and state environmental reviews in mid-2023, Mayo Clinic's issuance of a request for qualifications for the development of the West Transit Village, and the hiring of a DMC-funded City Active Transportation Coordinator.

XI. EDA Work Plan Implementation.

- A. Equitable Economic Development. Kevin Bright, EDA Sustainability and Housing Director, Wafa Elkhailifa, EDA Equitable Economic Development Coordinator, Chao Mwatela, City Diversity, Equity, and Inclusion Director, and Dee Sabol, Diversity Council Executive Director, presented community efforts to support equitable economic development in several areas, including housing, transit, engagement, and workforce development.

- XII. Informational Items. Mr. Schad provided an update on the EDA's administration of the State of Minnesota Department of Employment and Economic Development (DEED) Main Street Economic Revitalization Program grant. He reported that through October 2022, more than \$2,000,000 has been awarded to thirty-six applicants; fourteen awardees are women, veterans, or Black, Indigenous, and/or People of Color.

XIII. Adjournment. Council President Carlson moved to adjourn the meeting. Mr. Williams seconded the motion. Ayes: Mr. Campbell, Council President Carlson, Mayor Norton, Mr. Rybak, Commissioner Thein, Mr. Williams. Nays: None.



To: Mark Thein, Treasurer
Kaela Brenan, Attorney

From: Dale Martinson, Assistant Treasurer

Date: February 2, 2023

RE: December 2022 DMCC Budget Summary – unaudited

The attached budget summary through December of 2022 reflects DMCC operating expenditures totaling \$1,908,110 of the \$2.4 million approved 2022 budget. The remaining amount unspent represents 22% of the total budget with just 0% of the year remaining. An additional December DMC EDA payment application was received in January and some final December bills are still coming in, but this should include most of the costs in 2022.

The second and third pages of this summary provides a listing of DMCC authorized capital projects managed by the City of Rochester, and categorized by program budgets.

Approximately \$15.5 million has been spent on these projects in 2022 with the majority spent on Discovery Walk, the North 12th Avenue Sewer, North Broadway and Rapid Transit activity. Total life-to-date expenditures on these projects is approximately \$101.6 million.

January activity has not yet closed and there are very few 2023 transactions occurring yet. That data will be included in the next financial update at the next board meeting.

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

Destination Medical Center Corporation
Financial Budget Summary
December 31, 2022
(unaudited)

	2022 Approved Budget	Current Month December 2022	December 2022 Year To Date	Amount Remaining	Percent Remaining
Rents and Leases	38,588	889	22,973	15,615	40%
Professional Services	182,100	13,136	112,737	69,363	38%
Travel/Training	6,000	328	491	5,509	92%
Insurance and Bonds	20,000	(1,293)	20,486		
Interest / Other Administrative	312	3	55	-	
Subtotal DMCC	247,000	13,063	156,741	90,487	37%
Third Party Costs - DMC EDA					
Payroll, Staff, Administration & Benefits-EDA	1,262,205	130,663	1,109,808	152,397	12%
Operating Expenses	80,151	63,002	260,258	(180,107)	-225%
Operational Costs - Contracted			13,549	(13,549)	
Economic Development Outreach & Support	211,763	83,027	164,645	47,118	22%
Professional Services	583,510	50,022	200,110	383,400	66%
Miscellaneous Expenses	52,000	313	2,999	49,001	94%
Subtotal EDA	2,189,629	327,027	1,751,369	438,260	20%
Total DMCC 2022	2,436,629	340,090	1,908,110	528,519	22%
Plus: Encumbrance - Carry forward of 2021 Budget Amount	3,926	-	3,926	-	0%
Note: An additional payment request was received in January that included December 2022 charges of \$34,725.50.					
		DMCC	Working Capital Note	1,000	
		EDA	Working Capital Note	100,000	

**DMCC Projects by Category
Managed by City of Rochester
Through December 2022**

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	462,973	863,915	2,512,832	
C.8606 - City Staff Costs-DMCC - (Budget-Current Yr)	Annual Budget	27,451		432,723	
C.8607 - County Staff Costs-DMCC	Complete			168,754	
C.8629 - Development Plan Update	Complete		750,000	154,960	
C.8632 - Downtown Changes COVID-19	Complete		250,000	43,524	
C.8902 - FestivalAreaStdy&ConceptDesign	Complete			84,133	
Total Administration		490,424	1,613,915	3,269,269	
Econ Development/Public Realm					
C.8624 - ChateauTheatreBldgImprov/Purch	Nearly Complete	82,574	8,864,372	8,643,372	14,788
C.8625 - Heart of the City	Nearly Complete	733,472	18,248,940	21,080,245	277,727
C.8633 - Strategic Development	Ongoing		10,000,000	2,200,000	
C.8634 - Riverfront Reimagined	Study	124,791		179,547	
C.8904 - Discovery Walk	Active Construction	6,406,832	14,000,000	8,645,459	8,993,391
Total Econ Development/Public Realm		7,347,669	51,113,312	40,748,622	9,285,905
Infrastructure					
C.8611 - San. Sewer 12th Ave from 2nd St NW to 2nd St SW	Active Construction	1,966,667	6,260,294	5,988,722	533,870
C.8612 - West Zmbro San Sewer Lift Line from CookPk to Civic C Drive	Complete		950,000	46,592	Combined w/8611
C.8626 - San. Sewer Upsize 1st Ave & 3rd Ave SE on 4th / Govt Cntr Siphon	Complete		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	982,642	4,400,000	4,400,000	Allocation Share
C.1037 - Steam Replace/District Energy	Bids Received	731,815	2,000,000	731,815	
C.4716 Downtown Sidewalk Experience Enhancement	Active Construction	800,000	800,000	800,000	Allocation Share
C.7344 Reconstruct 3rd Avenue NW Between 4th St SW and 5th St SW	Design	325,000	366,754	325,000	
C.7830 1st Street NW San Sewer Diversion from 1st Ave to Broadway	Post Construction	-	1,371,000	1,391,200	Allocation Share
Total Infrastructure		4,806,124	27,960,837	25,631,405	533,870

**DMCC Projects by Category
Managed by City of Rochester
Through December 2022**

PROJECT	PROJECT STATUS	YEAR TO DATE EXPENSES	PROJECT BUDGET	LIFE TO DATE EXPENSES	LIFE TO DATE ENCUMBRANCE
Transit					
C.8614 - DMC Transit&InfrastrctrPgrmMgmt	Complete		3,956,739	1,874,219	
C.8617 - Broadway @ Center Parking Ramp	Complete		10,500,000	10,500,000	
C.8618 - SharedParkingStudy&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	2,850,089	24,136,647	9,136,057	
C.8709 - Arrive Rochester Implementatn	Ongoing	43,656	90,000	118,765	
C.8903 - Dedicated Bike Lanes-3rd/4thAve&CtrSt	Near Complete	(12,068)	2,038,300	1,745,083	-
Total Transit		2,881,678	49,352,718	31,983,189	-
Grand Total		15,525,896	130,040,782	101,632,485	9,819,775

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ___-2023

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, 2023, and attached as Exhibit 1. On February 6, 2023, 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 __, 2023

The Honorable Erin Murphy
Chair, State and Local Government and
Veterans Committee
Minnesota State Senate
3211 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Ginny Klevorn
Chair, State and Local Government Finance
and Policy Committee
581 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Bruce Anderson
State and Local Government and Veterans
Committee
Minnesota State Senate
2209 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

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

The Honorable Bobby Joe Champion
Chair, Jobs and Economic Development
Committee
Minnesota State Senate
3401 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Hodan Hassan
Chair, Economic Development Finance and
Policy Committee
Minnesota House of Representatives
597 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Rich Draheim
Jobs and Economic Development Committee
Minnesota State Senate
2225 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Jon Koznick
Economic Development Finance and Policy
Committee
Minnesota House of Representatives
281 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable John Marty
Chair, Finance Committee
Minnesota State Senate
3235 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

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

The Honorable Eric Pratt
Finance Committee
Minnesota State Senate
2217 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

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 Ann Rest
Chair, Taxes Committee
Minnesota State Senate
328 Capitol
75 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

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

The Honorable Bill Weber
Taxes Committee
Minnesota State Senate
2211 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

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

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

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

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

Re: Destination Medical Center - February 15, 2023 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 (“DMC”) initiative, in accordance with Minnesota Statutes, Sections 469.40 – 469.47 (the “Act”).

As we look back on the year 2022, the DMC public-private partnership proved instrumental in turning from the challenges posed by the COVID-19 pandemic and towards the future of establishing the City as the world’s premier destination for health and wellness. The certified private investments demonstrate the on-going success of the

DMC initiative. From 2013 through 2021, the collective efforts of Mayo Clinic and other private entities exceeded \$1.2 billion in qualified private investments.

Specifically, in 2022, we certified a total of \$155,147,823.20 for the year ending December 31, 2021, which includes \$110,586,916.31 in Mayo Clinic investments and \$44,560,906.89 in other private investments. The cumulative total of Mayo Clinic and other private investments through 2021 is \$1,262,043,959.32. The City of Rochester has contributed \$56,861,752.23 in certified expenditures from July 1, 2013 through December 31, 2021.

In addition to these certified investments, there are many other projects proposed or under construction, the majority of which are private investments with no direct DMC public assistance. A map of the DMC development district and key projects is attached as Exhibit A.

The success of the DMC initiative may also be measured by employment and tax revenue. As detailed in the Five-Year Update to the Development Plan (the “Five-Year Update”), from 2015 – 2019, the City added approximately 7,700 jobs. More than 80 percent of the new jobs paid more than the City’s Area Median Income of approximately \$75,000. Rochester currently has one of the lowest unemployment rates in the country at 1.6%. Tax value per acre within the DMC district increased from approximately \$0.828 billion in 2015 to \$1.813 billion in 2020. A summary of significant projects is attached as Exhibit B.

This report will provide a brief background of the DMC initiative and then provide the responses required by the Act.

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 includes 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.

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.

Specific Elements Required to Be Included in the Report.

Minnesota Statutes, Section 469.43, subd. 8 requires that five elements be included in this annual report.

(1) "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. In 2020, the Five-Year Update was posted publicly and a public hearing was held. The Development Plan and the Five-Year Update can be found at the DMCC website: <https://dmc.mn/plan-priorities/>.

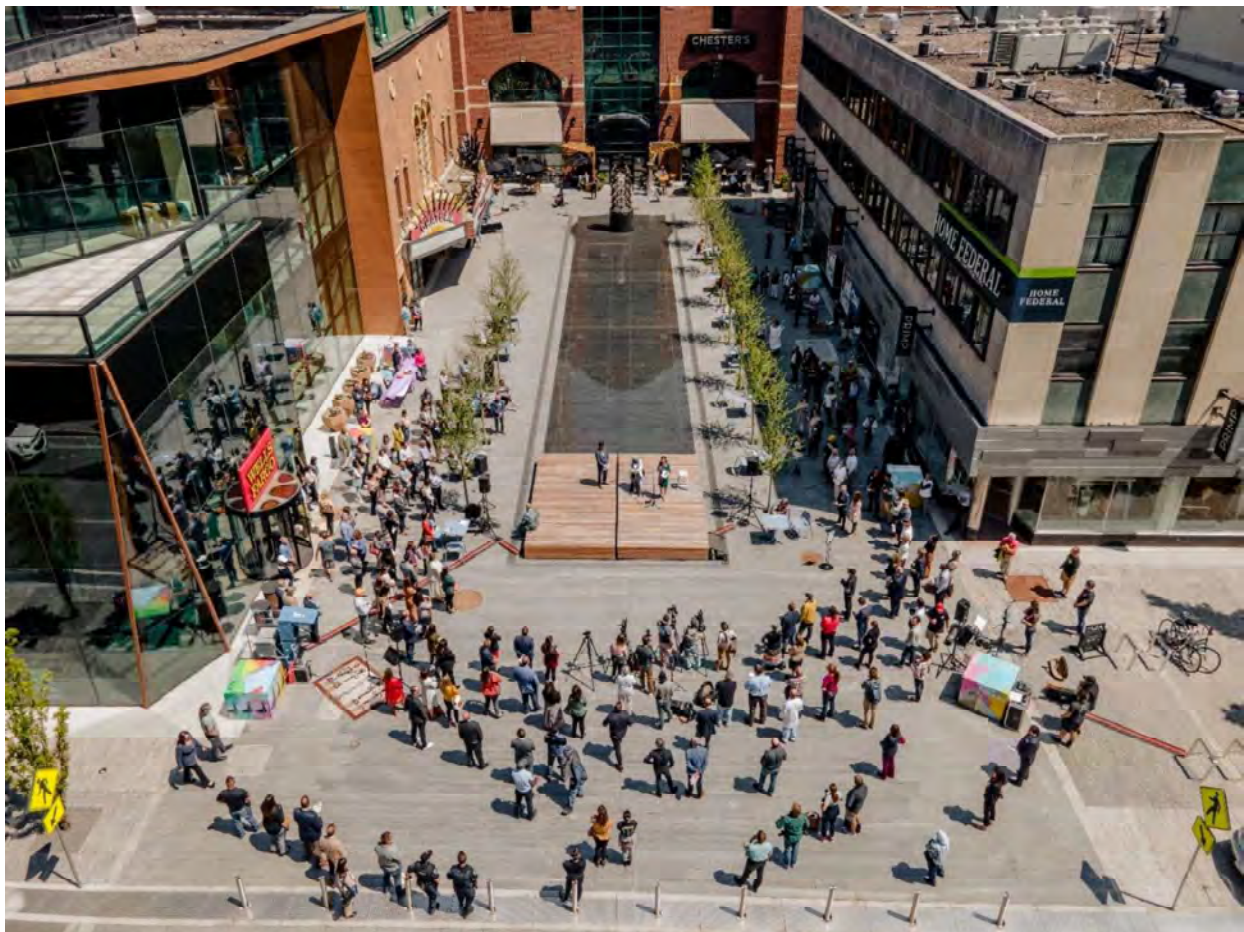
(2) "Progress of projects identified in the Development Plan."

According to the Act, a public infrastructure 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 Development Plan. Since the adoption of the Development Plan on April 23, 2015, a number of projects have been approved by the DMCC and the City. A

map of the DMC development district and key projects is included as Exhibit A. A summary of major approved projects in the DMC development district is attached as Exhibit B.

We wish to note the progress in 2022 of certain approved projects, in particular:

Heart of the City Phase One: Heart of the City creates a true center of the City, where Mayo Clinic, commercial, hospitality, retail, and residential meet. Enhancing public spaces in Peace Plaza and First Avenue in the Heart of the City subdistrict, home to many hotels, restaurants, medical facilities, and entertainment venues, is a long-standing priority. The first phase of this project focused on renovating the east side of Peace Plaza and surrounding areas. New and expanded commercial and retail businesses occurred. A commemoration was held in May to celebrate the significant progress in completing phase one. Completion is expected in 2023.



Discovery Square Updates: 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. In 2022, construction was completed on

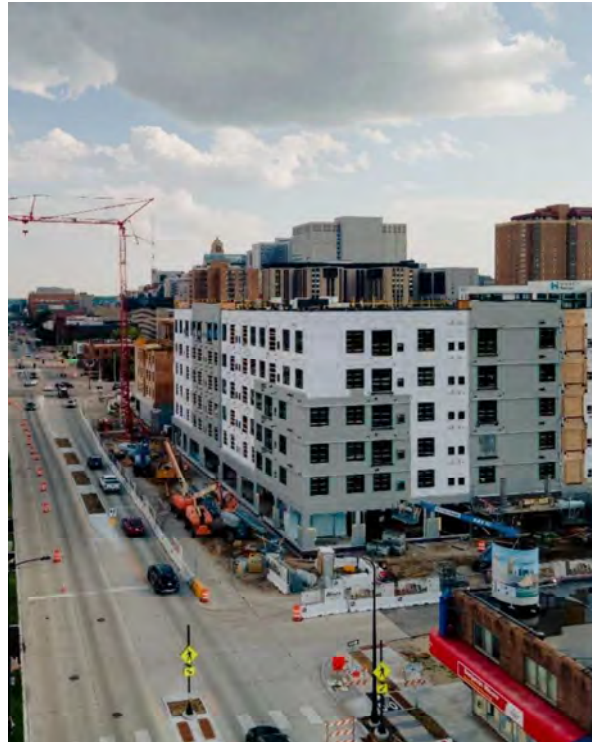
Two Discovery Square, a 125,000 square foot bioscience building that expanded the DMC bio-medical, research, and technology innovation campus. It features tech-forward tenant spaces designed with flexible lab capacity and leading-edge technology.



Discovery Walk: Construction is well underway for Discovery Walk, a four-block linear parkway along 2nd Avenue SW. It is planned to connect Annenberg Plaza to Soldiers Field Park and function as an extension of the Heart of the City public realm project. Discovery Walk will serve pedestrians and vehicle traffic while also serving as a catalyst to future private development in Discovery Square. Construction is expected to be completed in 2023.



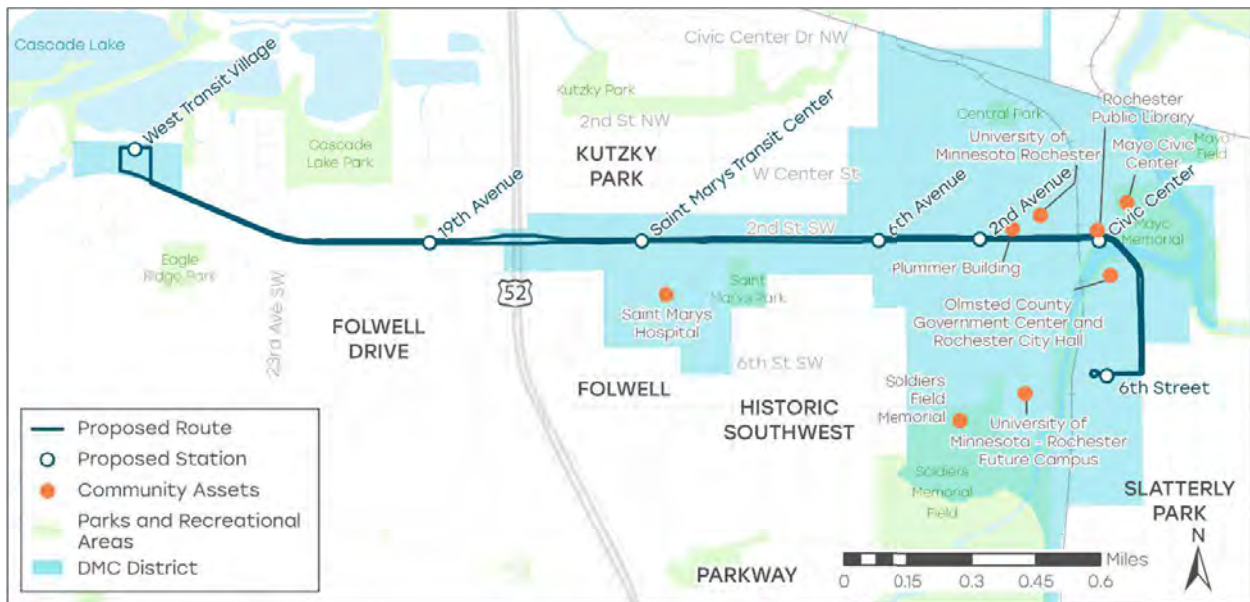
Bryk on Broadway Project: The Bryk on Broadway is a mixed-use, mixed-income apartment building with 180 workforce housing apartments, providing rents at varying levels. Construction is anticipated to be completed in the first quarter of 2023.



Riverfront Reimagined: Following a City-initiated small area plan study for a portion of the 60+ acre area, located southeast of the downtown core on the Zumbro River, the City continues to lead development of this “front door” to the river to a gateway into downtown. In July 2022, the City adopted a preferred plan to guide the transformation of the redevelopment area to a future mixed-use neighborhood. Next steps include review by the Army Corps of Engineers, further design work, and interim site activation. In August of 2022, the City was awarded a RAISE grant in the amount of \$19.9 million for the Sixth Street Bridge crossing the Zumbro River. Funds from the DMCC- and City-approved Capital Improvement Plan supported both the small area plan and the Sixth Street Bridge initial planning and design work.



Mobility: In 2022, with community input, the DMCC and the City approved revisions to the approximately three-mile bus rapid transit project known as “Link BRT.” They approved a route realignment, including a new station on 6th Street SE, west of 3rd Avenue SE, and adding a westbound station at the downtown library. In addition, they approved enhanced station design, with weather projection for twelve stations and direct vertical access to pedestrian subways for three stations, to improve the riders’ use. These revisions were made to the pending Federal Transit Administration (FTA) Small Starts application. The amount of DMC funds is expected to remain constant. To advance the long-term success of this project, the City and Mayo Clinic entered a twenty-year operating agreement in which Mayo Clinic will cover the annual local match for operating costs and all riders may use the system without paying fares.



In addition to these projects, the DMCC and the City have approved a Capital Improvement Plan (“CIP”) for public infrastructure projects for 2023. Projects identified in the CIP are categorized as follows: Public Realm, Strategic Redevelopment, Streets and Sewers, and Mobility.

Public Realm Projects include:

- Chateau Theatre Improvements and Assets Preservation
- Discovery Walk Construction
- Education-Recreation Subdistrict (Soldiers Memorial Field Park)
- Downtown Waterfront: Riverfront Planning and Design

Streets and Sewers Projects include:

- Sixth Street Bridge, Sixth Street SE, Waterfront Connectivity
- Sanitary Sewer Capacity Bypass on 3rd Ave. SW

Mobility Projects include:

- Arrive Rochester Implementation
- Rapid Transit Implementation, including Second Street Reconstruction and Streetscape

Soldiers Memorial Field Park (“Soldiers Field”) contains 150 acres of memorials and active recreation space. The northern portion lies within the DMC district and is featured in the Development Plan. Discovery Walk will connect the Heart of the City to Soldiers Field and the Sixth Street Bridge will link Soldiers Field to the downtown waterfront area. In 2022, the City Park Board adopted a short-term Soldiers Field Master Plan. The 2023 CIP includes funding for planning, design, and construction for this significant project.

DMC public realm projects have benefited from a community co-design process that encourages the involvement of individuals and communities most impacted by a project. Community members are retained to assist with reaching previously underrepresented communities and perspectives. It is an example of the efforts to advance equitable and inclusive economic development strategies. Building on the success of community co-design in a variety of DMC-funded projects, in May 2022, a community co-design toolkit was created to assist others with inclusive engagement. It is available at: <https://dmc.mn/dmc-celebrates-community-co-design-toolkit/>.

The DMC-funded projects above reflect 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.

(3) “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 \$1,262,043,959.

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, 2022, as revised June 16, 2022 (Exhibit C). We also attach the revised annual certification of City expenditures, which was submitted to DEED on June 15, 2022 (Exhibit D). DEED conducted its own audit process of the certified expenditures,

requested revisions, and then approved the expenditures. The DEED certifications, dated June 30, 2022, are attached (Exhibit E).

In addition, we offer the following information:

1. Through December 31, 2022, State Infrastructure Aid in the amount of \$97,591,189.36 has been received. No State Transit Aid has been received.
2. Actual costs paid by the City from commencement through December 31, 2022 have totaled \$79,018,424.79, 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, 2022, Olmsted County has contributed \$16,500,000.
4. The 2023 combined operating and capital improvements budget for the DMC totals \$52,181,135, a portion of which (approximately \$8 million) is being paid for with funding other than state funds. Of this amount \$3,419,779 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.

(4) "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 "2" and "3," above.

(5) "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 F.

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 2023.

DRAFT

Pamela Wheelock, Chair
Destination Medical Center Corporation

DRAFT

Kim Norton, Mayor
City of Rochester

Enclosures
cc: Legislative Reference Library

TABLE OF EXHIBITS

- Exhibit A** Map of DMC Development District and key projects
- Exhibit B** Summary of major projects
- Exhibit C** Annual certification of Mayo Clinic and other private investment dated March 23, 2022, as revised June 16, 2022
- Exhibit D** Revised annual certification of City expenditures dated June 15, 2022
- Exhibit E** DEED certifications dated June 30, 2022
- Exhibit F** City debt service schedule

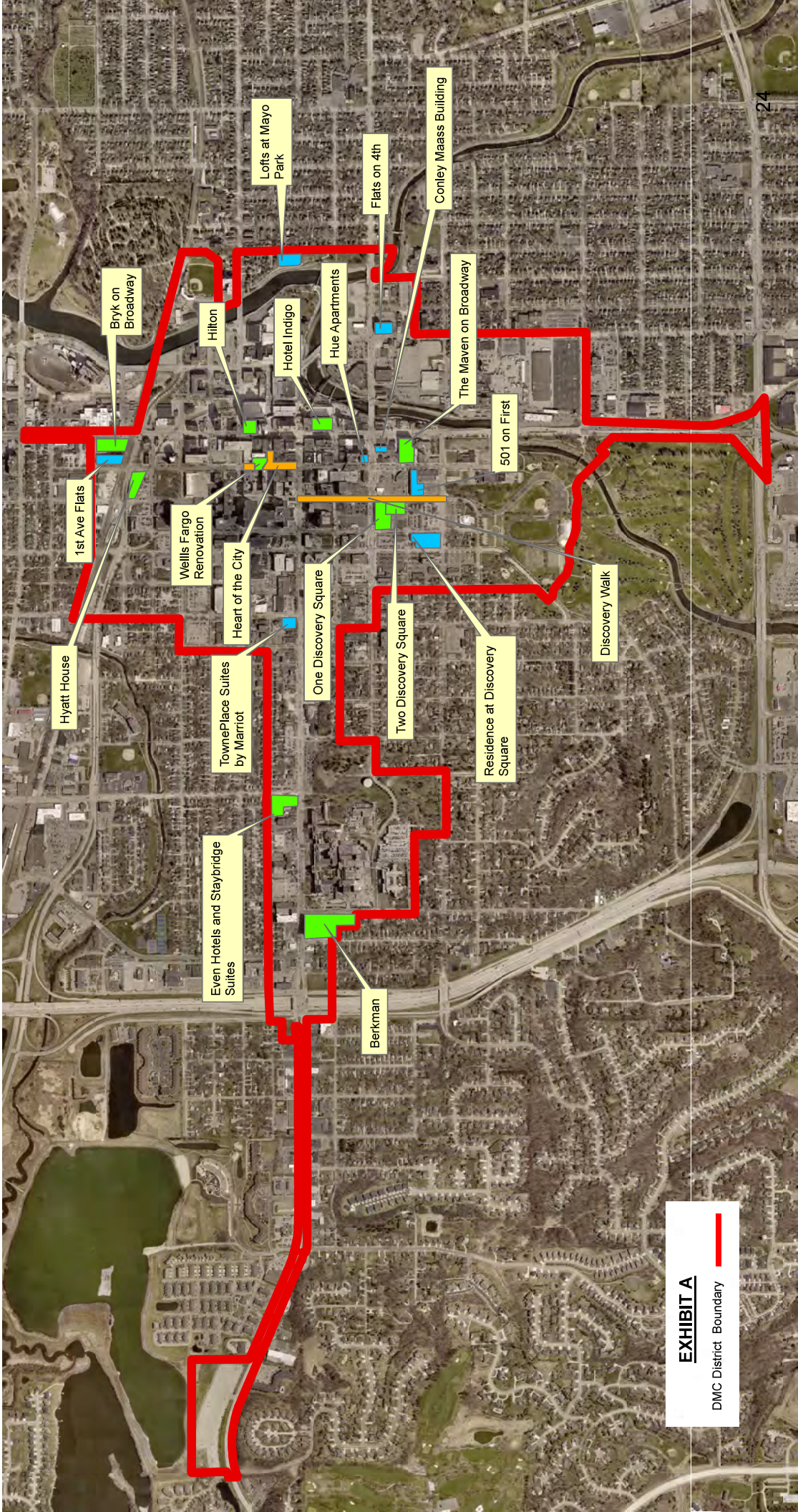


EXHIBIT A
DMC District Boundary

EXHIBIT B

Summary of Major Projects in the Destination Medical Center Development District (Non-Mayo Clinic)

I. DMCC-APPROVED PROJECTS WITH PUBLIC FUNDING

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 bioscience 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.

EXHIBIT B

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: This phase of the project is a renovation of the east side of Peace Plaza and surrounding areas. The construction of this transformative project, which includes improved safety, accessibility, universal design elements, sustainability, integrated art and improved infrastructure, was largely completed in 2022.

Bryk on Broadway Project: This project is located at 401 Broadway Ave N. It is a mixed-use, mixed-income apartment building consisting of 180 workforce housing apartments, providing rent at varying levels. Construction is expected to be completed the first quarter of 2023.

Two Discovery Square: Located at 209 5th St SW, this expansion of the DMC bio-medical, research, and technology innovation campus is a 125,000 square foot bioscience building. It features tech-forward tenant spaces designed with flexible lab capacity and leading-edge technology. Construction was completed in 2022.

II. OTHER PRIVATE PROJECTS

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.

EXHIBIT B

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 C

**Annual Certification of Mayo Clinic and Other Private
Investment Dated March 23, 2022
as revised June 16, 2022**

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

EXHIBIT C

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

June 16, 2022

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 revised materials for the April 1, 2022 certification, pursuant to Minnesota Statutes Section 469.47, Subdivision 2. Since our original submission of the Certification of Expenditures dated March 22, 2022, we have been working with the City and with Jeremy LaCroix and have revised certain numbers as follows:

1. DMCC Certification: I enclose the revised DMCC Certification of Expenditures made by an individual or entity, other than Mayo Clinic, for the period ending on December 31, 2021 ("Attachment 1"). The City of Rochester, Minnesota, assisted with the compilation of this report. The amount of 2021 investments set forth in this report is \$44,560,906.89.
2. Mayo Clinic Certification: The Mayo Clinic certification has not changed since our submission dated March 22, 2022. I enclose correspondence and accompanying materials from Christina Zorn, J.D., Chief Administrative Officer, Mayo Clinic, dated March 3, 2022 ("Attachment 2"). Mayo Clinic is certifying expenditures for the period of January 1, 2021 through December 31, 2021 in the amount of \$110,586,916.31.
3. Summary of Investments: The revised summary page, entitled, "Certification of Expenditures, Destination Medical Center" is enclosed, setting forth total cumulative expenditures through December 31, 2021, in the amount of \$1,262,043,959.32 ("Attachment 3").

EXHIBIT C

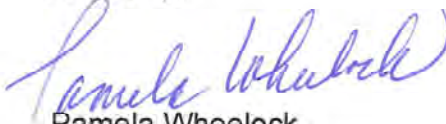
Commissioner Steve Grove

June 16, 2022

Page 2

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,



Pamela Wheelock

Chair

Destination Medical Center Corporation

Enclosures

cc: Destination Medical Center Corporation Board of Directors
Dennis Dahlen, Mayo Clinic
Jeremy LaCroix

1406189-3.DOCX

EXHIBIT C - ATTACHMENT 1

2021 Tracking Worksheet

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	\$ 438,000
TOTAL	\$ 23,136,226

2019/2020 Destination Medical Center - Partially Completed Projects Tracking

Project	Address	Total Building Permit Value	2019		2020		2021	
			Partial Completed Work	Completed Work	Partial Completed Work	Completed Work	Partial 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

Project	Address	Total Building Permit Value To Date	2020		2021	
			Partial Completed Work	Completed Work	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

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

TOTAL \$ 44,560,906.89

EXHIBIT C - ATTACHMENT 1

Commercial Bldg	Alteration	R14-0084CB	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	Finald	11/17/2021
Commercial Bldg	Alteration	R18-0144CB	8/1/2018	017926	21 SW 1 ST, ROCHESTER, MN 55902	\$564,079	Interior renovation of existing retail bank including electrical, plumbing and HVAC. (Wells Fargo)	Wells Fargo	CO	10/19/2021
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	Finald	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	025520	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	Finald	12/6/2021
Demolition	Commercial	R19-0015D	7/9/2019	017764	324 SW 1 AVE, ROCHESTER, MN 55902	\$50,000	Demolition of single story art building and existing parking lot	Ackerberg Group	Finald	12/6/2021
Demolition	Commercial	R19-0017D	7/25/2019	075680	1101 SW 2 ST, ROCHESTER, MN 55902	\$35,000	Demo of Virgils Building	ROCHESTER HOTEL PARTNERS LLC	Finald	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	Finald	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	Finald	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	Finald	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	Finald	12/13/21
Commercial Bldg	Alteration	R20-0050CB	04/08/20	83795	2024 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	Finald	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 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	Finald	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	Finald	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 Licity	C of C Issued	17/2/2021
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. Broadway) for "The Fit Loop"	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	Finald	9/8/2021
Multi-Family Bldg	Alteration	R21-0037MFB	7/27/2021	81810	207 SW 5 AVE, APT 608, ROCHESTER, MN 55902	\$ 39,000.00	Kitchen Remodel	Cindy Boese	Finald	12/15/2021

\$23,136,226

EXHIBIT C - ATTACHMENT 2



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

EXHIBIT C - ATTACHMENT 2

Permitted Expenditures from July 1, 2013 to December 31, 2021

Approval Date	Project/Req Number	Project/Equipment Name	2013 - 2020 Expenditures Reported	Prior Years Expenditures not previously reported	2021 Expenditures	Total Expenditures reported for 2021	Total Spent as of December 31st 2021
02/18/11	7R100580	Mary Brigh East Expansior	2,065,139.65	-	-	-	2,065,139.65
11/09/12	7R110910	Dermatology Remodel	9,123,648.24	-	-	-	9,123,648.24
11/09/12	7R121480	Sports Medicine Center	5,666,939.49	-	-	-	5,666,939.49
07/03/13	7R121370	2915 Warehouse Infrastructure	693,219.52	-	-	-	693,219.52
07/10/13	7R130470	Core 200 SMH Operating Room Renovation	1,411,411.46	-	-	-	1,411,411.46
07/10/13	7R100320	Anatomic Pathology Office Remodel	476,041.94	-	-	-	476,041.94
07/10/13	7R121490	Psychiatry and Psychology Master Plan, Phase 1A - Genesee Main	1,213,985.91	-	-	-	1,213,985.91
07/11/13	7R120570	Development Remodel	2,679,274.32	-	-	-	2,679,274.32
08/01/13	7R130860/7R130951	Bed Tower Modernization MB east	44,118,257.74	-	-	-	44,118,257.74
08/01/13	7R130590/7R130991	Domitilla 3 Modernization	7,762,425.78	-	-	-	7,762,425.78
08/14/13	7R130550	Remodeling laboratory space on Guggenheim 5	285,065.75	-	-	-	285,065.75
08/29/13	7R130810	Saint Marys Hospital Chiller Addition	4,631,632.46	-	-	-	4,631,632.46
09/25/13	7R130180	Institute Hills Chiller Replacement	441,903.16	-	-	-	441,903.16
11/06/13	7R130820	Radiation Oncology Room "E" Linear Accelerator Replacement	188,793.94	-	-	-	188,793.94
12/11/13	7R110200	DLMP Phlebotomy Remodel	1,615,648.60	-	-	-	1,615,648.60
02/05/14	7R120870	Mary Brigh Electrical Upgrades (Phase 3)	2,002,781.62	-	-	-	2,002,781.62
02/21/14	7R121420	SDSC Expansion Construction Only	21,500,990.14	-	-	-	21,500,990.14
02/26/14	7R121080	Creation of the consolidated freezer and BAP facility at the 2915 Warehouse	4,006,693.46	-	-	-	4,006,693.46
02/26/14	7R130590	Remodeling of multiple laboratories on Guggenheim 8	774,090.58	-	-	-	774,090.58
03/19/14	7R131440	Four Operating Rooms Off Core 700	3,082,756.73	-	-	-	3,082,756.73
04/23/14	7R131300	Remodeling within the Metabolomics Core on Alfred 5	616,212.48	-	-	-	616,212.48
202014	202007523 / 7R131300	Thermo TSQ Triple Quadrupole MS (assets: 147505 & 145344)	596,292.00	-	-	-	596,292.00
04/23/14	7R131420	Remodeling within Opus 1 to accommodate space for a new CT machine	460,162.90	-	-	-	460,162.90
04/30/14	7R131270	Employee and Community Health Southeast Clinic	4,326,200.60	-	-	-	4,326,200.60
04/30/14	7R120690	Cardiac Catheterization Procedure Room 103 Remodel - Saint Marys, MI	412,584.91	-	-	-	412,584.91
06/04/14	7R140130	Gordia 5, 5th PET/CT Installation & Uptake	301,874.69	-	-	-	301,874.69
06/18/14	7R140540	Executive, Development and International Program Expansion - Mayo Ea	1,389,522.23	-	-	-	1,389,522.23
07/02/14	7R131400	DDM 3/4 Infrastructure Revisions for Remodeling	2,109,759.78	-	-	-	2,109,759.78
07/23/14	7R130760	Clinical Genome Sequencing, Lab Expansion	296,600.82	-	-	-	296,600.82
08/14/14	CPC2010723 / 7R130820	Varian Medical Systems (asset 145374)	3,334,879.00	-	-	-	3,334,879.00
08/20/14	7R140480	CMCT and Prev. Med. Relocation Gonda 18 to Mayo East 17	358,363.16	-	-	-	358,363.16
03/04/15	7R140790	Cancer Center Station Eisenberg 4-3	892,147.20	-	-	-	892,147.20
03/18/15	7R140760	CT Simulator I Replacement Charlton S-258, S-261	191,170.81	-	-	-	191,170.81
11/13/14	CPC2010473/7R140780	CT Scanner - Syr (Asset 162815)	687,812.80	-	-	-	687,812.80
04/29/15	7R150070	Charlton 2 Incremental 3T Body Scanner	749,773.48	-	-	-	749,773.48
04/29/15	CPC2015148/7R150070	3T Siemens Skyra MRI (asset 166875, 167065-167082)	1,637,261.00	-	-	-	1,637,261.00
05/13/15	7R150080	SMC, Mary Brigh Main NH, MR-MCR 1.5T Replacement Scanner	448,573.83	-	-	-	448,573.83
05/13/15	CPC2015438/7R150080	GE, LST Optima MR450W (asset 165084, 165346-165359)	1,130,292.00	-	-	-	1,130,292.00
05/13/15	7R150090	SMC, Mary Brigh Main NH, MR-MCR 1.5T Replacement Scanner	595,824.88	-	-	-	595,824.88
05/13/15	CPC2015435/7R150090	DISCOVERY MRI Mary Brigh (assets 169437, 171643, 171651, 171661-171662)	1,513,704.55	-	-	-	1,513,704.55
07/22/15	7R130230	Renovation Mary Brigh Main, PACU - Phase 4	2,059,423.01	-	-	-	2,059,423.01
05/14/15	7R140390	SMH Mary Brigh East Corridor Relocation	4,916,632.07	-	-	-	4,916,632.07
02/25/15	7R140970	Dr. Lee Diamond Reactor Lab Remodel on Med Sci SL	226,408.57	-	-	-	226,408.57
7/23/2014	7R131280	MR-RO-CN-1-MR/PET Installation	781,558.09	-	-	-	781,558.09
3rd qtr 2014	CPC2007008/7R131280	GE, DISCOVERY MR750 PET (Assets 149876, 150145-150157, 150661)	3,698,538.02	-	-	-	3,698,538.02
2d/2014	7R140140	CT Scanner Replacements (3L, 3Z & 4J) - somatom - CH 2	561,057.62	-	-	-	561,057.62
3rd qtr 2014	CPC2010195/7R140140	Somatom Force CT (Asset 157628)	1,631,372.00	-	-	-	1,631,372.00
12/11/2014	7R140770	Linear Acc Replace Rm "C"	186,937.00	-	-	-	186,937.00
08/14/14	CPC2010773/7R140770	VARATHON MEDICAL, TRUE BEAM (Asset 162800)	2,895,906.00	-	-	-	2,895,906.00
08/14/14	CPC2010184/7R140770	SIEMENS, CT EDGE (Asset 163463)	856,459.02	-	-	-	856,459.02
08/14/14	CPC2010189/7R140770	SIEMENS, SOMATOM DEFINITION (Asset 164325)	862,578.20	-	-	-	862,578.20
10/9/2014	7R140160	Incremental MRI Body Scanner	603,049.87	-	-	-	603,049.87
08/14/14	CPC2010068/7R140160	SIEMENS, SKYRA 3T MRI (Asset 157191, 157322-157339)	1,859,239.00	-	-	-	1,859,239.00
12/12/2013	7R121290	GOS Build 2 CT Bays	656,293.35	-	-	-	656,293.35
11/13/14	CPC2010188/7R121290	SIEMENS, SOMATOM FORCE CT (Asset 149843)	1,750,000.00	-	-	-	1,750,000.00
05/08/14	CPC2008773/7R120690	PHILIPS, XPER FD20 (Assets 147302, 147339, 147392)	1,849,213.30	-	-	-	1,849,213.30
1/9/2015	7R140290	Neurology Renovation, Mayo 8	4,989,615.93	-	-	-	4,989,615.93
8/21/2014	7R140220	Mayo 8 - Lobby Remodel	1,137,290.91	-	-	-	1,137,290.91
4/28/2015	7R140700	Vascular OR Core 801 SMH	1,059,949.88	-	-	-	1,059,949.88
5/30/2014	7R140170	Rad Vascular Imaging Ste 90	144,461.29	-	-	-	144,461.29
5/8/2014	CPC2008468/7R140170	SIEMENS MEDICAL, ARTIS ZEE (Asset 146871, 146872)	985,408.00	-	-	-	985,408.00
2/4/2014	7R130050	CT MBM Incremental Interventional CT	1,268,114.01	-	-	-	1,268,114.01
8/1/2013	CPC2002220/7R130050	SIEMENS, DEFINITION EDGE CT (Asset 148622, 148623)	1,315,687.00	-	-	-	1,315,687.00
10/15/2014	7R140150	CH N Neuro Scanner CN 1-119C	561,796.54	-	-	-	561,796.54
8/14/2014	CPC2010082/7R140150	SIEMENS, PRISMA 3T MRI and Accessories (Asset 157677, 157935-157938)	2,241,875.00	-	-	-	2,241,875.00
12/11/14	7R140130	USPS Building Purchase (Asset 156757, 156758)	2,185,017.25	-	-	-	2,185,017.25
8/14/2014	CPC2007616/7R140130	Land for Ronald McDonald House (Asset 147588, 147589)	1,000,203.16	-	-	-	1,000,203.16
2/17/2016	7R151530	GE, DISCOVERY 710 PET Scanner (Asset 146389)	2,103,046.58	-	-	-	2,103,046.58
5/25/2016	7R151390	Fixes Wing Building	533,262.51	-	-	-	533,262.51
9/29/2016	7R150870	Hematopathology Consolidation, Hilton Building 7th Floor	2,016,886.24	-	-	-	2,016,886.24
8/31/2016	7R150520	Vacate E1 7-7-2 Dermatology Phototherapy Phototherapy Relocation	439,830.58	-	-	-	439,830.58
3/31/2016	7R151490	Relocation of Respiratory Care Unit	1,164,489.68	-	-	-	1,164,489.68
6/30/2016	7R150740	Linon Service Depot-3939 Building	1,882,309.32	-	-	-	1,882,309.32
7/8/2016	7R151570	Media On Demand Replacement Project	699,440.19	-	-	-	699,440.19
4/27/2016	7R150760	Temporal Bone Lab remodel (original \$500K)	126,259.12	-	-	-	126,259.12
6/8/2016	7R160650	Dr. Misra Laboratory, Gugg 6	314,232.69	-	-	-	314,232.69
9/14/2016	7R160340	Lab Remodel Gugg 17 and 18	507,816.33	-	-	-	507,816.33
9/29/2016	7R151450	Space assignment for Dr. Burns and Dr. Scarisbrick surgery - Guggenhe	372,474.03	-	-	-	372,474.03
6/30/2016	7R140810	Guggenheim 13 Space Remodel	286,997.78	-	-	-	286,997.78
11/1/2015	7R151060, 7R15108E	Charlton Desk R Lobby Remodel	367,223.24	-	-	-	367,223.24
2/11/2018	CPC2021828/7R150100	Jacobson Building Operating Rooms	23,566,520.11	-	-	-	23,566,520.11
May 2018	7R150110	Charlton 1 PET/CT (DRX- 1 Replacement) E-3008	132,948.22	-	-	-	132,948.22
9/29/2016	CPC2028475/7R150010	GE - Discovery PET/CT 710 (Asset 178322)	1,500,726.20	-	-	-	1,500,726.20
9/29/2016	CPC2028508/7R150010	Gastroenterology & Hepatology Renovation	7,362,527.52	-	-	-	7,362,527.52
Aug 2018	7R160670	Stryker Sales Corporation - Alfred 5 Integration (Assets 180598-180603)	1,126,322.95	-	-	-	1,126,322.95
2/1/2014	7R140100	Phillips Fluoroscopy (Assets 181122-181123)	1,335,625.38	-	-	-	1,335,625.38
11/1/2015	7R150830	TT MRI Scanner	1,916,246.30	-	-	-	1,916,246.30
11/1/2015	7R150670 & 7R150671	SMH Campus Radiology Consolidation	23,568,544.51	-	-	-	23,568,544.51
12/1/2015	7R150670	Mary Brigh East Tower Additional Floors	17,320,752.84	-	-	-	17,320,752.84
11/19/2015	7R131510	Eisenberg 7-1 and 7-2	6,312,270.07	-	-	-	6,312,270.07
11/4/2015	7R150670	Pre Post Expansion on Gonda 2 Gonda 2-467	286,028.69	-	-	-	286,028.69
5/9/2016	CPC2023942/7R141050	Franklin Heating Station Chiller #4 Replacement	2,286,167.61	-	-	-	2,286,167.61
11/4/2015	7R141050	Mary Brigh 4, Room 106 Heart Rhythm Services Remodeling	538,995.91	-	-	-	538,995.91
8/11/2016	CPC2024041/7R141050	Siemens - Fluoroscopy 10S (Asset 172294)	1,508,299.00	-	-	-	1,508,299.00
11/4/2015	7R150840	Mary Brigh 4, Room 111 Heart Rhythm for Equipment Replacement	217,834.13	-	-	-	217,834.13
8/11/2016	CPC2024041/7R141050	Siemens - Siemens fluoroscopy room 111 (Asset 179164)	801,942.00	-	-	-	801,942.00
11/4/2015	7R150850	Charlton North MR-MCR NU 3T Replacement Scanner	354,930.50	-	-	-	354,930.50
11/4/2015	CPC2019384/5/7R150850	MAGNETOM Prisma 3T (asset 173501)	2,184,842.00	-	-	-	2,184,842.00
5/11/2015	7R150840	Charlton North MR-MCR NT 1.5 Replacement Scanner	587,509.18	-	-	-	587,509.18
5/11/2015	CPC2019387/7R150840	SIEMENS, 1.5T OPEN 70CM (assets 169436, 171642, 171850, 171852-171853)	1,188,732.00	-	-	-	1,188,732.00
5/11/2015	7R141150	Research Biplane Angiography System Replacement	78,970.28	-	-	-	78,970.28
5/11/2015	R2017007/7R141150	SIEMENS, ARTIS ZEE BIPLANE (asset 165045-165046)	1,158,442.00	-	-	-	1,158,442.00
		41st Street Professional Complex	9,831,882.38	-	-	-	9,831,882.38

EXHIBIT C - ATTACHMENT 2

Permitted Expenditures from July 1, 2013 to December 31, 2021

Approval Date	Project/Req Number	Project/Equipment Name	2013 - 2020 Expenditures Reported	Prior Years Expenditures not previously reported	2021 Expenditures	Total Expenditures reported for 2021	Total Spent as of December 31st 2021
		7R160100, 7R160101, 7R160102, Precision Medicine Initiative					
May-16	7R160103		8,392,748.33				8,392,748.33
2Q16	R2025131/7R160100	Malenman (Asset 184543)	4,031,557.00				4,031,557.00
2Q16	R2025134/7R160100	Autogen (Assets 175437-175447)	2,023,074.27				2,023,074.27
2Q16	R2025136/7R160100	Hamilton Star (Assets 171685, 172326)	440,765.20				440,765.20
2Q16	R2025143/7R160100	Hamilton Bios Freezer (Asset 186447)	5,127,252.84				5,127,252.84
2Q16	R2025249/7R160100	PerkinElmer Spectrophotometer (Asset 169458)	39,920.00				39,920.00
3Q16	R2026730/7R160100	Hamilton Robotic Upgrades	45,951.00				45,951.00
3Q16	R2026898/7R160100	Hamilton Star (Asset 179090)	235,653.10				235,653.10
4Q16	R2027700/7R160100	Hamilton Tube Handler - REQ# 2022700	34,358.20				34,358.20
1Q17	R2030177/7R160100	Hamilton Copper/Decopper Motoman Line (Asset 183592)	77,010.00				77,010.00
2Q17	R2031170/7R160100	Hamilton Star EasyBlood Liquid Handler (Assets 161647-161649)	776,489.90				776,489.90
3Q16	R2026141/7R160100	Verso M2 - (Asset 179334)	729,256.34				729,256.34
4Q16	R2027699/7R160100	Hamilton EasyBlood Units (Assets 176922-176924)	721,816.90				721,816.90
1Q17	R2029764/7R160100	Hamilton Bios PMI #3 (PO 20028966)	4,090,363.09				4,090,363.09
1Q18	R2035655/7R160100	Hamilton Freezer Bios HL20 (PO 20021301)	2,509,226.94				2,509,226.94
11/1/2015	7R150570, 7R15057A-7R15057D	Mary Brigh East Operating Rooms	727,108.67				727,108.67
8/11/2016	CPC2025789/7R15057B	Siemens - Artis Zeego Card, Thorax (Asset 180570)	1,466,062.00				1,466,062.00
8/11/2016	CPC2028989/7R150570A	GE - Discovery IGS 740 (Asset 179172)	1,363,946.45				1,363,946.45
12/1/2015	7R151460	Gonda 14 Radiographic Room DR Conversion E15-3011 RAD-MCR-GO	112,034.00				112,034.00
12/1/2015	7R151470	Gonda 14-158 Duo DR Replacement, E15-3014 RAD-MCR-GO14-158	154,034.23				154,034.23
12/1/2015	7R150980	West Pre/Post Remodel, Mary Brigh Main	2,022,954.79				2,022,954.79
8/19/2015	7R150650	Radiology - Charlton 1, VGG Replacement E15-3003	138,704.91				138,704.91
8/19/2015	CPC201572/7R150650	GE, DISCOVERY 670 PRO	948,408.45				948,408.45
2/21/2016	7R160670	Cardiovascular Diseases Patient Appointment Coordinator	200,409.53				200,409.53
12/21/2016	7R151630	Reproductive Endocrinology and Infertility Relocation	2,378,634.23				2,378,634.23
12/21/2016	7R160540	Remodel Mary Brigh E to increase Medical ICU capacity	1,954,174.55				1,954,174.55
12/31/2016	7R151000	Maya Building - Substation MA-B-5 Replacement	612,251.93				612,251.93
5/25/2016	7R151380	Pharmacokinetics Core Relocation	489,019.61				489,019.61
6/14/2017	7R151660 & 7R170130	Remodel Baldwin 1 for ISP / Baldwin 1 Entry Vestibule Replacement	4,186,165.25				4,186,165.25
3/15/2017	7R151400	Myelology/TB Expansion Hilton E	3,256,993.15				3,256,993.15
3/15/2017	7R160790	CMILNLI Relocation and Expansion, Hilton 7	1,511,410.88				1,511,410.88
9/6/2017	7R151290	Human Cellular Therapy N2 Tank Storage Facility	491,016.90				491,016.90
9/6/2017	7R190160	Conversion of OR 609 from Hybrid OR to Conventional OR	496,613.67				496,613.67
9/6/2017	7R170290	Gonda 2 Decontamination Space Remodeling	285,911.99				285,911.99
9/30/2017	7R170730	Eisenberg AHJ S-55 Replacement to Support REI Practice Relocation	803,858.23				803,858.23
2/2/2017	7R161520	41st Street	4,692,701.70				4,692,701.70
8/10/2016	7R180940	Guggenheim 15-02 integration of core facility and laboratory program	368,357.82				368,357.82
3/8/2017	7R160110	Aging Center Space Remodel, Guggenheim 7	551,139.83				551,139.83
6/22/2016	7R160750	Stable 11 Lab construction - Revzin	314,372.07				314,372.07
12/7/2016	7R161510	Installation of Open MRI System, Opus 1	590,676.24				590,676.24
1/11/2017	7R170020	Lab renovation ST 11, CRM recruit, Dr. Quinn Peterson	121,195.35				121,195.35
10/9/2016	7R160980	Saint Marys Campus Complex Intervention Unit	2,237,613.54				2,237,613.54
1/4/2017	7R160290 & 7R160280	E16-3005 MR MCR-GO3 1.5 MR Scanner #1	1,276,416.38				1,276,416.38
11/10/2016	CPC2026320/7R160280	Siemens - MAGNETOM Aera (Asset: 182886; 182863-182881)	1,688,585.00				1,688,585.00
3/30/2017	7R161300	RMC S-8 AHJ Replacement	599,281.38				599,281.38
12/7/2016	7R140380	SMOP/Radiology Desk	3,571,641.14				3,571,641.14
5/25/2016	7R151430	Mary Brigh Main SMC Radiology Hybrid Procedural Suite - MR Sulk	2,180,505.45				2,180,505.45
9/6/2016	CPC2023488/7R151430	Phillips - Ingenia 1.5T Omega HP R5 Q1 (Asset: 183632; 183885-183897)	1,474,847.09				1,474,847.09
10/1/2016	7R110520	SMH Bulk Medical Gas Systems Replacement	977,452.73				977,452.73
10/1/2016	7R140180	Mary Brigh Main West Entrance Upgrades	1,136,995.31				1,136,995.31
7/24/2018	7R140240	Neurology EEG/Epilepsy Remodel - DO 2 & JO 2	1,149,595.73				1,149,595.73
9/13/2018	7R150600	Gugg 13 Remodel	484,303.51				484,303.51
11/28/2018	7R151140	Plummer Library Renovations Phase 3&4	433,105.21				433,105.21
5/3/2018	7R151420/CPC2036523	Phillips Healthcare (Asset: 156880)	423,890.40				423,890.40
2/22/2018	7R150610	Office of Information Security Consolidation	1,117,001.99				1,117,001.99
6/30/2018	7R160730	Brackenridge Education Room Build out	526,051.76				526,051.76
11/6/2018	7R161270	USP 800 Hazardous Drug Handling Remodel	1,045,577.42				1,045,577.42
7/1/2018	7R161450	SMC Chilled Water Distribution Loop	934,150.96				934,150.96
10/1/2018	7R161500	Joseph Bldg Scope A Centralized Infrastructure	3,276,910.54				3,276,910.54
3/1/2018	7R170050	RMC S-5 Air Handling Unit Replacement	952,822.05				952,822.05
3/14/2018	7R170110	Tissue Typing Lab Pre-DNA Extraction Contamination Control	353,779.74				353,779.74
5/24/2017	7R170450	Retrofiting Med Sci 5 large animal facility, DGM Phase I	637,314.97				637,314.97
2/22/2018	7R170480	Consolidation/Relocation of Revenue Cycle	2,129,432.35				2,129,432.35
6/13/2016	7R170500	Gonda 15 Conversion of Family Waiting Room to Pre/Post Space	567,084.72				567,084.72
6/27/2016	7R170600	GU S-Chakraborty lab construction, remodel west bay of GU S	846,596.35				846,596.35
3/14/2018	7R170990	SMC OR 604,608, and 600 Decontamination Room Remodel, MB 1	1,118,164.67				1,118,164.67
3/14/2018	7R180140	E-18-3009 NM-MCR-CH-1-RET/CT DRX2	159,572.79				159,572.79
6/13/2018	7R180150	SC18-3002 RAD-MCR-MAE4-L-Theracic Reading Rooms	253,593.73				253,593.73
7/1/2018	7R180440	Medical Sciences 3 (Dr. A. Pandey and Proteomics Core)	231,534.87				231,534.87
10/1/2018	R2050799 / 7R180440	Pandey Biosafety Hoods-REQ#-R2050799 (PO 20033617) (Assets	13,362.24				13,362.24
10/1/2018	R2050806 / 7R180440	Pandey BIOGNOSYS License-REQ#-R2050806 (PO 20033762)	12,000.00				12,000.00
10/1/2018	R2050567 / 7R180440	Pandey Fusion Lumos 2018-REQ#-R2050567 (PO 20033506)	1,308,079.83				1,308,079.83
10/1/2018	R2049987 / 7R180440	Pandey Lab Fisher Capital 1-REQ#-R2049987 (PO 20033266) (Assets	57,209.39				57,209.39
10/1/2018	R2050783 / 7R180440	189961,190212,190906,193652)	6,893.59				6,893.59
10/1/2018	R2050789 / 7R180440	Pandey VWR shaker-REQ#-R2050783 (PO 20033611) (Asset	18,799.83				18,799.83
2/1/2018	8R170470	Pandey Nikon scope-REQ#-R2050789 (PO 20033602) (Asset 190249)	4,944,173.53				4,944,173.53
12/31/2016	8R170470	Centralized Distribution of Utilities 41st Street	2,479,367.29				2,479,367.29
11/15/2017	7R151620	Hilton Substation Replacement	69,889.05				69,889.05
11/15/2017	CPC2003080/7R170860	E17-3006 GT-MGR-GO3-R-3V Scanner	1,930,400.00				1,930,400.00
3/15/2017	7R140260	Siemens Somatom Force (Asset 185457)	1,482,321.51				1,482,321.51
3/16/2017	7R160140	Psychiatry & Psychology Master Plan Phase I	1,034,628.91				1,034,628.91
5/14/2017	7R160370	Upgrade of Medium Voltage Switch Center	1,648,319.22				1,648,319.22
3/15/2017	7R160390	Mary Brigh Kitchen Replacement East Tower Ground Level	1,726,161.72				1,726,161.72
3/15/2017	CPC1603900/7R160390	E16-3010 MCR-DT-1-Incremental Downtown CT Scanner #1	2,084,921.00				2,084,921.00
5/14/2017	7R160430	Siemens, Somatom Force CT (Asset 188981)	308,593.62				308,593.62
5/14/2017	7R160540	E16-3009 RAD-MCR-GO14 Radiographic Room DR Conversion	829,690.46				829,690.46
5/6/2017	7R160910	Patient Lifts for Mary Brigh PCU SC & SF	411,888.88				411,888.88
3/15/2017	7R160950	Mary Brigh Shell Space Fit-Up (NICU & PICU)	3,644,272.87				3,644,272.87
11/15/2017	7R161180	Antibody/Protein Immunology & Clinical immunoassay Lab Relocation	3,452,808.89				3,452,808.89
11/15/2017	7R161200	Saint Marys Dialysis Unit	780,175.64				780,175.64
11/15/2017	CPC2032658/7R161200	E17-3005 MR-MCR-MBM-R-MR23 Replacement	990,208.00				990,208.00
11/15/2017	7R161280	GE, Signa Artist 1.5T (Assets 188037-188048)	171,586.57				171,586.57
10/25/2016	7R161350	Enhanced Critical Care Expansion	280,849.20				280,849.20
11/8/2017	7R170040	Relocation of Dr. Rajiv Kumar's Laboratory to GU 6, Drs. J. Grande and	267,061.02				267,061.02
12/31/2017	7R170080	Gonda 19 space remodel	2,047,419.63				2,047,419.63
1Q17	7R160310, 7R16031E	SMC Mary Brigh Surgical Services AHJ Replacement	34,543,539.46				34,543,539.46
9/27/2017	7R160230	Mary Brigh 3rd Floor OR Rooms Fit Out	2,291,819.29				2,291,819.29
4/11/2019	R2050020 / 7R160230	Research PET/CT Charlton 6	2,015,000.00				2,015,000.00
4/11/2019	7R181000	Biograph Vision 800 (asset 192309)	831,767.94				831,767.94
3/13/2019	R09B1600010	REC Makeup and Export Water Tank	353,569.35				353,569.35
2/1/2019	7R180860	Global Business Solutions Consolidation	20,796.86				20,796.86
2/1/2019	7R170210	RST SMC/RMC Visitor Cafeteria	7,545,680.99				7,545,680.99
2/1/2019	7R170210	Mail Order/Pharmacy Relocation					

EXHIBIT C - ATTACHMENT 2

Permitted Expenditures from July 1, 2013 to December 31, 2021

Approval Date	Project/Req Number	Project/Equipment Name	2013 - 2020 Expenditures Reported	Prior Years Expenditures not previously reported	2021 Expenditures	Total Expenditures reported for 2021	Total Spent as of December 31st 2021
4/22/2019	CPC2034616, CPC2046576, CPC2049796, CPC2049797 / 7R170210	Pharmacy Automation - Innovation (Asset 195397)	2,722,535.76	-	-	-	2,722,535.76
2/20/17	7R161640, 7R170920, 7R170922-7R170924, 7R17092E	Discovery Square	10,637,549.74	-	515,697.26	515,697.26	11,153,447.00
1/20/17	7R161010, 7R161020, 7R161030, 7R161031, 7R161040, 7R161042, 7R161050, 7R161060, 7R161070, 7R161080, 7R161090, 7R161100, 7R161110, 7R161120, 7R161123, 7R161130, BR160740	SMC Modernization and Growth	113,201,160.34	-	13,480,545.52	13,480,545.52	126,681,705.86
5/8/2019	7R160701	Sports Medicine Relocation to DAHLC 4	1,052,000.19	-	7,766.16	7,766.16	1,059,766.35
2/14/2019	7R170400 / ROAW19C0010	Archives Warehouse Tissue Registry Expansion	5,417,863.59	-	629,525.61	629,525.61	6,247,409.20
1/16/2019	7R170540	Redesign of Jacobson Locker Room	189,270.76	-	-	-	189,270.76
10/24/2018	7R170920	Remodel of GIH Research Space GU 17, Phase 1	1,075,337.47	-	212,374.74	212,374.74	1,287,712.21
5/29/2019	7R180100	SMH River Room	260,770.05	-	580,280.35	580,280.35	841,050.41
10/2/2019	7R180100	RST E18-3008 MR-MCR-GO3-1-3T MR Scanner	851,472.87	-	-	-	851,472.87
3/2/2016	R2036200 / 7R180140	Discovery MI 25CM (Asset 169900)	2,697,744.00	-	-	-	2,697,744.00
9/19/2018	7R180150	Radiology Office Space and 3D Lab on Joseph 6	2,916,525.55	-	553,814.06	553,814.06	3,470,339.73
7/27/2018	7R180200	SMC Decontamination Remodel Equipment and Replacement	1,265,367.54	-	20,173.90	20,173.90	1,285,541.44
5/25/2019	7R180240	RST Impact Lab Expansion CAR-T Cell Initiative	4,438,955.85	-	852,441.17	852,441.17	5,291,397.02
11/13/2019	7R180310	0068-18 E18-3021-RAD-MCR-MSH-MMS-R-RAD DR Conversion	412,119.12	-	1,683.00	1,683.00	413,802.12
8/15/2018	7R180360	Eisenberg Dumbwaiter Replacement	1,229,313.11	-	1,410,066.65	1,410,066.65	2,639,379.76
9/30/2019	7R180450	Administrative Drop in Center	790,558.69	-	6,540.52	6,540.52	797,099.21
10/9/2019	7R180480	Dr. Pipe Lab-DiscSe1	843,180.42	-	6,685.50	6,685.50	849,865.92
10/19/2018	7R180610	Mayo Clinic Food Service, RMC	501,259.24	-	30,473.77	30,473.77	531,733.01
12/10/2018	7R180690	3D Metal Printer for Div of Engineering	724,548.73	-	(4,219.00)	(4,219.00)	720,429.73
2/14/2019	7R180750	41st Street Complex Employee Cafeteria	5,468,024.77	-	248,234.37	248,234.37	5,716,259.14
5/23/2019	7R180900	RMC Eisenberg AHU-S62 Replacement	1,008,670.00	-	11,638.13	11,638.13	1,020,308.13
2/20/2019	ROFF19C0010	41st St Complex Infrastructure Upgrades- Phase 3	1,322,822.51	-	728,311.55	728,311.55	2,051,134.06
3/20/2019	ROJO18C0020	Joseph 1 Northwest Local Infrastructure-SMC River Room Expansion	85,696.04	-	24,890.22	24,890.22	110,586.26
8/28/2019	ROJO19C0010	0050-19 RST Creation of New MED 13 Hospital Service	4,729,460.52	-	298,572.25	298,572.25	5,028,032.77
2/14/2019	ROMA18C0020	Mayo 11 Remodel	7,283,353.56	-	-	-	7,283,353.56
6/28/2019	ROMB19C0030	RST SMC Sterile Processing Renovations	685,561.71	-	17,430.84	17,430.84	702,992.55
6/28/2019	ROOP19C0010	Opus MRI Install	152,222.73	-	874.72	874.72	153,097.45
6/29/2019	R2054500/ROOP19C0010	3T GE Signa MRI (Assets 200174-200180; 200183)	5,468,024.77	1,506,529.08	-	1,506,529.08	1,506,529.08
6/13/2019	ROXX18C0020	Healthcare Technology Management Expansion at 1937 Building	260,590.09	-	-1,237.50	-1,237.50	259,352.59
10/2/2019	ROXX19E0180	RST Practice Optimization Acceleration	237,673.42	-	3,166.65	3,166.65	240,840.07
8/27/2018	7R151420	E17-3007 DE-MCR-CT-MBM-I-MP Hybrid Suite Phase 2	1,274,983.34	-	17,191.00	17,191.00	1,292,174.34
8/22/2018	CPC2033104 / 7R151420	PHILIPS, AZURION 7 M20 (Asset 192750)	1,259,678.14	-	-	-	1,259,678.14
9/28/2018	7R170290	Human Cellular Therapy Expansion	1,237,288.47	-	803,679.01	803,679.01	2,040,967.48
12/6/2018	7R180280	Revenue cycle consolidation / relocation	3,977,536.11	-	1,180.20	1,180.20	3,978,716.31
8/12/2019	ROSI19C0010-ROSI19C0016 R2047012 / 7R180120	Subway Refresh Project	15,134,594.23	-	3,797,426.99	3,797,426.99	19,932,021.22
9/30/2019	7R170280	GE, SIGNA PREMIER 3T (Assets 197210; 197272-197290)	-	2,635,208.66	-	2,635,208.66	2,635,208.66
11/01/19	7R170590	Remodel Mayo W15 Lobby and Reception	-	39,498.20	-	39,498.20	1,031,244.21
07/17/19	7R170750	Block 6 Parking Ramp Disco Square	-	732,687.87	-	732,687.87	5,903,900.72
12/10/2020	7R170980	Saint Marys Hospital Shared Procedural/Simulation/Technology	-	258,276.23	-	1,956,920.93	2,215,197.16
08/19/18	7R180180	RMC Surgical Remodel Phase 2 of 5	-	3,786,562.95	-	12,279,715.32	16,066,278.27
12/18/19	7R180280	Patient Lift installations Mary Brigh 6C	-	31,443.39	-	253,843.14	285,286.53
9/29/2021	7R180300	Gonda 9 GIH Endoscopy Remodel	-	349,191.43	-	1,670,217.40	2,019,408.83
3/1/2020	7R180420	E18-3004 CT-MCR-ETM-I-MP-MPS-Phase 3	-	35,286.58	-	200,885.80	236,172.39
8/23/2021	7R180590/ROJO19C0030	2018 Nurse Call System Replacement	-	87,308.68	-	152,632.62	240,941.30
06/26/19	7R180970	CV Echo/Stress Consolidation with Renovation on Joseph 4 Infrastructure	-	158,512.74	-	1,167,967.64	1,326,480.38
05/26/19	CPC2053403 / 7R180970	E19-3007 MR-CMR-NCL-1 3T	-	268,699.25	-	415,519.50	714,188.30
04/10/19	7R180980	SIEMENS, MAGNETOM VIDA (Assets 203494-203499; 203501)	-	-	-	2,303,792.00	2,303,792.00
04/10/19	CPC2051426 / 7R180980	E19-3004 MR-MCR-CNL-R-NF MR Scanner	-	18,472.86	-	498,250.55	517,723.41
9/30/2020	8R141000	GE, SIGNA PREMIER 3T (Assets 206394, 207102, 207104, 207105, 20711)	-	-	-	2,350,807.00	2,350,807.00
12/16/20	ROE120C0150	Saint Marys Campus Peace Garden Landscaping	-	239,962.82	-	402,289.34	642,252.16
12/18/19	ROFF19C0020	EJ 07 Eisenberg 7-4 Remodel	-	55,397.51	-	2,451,568.39	2,506,965.90
12/04/19	ROGE19C0010	FF 01 Comprehensive Occupational Recovery and Care Coordinat	-	95,974.81	-	445,520.75	541,495.56
03/11/20	ROGO19C0020	GE Inpatient Units Safety Updates and Renovation	-	1,457,022.68	-	2,876,674.52	4,333,697.20
02/26/20	ROGO19C0050	GE 03 Generose SW and 3E Safety and Renovations	-	1,150,852.76	-	2,227,795.76	3,378,648.54
12/16/20	ROGO19C0090	GO 12 Center for Aesthetic Medicine and Surgery	-	70,457.08	-	1,430,012.90	1,500,470.01
09/26/20	ROGO19C0100	GO 03 SC19-3003 MR-MCR-GO3-1-Patient Prep Remodel	-	254,078.63	-	1,363,169.93	1,617,248.56
11/27/19	ROMB19C0010	GO 06 Exam Buildout	-	74,882.54	-	3,978,505.39	4,053,387.93
11/27/19	ROMB19C0020	GO Increase In Capacity for Chemo Chairs	-	43,863.87	-	1,097,313.32	1,141,177.19
10/14/20	ROMB19C0090/ROMB19C0100	GO 12 Medivator Redesign	-	332.26	-	286,477.89	286,810.17
08/26/19	ROXX19C0050	JO Relocation of Occupants to Consolidate Echo Stress	-	19,576.34	-	71,327.49	90,903.83
05/20/19	CPC2064304 / ROXX19C0050	MB 01 Frozen Section Laboratory Remodel	-	180,863.41	-	1,551,905.59	1,732,768.00
1/19/2021	ROXX19C0270	MB MN SC19-3002 DE-MCR-MBM-R-MP Reading Rooms	-	38,154.23	-	619,520.18	657,674.41
4/7/2021	ROET20C0010	MB Core 500 West OR Renovation - North and South	-	206,240.90	-	3,000,180.66	3,206,421.56
12/16/20	ROGO20C0290	SI 04 Conferencing Center Refurbish	-	3,366,764.63	-	3,366,764.63	3,366,764.63
9/9/2021	ROJB20C0010	E19-3005 CT-MCR-DT#1-CT Scanner	-	172,186.99	-	443,975.48	616,162.47
1/13/2020	ROSI19C0020	SIEMENS, SOMATOM DEFINITION (Asset 205102)	-	-	-	1,979,199.00	1,979,199.00
11/27/19	ROSU20C0020	Outpatient Hematology & CAR-T Move to Chariton-Eisenberg	-	28,649.80	-	3,503,792.00	3,532,441.80
7/15/2021	ROOP20C0010	E21-3005 VNI-MCR-ETM-N-R-Angio Rm 6	-	-	-	85,204.45	85,204.45
5/1/2019	ROXX19C0140	SIEMENS, ARTIS Q (Asset 209373)	-	-	-	921,342.00	921,342.00
12/16/20	ROGO20C0290	GO 15 Pain Procedure Room Fluoro Equipment Replacement	-	-	-	159,397.28	159,397.28
9/9/2021	ROJB20C0010	JB Shell Space to an Incremental OR	-	-	-	192,553.63	192,553.63
1/13/2021	ROSU20C0020	RST SDSC Office to Lab Conversion	-	-	-	2,236,842.53	2,236,842.53
7/15/2021	ROOP20C0010	OP SL Opus and Kellen Utility	-	-	-	259,951.11	259,951.11
5/1/2019	ROXX19C0140	Kellen Building	-	887,461.18	-	6,799,452.68	7,686,913.86

651,483,272.07 16,320,738.00 82,206,177.20 702,070,100.90

EXHIBIT C - ATTACHMENT 3

**Revised Certification of Expenditures
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}	\$44,560,906.89	2
TOTAL Expenditures This Year	\$155,147,823.20	3

All Expenditures claimed since June 30, 2013

Previous Years Expenditures (cumulative)	\$1,106,896,136.12	4
TOTAL Expenditures This Year³ (from Box 3)	\$155,147,823.20	5
All Claimed Expenditures as of 12/31/21 (Box 4 plus Box 5)	\$1,262,043,959.32	6
Qualified Expenditures claimed in 2021 (Box 6 minus \$200,000,000)	\$1,062,043,959.32	7

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

General State Infrastructure Aid Qualified for (Box 7 multiplied by .0275)	\$29,206,208.88	8
State Transit Aid Qualified for (Box 7 multiplied by .0075 and then multiplied by .6)	\$4,779,197.82	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

5-23-22

Date

For all other Expenditures:



Destination Medical Center Corporation

6/16/22

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.

EXHIBIT D



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

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

June 15, 2022

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, 2021 through December 31, 2021

Dear Commissioner Grove:

The City of Rochester is hereby revising our certification of our local contributions under General Aid Contributions and Transit Aid Contributions for calendar year 2021 towards the local matching contributions for the Destination Medical Center development found on the attached Certification of Contributions form. The original certification of 2021 expenses, dated March 23, 2022, was for the amount of \$4,480,952.25 for General Aid Contributions and \$6,135,967.49 for Transit Aid Contributions. The cumulative previous contributions total \$54,132,085.87, for a combined total of \$58,613,038.12. Since that time, after review with internal and DEED staff, changes were made to the certified total.

For 2021, upon review with the DEED auditors, adjustments were made that decreases the amount of General Aid Contributions reported for 2021 to \$2,729,666.77 and reduces the amount reported for Transit Aid Contributions to zero. The cumulative effect of this change is a decrease to our certification for 2021. Our new certified 2021 amount is \$2,729,666.77 for a cumulative total of contributions as of 12/31/2021 of \$56,861,752.64 for General Aid Contributions and \$0 for Transit Aid Contributions.

This revised certification is pursuant to the executed agreement between DEED and the City of Rochester. The deadline for revisions was extended to June 15th 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 'Dale Martinson', is written over a horizontal line.

Dale Martinson, Director of Finance
City of Rochester



EXHIBIT D

Steve Grove, Commissioner DEED

Page 2

June 15, 2022

cc: Kevin McKinnon
Jeremy Lacroix
Pam Wheelock, Chair DMC Corporation
Kim Norton, Mayor
Patrick Seeb
Noloan Schild

Aaron Parrish
Brent Svenby
Kaela Brennan
Alison Zelms
Amanda Mack



EXHIBIT D

Certification of Contributions

City of Rochester

For Calendar Year 2021

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

REVISED AS OF JUNE 15, 2022

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 2021, as required by the City of Rochester Commissioner of Employment and Economic Development State Infrastructure Aid Agreement. The city may revise this certification based on audit adjustments prior to June 1.

GENERAL STATE AID

General Aid Contributions Reported this Year

TOTAL Contributions Reported This Year by the City of Rochester ¹	\$ 2,729,666.77	1
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General State Aid Qualified for this Year (Medical Entity/DMCC match also required)

General State Infrastructure Aid Qualified for (Annual Exp. multiplied by \$2.55)	\$ 6,960,650.26	2
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Cumulative City General Aid Contributions

Cumulative Previous Contributions	\$ 54,132,085.87	3
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Contributions This Year	\$ 2,729,666.77	4
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Cumulative Contributions as of 12/31/2021	\$ 56,861,752.64	5
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Cumulative State Aid Qualified for as of 12/31/2021	\$ 144,997,469.23	6
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State GSIA expended this year	\$ 12,228,618.85	7
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TRANSIT AID

Transit Aid Contributions Reported this Year

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

State Transit Aid Aid Qualified for	-	9
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Cumulative City Transit Aid Contributions

Cumulative Previous Contributions	-	10
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Contributions This Year (from Box 8)	-	11
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Cumulative Contributions as of 12/31/20201	-	12
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Cumulative State Aid Qualified for as of 12/31/2021	-	13
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State Transit Aid expended this year	-	14
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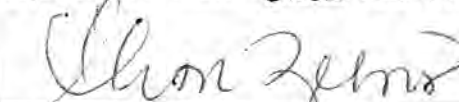
By providing my signature below, I am hereby certifying the information stated herein is accurate, true and complies with the provisions of Statute 469.47 of the State of Minnesota and the approved methodology as outlined in the City of Rochester Commissioner of Employment and Economic Development State Infrastructure Aid Agreement.



 Mayor, City of Rochester *Brooke Carlson*

6/14/2022

 Date



 City Administrator, City of Rochester

6/15/2022

 Date

¹ Funds expended need to be after June 30, 2013

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

EXHIBIT E



June 30, 2022

Pamela Wheelock, Chair
Destination Medical Center Corporation
C/O Kaela Brennan
McGrann Shea Carnival
Straughn & Lamb, Chartered
800 Nicollet Mall, Suite 2600
Minneapolis, MN 55402-7035

Dennis Dahlen, Chief Financial Officer
Mayo Clinic
200 First Street SW
Rochester, MN 55905

Dear Ms. Wheelock and Mr. Dahlen:

Thank you for submitting the 2021 Certification of Expenditures for Destination Medical Center (DMC). We are excited to assist with this initiative to make the Mayo Clinic, Rochester, and Minnesota a premier medical destination.

Your revised certification listed \$110,586,916.31 in Mayo Clinic expenditures and \$44,560,906.89 in other expenditures. The Mayo Clinic provided DEED with information on all invoices and payments (more than 12,000 entries) to account for their certification amount. You also provided an independent third party report from Ernst & Young LLP stating the law and procedures for certifying expenditures are being followed properly. Additionally, DEED staff reviewed invoices and payments in your certification. We selected 68 expenditures totaling \$9,018,157.38. We selected one expenditure from each of the 68 new projects listed. 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 26 completed projects for \$23,296,226 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 9 of the 10 projects' values, dates, eligibility, and completion. One project was located outside of the DMC area and was ineligible. The city also approved \$62,397,519.85 in expenditures on eight projects that are completed over multiple years. Your revised certification reduced and properly listed the total amount of other private entities expenditures at \$44,560,906.89. 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 2021 Destination Medical Center

EXHIBIT E

Expenditures are the \$155,147,823.20 as you certified (in a revised certification). DMC cumulative Expenditures are now \$1,262,043,959.32. As directed by statute, \$200 million is subtracted from this amount to provide Qualified Expenditures of \$1,062,043,959.32. Based on this figure and adequate general aid contributions from the city, I have determined the City of Rochester has qualified for \$29,210,609 of General State Infrastructure Aid in 2022. 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,



Steve Grove
Commissioner

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

EXHIBIT E



June 30, 2022

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 2021 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 2021 Certification listed \$2,729,666.79 in city general aid contributions between July 1, 2013 and December 31, 2021. You provided a detailed listing of more than 600 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 41 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.

Your revised certification listed \$0 in transit contributions and no transit aid will be paid by DEED for 2021.

The amount of your general aid contributions qualifies you for the annual maximum of \$30 million of general aid, however Qualified Expenditures from Mayo Clinic and others were \$1,062,203,959. This amount of Expenditures reduces the amount of general aid to the city to \$29,210,609. 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: Pamela Wheelock, Chair of Destination Medical Center Corporation
Dennis Dahlen, Chief Financial Officer Mayo Clinic
Patrick Seeb, Economic Development Agency Executive Director

EXHIBIT F

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

SIGNIFICANT DATES

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

Yield Statistics

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

IRS Form 8038

Net Interest Cost.....	2.6154299%
Weighted Average Maturity.....	11.612 Years

DESTINATION MEDICAL CENTER CORPORATION**RESOLUTION NO. ____-2023****Providing Final Approval for the Expenditure of Funds from the 2023 CIP Budget
for the Soldiers Field Project**BACKGROUND RECITALS

A. A foundation of the Destination Medical Center Corporation’s (“DMCC”) mission statement seeks to “position Rochester, Minnesota as the world’s premier destination center for health and wellness; attracting people, investment, and jobs to America’s City for Health.” The Development Plan adopted by the DMCC on April 23, 2015, as amended (the “Development Plan”) also recognizes the importance of public space, green space, and fostering connections between residents, patients, visitors, and business representatives as an opportunity to advance the Destination Medical Center initiative.

B. Extensive planning and effort have been devoted to Soldiers Memorial Field Park (“Soldiers Field”), 150 acres of memorials and active recreation space located immediately south of the City of Rochester (the “City”) downtown business district and owned, operated, and maintained by the City. This significant project, led by the staff of the City, the Park Board, and the Destination Medical Center Economic Development Agency (“EDA”) and their consultants, conducted extensive community input, including the community co-design process, prepared design options, and researched planning options. Discovery Walk will connect the Heart of the City to Soldiers Field and the Sixth Street Bridge will link Soldiers Field to the downtown waterfront area.

C. The northern portion of Soldiers Field is located in the development district boundaries as adopted in the Development Plan (the “Development District”) and in the Education – Recreation subdistrict as described in the Development Plan.

D. In the 2023 Five Year Capital Improvement Plan, (the “2023 CIP”) approved by the DMCC on September 22, 2022, found that this project and other projects described in the 2023 CIP were public infrastructure projects, consistent with the Development Plan. In the 2023 CIP, the DMCC preliminarily approved up to \$10,000,000 for this project, recognizing that community planning efforts were then at a preliminary stage and would shape the project scope and funding needs, and the DMCC required further detail and information as to the public realm plans and proposed funding to be presented to the DMCC for specific approval of project plan and costs.

E. On October 4, 2022, the City Park Board adopted the Short-Term Soldiers Field Master Plan and thereafter the City Council approved it as well. The public realm components of this project include an aquatics center, with lap pool, bath house, wading pool, and outdoor seating, new basketball courts, adding a trail through the northeast corner of the park, nature play area, community shelter, public restrooms, and new public parking (the “Soldiers Field Project”).

F. The community co-designers and planning/design consultants proposed two public

realm concepts and the Park Board recommended the preferred alternative concept, which moves a shelter and restroom structure to the western region of the park, minimizing impacts to the golf course. On January 23, 2023, the City Council reviewed both concepts and by consensus directed staff to proceed with the preferred alternative concept. The City wishes to proceed with construction bids for the Soldiers Field Project in early 2023.

G. Minnesota Statutes, Section 469.40, subdivision 11, defines “public infrastructure project” as “a project financed in part or in whole with public money in order to support the medical business entity's development plans, as identified in the DMCC development plan” and expressly includes, among other items, the ability to:

(2) demolish, repair, or rehabilitate buildings. . . . (4) install, construct, or reconstruct elements of public infrastructure required to support the overall development of the destination medical center development district including, but not limited to, streets, roadways, utilities systems and related facilities, utility relocations and replacements . . . streetscape improvements, drainage systems, sewer and water systems, . . . landscaping, . . . wayfinding and signage, and other components of community infrastructure. . . . (6) install, construct, or reconstruct, furnish, and equip parks, cultural, and recreational facilities, facilities to promote tourism and hospitality [and] (7) make related site improvements including, without limitation, excavation, earth retention, soil stabilization and correction, and site improvements to support the destination medical center development district . . .”
Minn. Stat. § 469.400, subd. 11 (2022).

H. The City and EDA staff now request final approval of the 2023 CIP in the amount not to exceed \$10,000,000 for the competitive bidding, construction, and related costs of the Soldiers Field Project. This request is attached as Exhibit A.

RESOLUTION

NOW THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that:

(1) the DMCC finds that the portion of the Soldiers Field Project contained within the Development District is a public infrastructure project within the meaning of Minnesota Statutes, Section 469.40, subdivision 11, which includes installing, constructing, or reconstructing, furnishing and equipping parks, cultural, and recreational facilities; demolishing, repairing, or rehabilitating buildings; installing, constructing, or reconstructing elements of public infrastructure required to support the overall development of the destination medical center development district including, but not limited to, streets, roadways, utilities systems and related facilities, utility relocations and replacements, streetscape improvements, drainage systems, sewer and water systems, landscaping, wayfinding and signage, and other components of community infrastructure; and making related site improvements including, without limitation, excavation, earth retention, soil stabilization and correction, and site improvements to support the destination medical center development district; and

(2) subject to approval by the City, the DMCC approves the Soldiers Field Project as consistent

with the Development Plan.

BE IT FURTHER RESOLVED, that the Board approves payment for competitive bidding, construction, and related costs of acquisition, furnishing, and equipping of the Soldiers Field Project in an amount not to exceed \$10,000,000 from the 2023 CIP.

BE IT FURTHER RESOLVED, that the approvals contained herein are expressly contingent upon (1) no material changes in project scope or schedule, and (2) expenditure of funds within the Development District.

BE IT FURTHER RESOLVED, that the Board requests that the City and EDA staff provide regular updates with respect to the Soldiers Field Project.

1450383-6.DOCX



February 3, 2023

TO: Destination Medical Center Corporation

**From: Patrick Seeb, Executive Director, DMC Economic Development Agency
Alison Zelms, Administrator, City of Rochester**

RE: Recommendation to Provide Final Approval of Expenditure of Funds for DMC Education and Recreation Sub-District Public Realm Enhancements

Background

Soldiers Field Memorial Park, located immediately south of Rochester’s downtown business district, is 150 acres in size and includes 4,000 feet of Zumbro River frontage. It is currently comprised of memorials, activity space, an 18-hole golf course, aquatic amenities, and a track and field facility (with winter skating), tennis courts, a baseball field, playgrounds, and trails. The northern portion of the park lies within the DMC Education-Recreation sub-district as defined in the City- and DMC Corp.-approved DMC development plan.

Soldiers Field Memorial Park plays a critical role within downtown Rochester and the larger community. The park serves many stakeholders including the downtown, community, and visitors. It is not only a destination, but it also serves as a connection to other critical areas of the downtown and close by neighborhoods.

In 2022, the City of Rochester updated the Soldiers Memorial Field Park master plan, with plans to improve the aquatics features, add sport courts, and enhance the trails, playgrounds and shelters. The update split the proposed park improvements into short- and long-term park plans.

Alignment with DMC and City of Rochester Objectives

There are several key features within the 2022 Soldiers Field Master Plan that align with the DMC Development Plan:

- Continues to define Soldiers Field Memorial Park as an anchor and signature public space of the Education and Recreation DMC Sub-district.
- Improves equitability designed spaces that are created with specific needs of users.
- Provides a welcoming and inclusive park for a growing and diverse community.
Incorporates sustainable design practices

The connectivity aspects of the plan also provide equitable freedom of movement. Walking and bicycling in the City of Rochester are primary modes of transportation that are safe, convenient, and enjoyable. The City’s recently adopted Active Transportation Plan which prioritizes walking, rolling and moving as key aspects of quality public spaces.



Recent Action

On September 22, 2022, DMC EDA and City of Rochester staff presented the proposed 2023 DMC Funding Request to the DMC Corporation at its regular public meeting. A component of the funding request, the 2023 DMC Capital Improvement Program, included a budget of up to \$10,000,000 for public realm improvements in the Education-Recreation sub-district.

The DMC Corp. board approved the 2023 funding request and specifically noted in its approval resolution that, “community planning efforts are at a preliminary stage and will shape the project scope and funding needs, further detail and information as to public realm plans and proposed funding shall be presented to the DMCC for specific approval of the project plan and costs.”

On October 4, 2022, the City of Rochester Park Board adopted the short-term plan and directed City Parks and Recreation staff to pursue park improvements that would not significantly impact the existing 18-hole golf course.

At the November 10, 2022 DMC Corp. board meeting, DMC EDA and City staff noted elements of the Soldiers Memorial Field Park plan that could complement or advance that economic and community development priorities of the DMC corp. board, including:

1. Sustaining and improving the park as a signature public space within the DMC Education-Recreation sub-district
2. Providing additional and enhanced public amenities that for inclusive and equitable use by residents, patients, downtown employees, and visitors
3. Utilizing contemporary, sustainable design and construction practices

Staff also noted that Soldiers Memorial Field Park will remain an integral part of an inter-connected public realm:

1. The park lies at the southern terminus of Discovery Walk, and improved park amenities will encourage people to use and experience Discovery Square’s signature public space (at its north end, Discovery Walk will connect to Mayo Clinic’s Annenberg Plaza and the adjoining Peace Plaza)
2. To the east of the park, construction of the 6th Street S.E. public space and bridge and the expected development of the Downtown Waterfront Southeast commercial and residential district will likely increase park use.

Following the November 2022 DMC Corp. board meeting, City staff employed a Community Co-design model to ensure the community was integrated into the design process and project continues to be a community supported project. This resulted in two alternatives to be presented to the Park Board and City Council

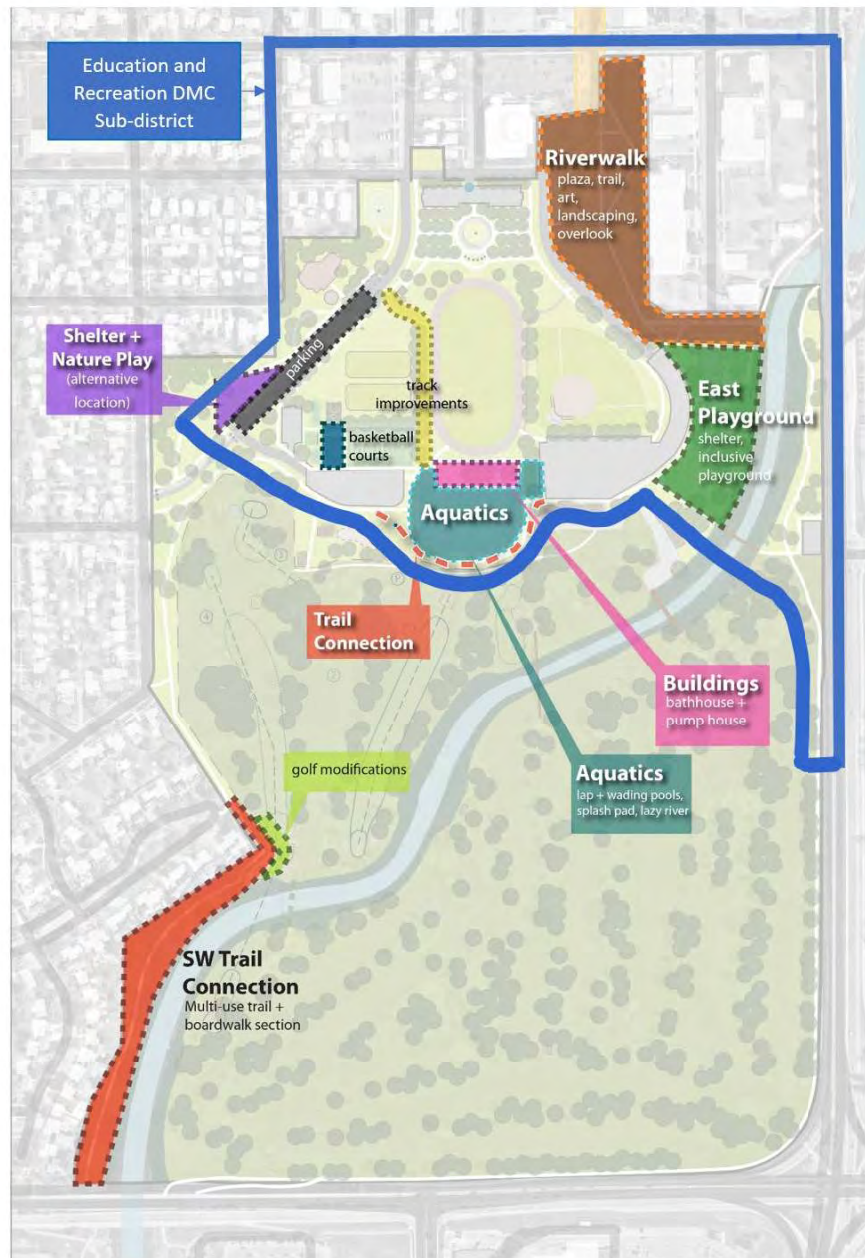
On January 17, 2023, the Rochester Park board voted to recommend that the Rochester City Council accept the Preferred Alternative plan.

On January 23, 2023, the Rochester City Council reviewed both public realm concepts and by consensus directed City staff to proceed with the Preferred Alternative plan.

Recommendation

DMC EDA and City staff recommend that the DMC Corporation and Rochester City Council provide final approval of the following 2023 DMC CIP expenditure:

- 1) Education-Recreation Subdistrict (Soldiers Memorial Field Park): Public Realm Planning, Design, and Construction: Up to \$10,000,000 to finance a portion of the construction, bid documents, and associated soft costs of the Preferred Alternative (concept image below) which qualify as a DMC “public infrastructure project” within the currently-defined DMC development district.





Additionally, the DMC EDA recommends that the DMC Corp. make any expenditure of the funds by the City of Rochester contingent upon the adoption of a final design that does not substantively alter the new and enhanced park amenities included in the Preferred Alternative Plan:

- Aquatics
- West Nature Play and Shelter
- Parking and Track Improvements
- Basketball Courts
- East Playground Improvements
- Downtown Riverwalk
- Southwest Trail Extension

Financial Considerations

Current cost estimates for the Preferred Concept Alternative total \$20.1 million as outlined below:

COSTS/ALLOCATIONS	
Concept Level Cost Estimate	
Preferred Aquatics Concept	\$12M
West Nature Play + Shelter	\$600K
Parking + Track Improvements	\$200K
Basketball Courts	\$150K
East Playground Improvements	\$850K
Downtown Riverwalk	\$750K
Southwest Trail Extension	\$500K
<i>Design/Engineering (15%)</i>	<i>\$2.26M</i>
<i>Inspections/Fees/Permits</i>	<i>\$100K</i>
<i>Contingency (10%)</i>	<i>\$1.5M</i>
<i>Mobilization (8%)</i>	<i>\$1.2M</i>
Estimated Total	\$20.1M
Funding Allocations	
Federal Grant	\$5M
State Grant	\$250K
DMC funding	\$10M
City Referendum	\$7M
Total Funds	\$22.5M

Requested DMCC Action

Approve the attached resolution: “Providing Final Approval for the Expenditure of Funds from the 2023 CIP Budget for the Soldiers Field Project”

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. __-2023

**Providing Final Approval for the Expenditure of Funds from the 2023 CIP Budget
for the Riverfront Redevelopment Project**

BACKGROUND RECITALS

A. The Development Plan adopted by the DMCC on April 23, 2015, as amended (the “Development Plan”) recognized the waterfront along the Zumbro River as a significant opportunity for development and public space.

B. Significant planning and preparation has focused on two central waterfront properties totaling 5.5 acres for redevelopment: the western site, approximately 2.5 acres owned by the City, is located between Second Street and Fourth Street and between Broadway and the Zumbro River, and the eastern site is bounded by Fourth Street, Third Avenue, and the Zumbro River (collectively, the “Riverfront Project”). This redevelopment project, led by the City of Rochester (the “City”) and its consultants and staff, with significant community engagement and input, culminated in the Riverfront Small Area Plan for these two sites. The City adopted the Riverfront Small Area Plan in the City’s Comprehensive Plan on July 18, 2022.

C. The Riverfront Project is located in the development district boundaries as adopted in the Development Plan (the “Development District”) and in the Waterfront subdistrict as described in the Development Plan.

D. In the 2023 Five Year Capital Improvements Plan, (the “2023 CIP”) approved by the DMCC on September 22, 2022, the DMCC preliminarily approved riverfront planning and design in the amount of \$1,000,000, and found that the projects described in the 2023 CIP were public infrastructure projects, consistent with the Development Plan. The DMCC reserved the right to grant final approval of funding upon final determination of scope, costs, and availability of funds.

E. Minnesota Statutes, Section 469.40, subdivision 11, defines “public infrastructure project” as “a project financed in part or in whole with public money in order to support the medical business entity's development plans, as identified in the DMCC development plan” and expressly includes, among other items, the ability to:

- (1) acquire real property
- (3) remediate land and buildings as required to prepare the property for acquisition or development;
- (4) install, construct, or reconstruct elements of public infrastructure required to support the overall development of the destination medical center development district including, but not limited to, utilities systems and related facilities, utility relocations and replacements
- streetscape improvements, drainage systems, sewer and water systems,

landscaping, . . . and other components of community infrastructure. . . (6) install, construct, or reconstruct, furnish, and equip parks, cultural, and recreational facilities, facilities to promote tourism and hospitality [and] (7) make related site improvements including, without limitation . . . site improvements to support the destination medical center development district . . .” Minn. Stat. § 469.400, subd. 11 (2022).

F. Staff for the City and Destination Medical Center Economic Development Agency (“EDA”) now request that the DMCC give final approval of an amount not to exceed \$800,000 from the 2023 CIP budget for advanced site design and planning, including modifications to the river channel wall managed by the Army Corps of Engineers, structural analysis of the Red Owl/Time Theater building, studying skyway connectivity, floodwall integration, landscape and architectural design and public realm development, and acquiring the property owned by Olmsted County and located at 322 and 330 3rd Ave SE in accordance with a fair market value appraisal, and continued study and analyses with respect to design and development. This request is attached as Exhibit A.

RESOLUTION

NOW THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that:

(1) the Riverfront Project is located within the Development District;

(2) the site acquisition, ongoing site design and planning, structural analysis, public realm analysis, river channel wall evaluation, and other studies related to the next phase of work on the redevelopment of the Riverfront Project is a public infrastructure project within the meaning of Minnesota Statutes, Section 469.40, subdivision 11, which includes acquiring real property, preparing property for acquisition or development, installing, constructing, or reconstructing elements of public infrastructure to support the overall development of the Development District; and

(3) funding is hereby approved for these purposes in an amount not to exceed \$800,000.

BE IT FURTHER RESOLVED, that the Board requests the City and EDA staff provide regular updates with respect to this next phase of work on the Riverfront Project.

BE IT FURTHER RESOLVED, that the Board reserves the discretion to grant final approval for the balance of the funds remaining in the 2023 CIP budget upon completion of this phase of the work and upon recommendation of the City and EDA staff.



February 3, 2023

TO: Destination Medical Center Corporation

From: Patrick Seeb, Executive Director, DMC Economic Development Agency
Cindy Steinhauser, Deputy Administrator, City of Rochester

RE: Recommendation to Provide Final Approval of Expenditure of Funds for
Redevelopment of the Downtown Riverfront

Background

In July 2021, the City of Rochester, in partnership with the DMC EDA, issued a request for proposals to create a Small Area Plan for the redevelopment of two sites along a portion of the Zumbro River downtown riverfront. Gamble Associates, an architecture, urban design, and planning firm, was selected to create the small area plan.

The preparation of this plan included significant community engagement and input:

1. Co-design committee sessions
2. Five “Riverfront Talks” public meetings
3. Seven listening sessions
4. Four site walk-throughs
5. Twelve focus groups
6. More than twenty presentations to the public and stakeholder groups
7. More than fifty coordination meetings
8. More than 345 comments from virtual meetings and the plan website

On July 18, 2022 the Rochester City Council unanimously approved adoption of the Riverfront Small Area Plan into the City’s Planning 2 Succeed (P2S) Comprehensive plan. The redevelopment site is located in the Waterfront Sub-District of the DMC Development District described in the DMC Development Plan. Currently, the use of these riverfront sites is primarily public parking, including surface lots and a four-story parking garage. In contrast, the City-approved plan includes approximately two-and-a-half acres of public space and sites for 500,000-700,000 square feet of potential in-fill development.

The plan identified a series of next steps:

1. Conduct Interim Activation in partnership with the Rochester Downtown Alliance
2. Advance flood wall work with the Army Corps of Engineers
3. Complete due diligence analysis of Red Owl/Time Theater building
4. Site acquisition from Olmsted County (Mr. Muffler site)
5. Site preparation
6. RFQ/RFP preparation

On September 22, 2022, DMC EDA and City of Rochester staff presented the proposed 2023 DMC Funding Request to the DMC Corporation at its regular public meeting. The presentation included two elements related to the riverfront development:

- 1) An overview of the Riverfront small area plan, including an outline of next steps
- 2) 2023 Capital Improvement Program (“DMC CIP”) allocation for riverfront planning and design (up to \$1,000,000)

The funding request, including the budgets noted above, was approved by the DMC Corp. board.

Illustration of Riverfront area:



Recommendation

DMC EDA and City staff now recommend that the DMC Corporation receive and file the City-approved Riverfront small area plan.

Staff further recommend that the DMC Corporation and Rochester City Council provide final approval of up to \$800,000 in DMC General State Infrastructure Aid (GSIA) sourced from the approved \$1,000,000 “riverfront planning and design” DMC CIP budget for the following 2023 DMC CIP expenditures:

1. Riverfront site activation, design and engineering: Up to \$350,000 of this amount will be used to advance the next steps presented at the September 2022 DMC Corp. board meeting, including:
 - a. Working with appropriate State and Federal agencies to discuss necessary modifications to the river channel wall managed by the Army Corps of Engineers.
 - b. Red Owl/Time Theater property analysis:
 - i. affirming existing building conditions
 - ii. development of redevelopment design alternatives, including conceptual building floor plans, material concepts, architectural character, circulation and floodwall and landscape integration



- iii. assessment of potential skyway connectivity
- c. Site design and development preparation:
 - i. advance public realm programming
 - ii. Coordinate civil, architectural and landscape design, including the use of community co-design, in preparation for developer solicitation
 - iii. Produce materials for developer solicitation of the site
- 2. Olmsted County property acquisition: Up to \$450,000 in DMC GSIA to provide for the City of Rochester’s purchase the Olmsted-County-owned “Mr. Muffler” site at 322 and 330 Third Avenue Southeast at an amount determined by an appraisal of the property’s fair market value. If approved, it is expected that this purchase will close by the end of the March 2023. This purchase is being completed to advance the goals of the DMC development plan, the recently approved Riverfront small area plan, and is in conformity with the eligible uses of DMC funding under State statute (namely, to “acquire real property...” and “prepare land for private development...”).

Also, the City of Rochester is preparing a Brownfield Program application for submission to the Minnesota Pollution Control Agency to potentially secure additional site preparation funding.

Next Steps

It is expected that the advanced site design and engineering work will be completed in 2023 and that developer solicitation will follow.

Financial Considerations

No new or additional funding is being recommended at this time. The City staff and DMC EDA recommendation described above provides for the expenditure of previously-budgeted 2023 DMC CIP funds.

Requested DMCC Action

Approve the attached resolution: “Providing Final Approval for the Expenditure of Funds from the 2023 CIP Budget for the Riverfront Redevelopment Project”

Mobility

To: DMCC Board of Directors
 From: DMC EDA
 Date: February 3, 2023



Request of the board of directors:

No action requested.

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. The operation of the system will be fare free thanks to Mayo Clinic’s ongoing operating support.

Upcoming BRT Milestones:

- Complete key state and Federal environmental reviews and risk assessments (mid-2023)
- Vehicle design consideration (May 2023)
- Bid process commences (4Q 2023)
- Finalize vehicle design and place order (4Q 2023)

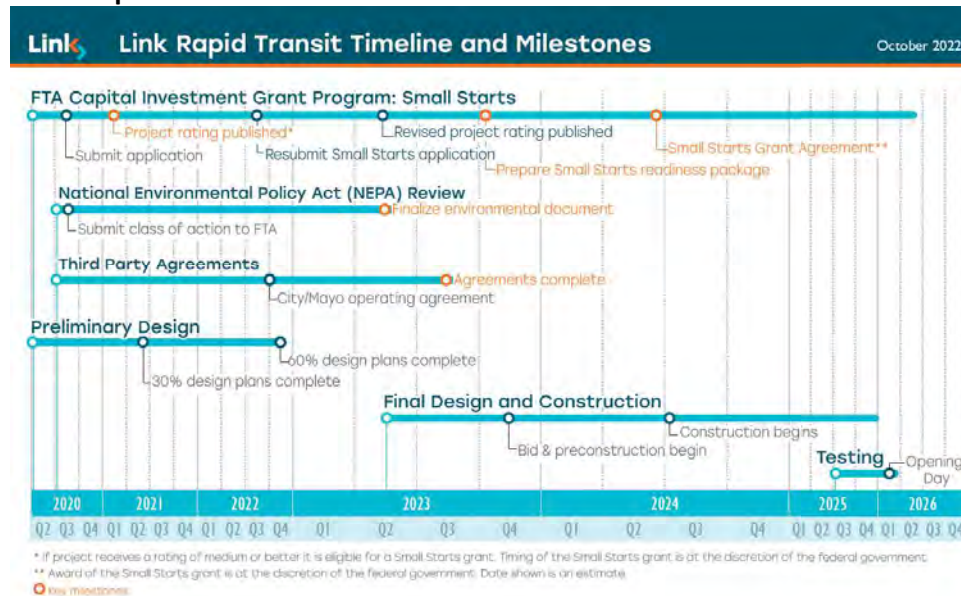
Fulfilling the DMC Vision, Mission, and/or Goals:

DMC EDA Staff are working in collaboration with the City staff and the consultant team, SRF, with a continued focus on the goal of creating a world-class experience that centers equity of access and foregrounds BRT as a desirable consumer choice.

Current Status:

BRT design 60% complete, now commencing further design, and finalizing NEPA for Q2 2023 completion.

Next Steps:



Rapid Transit Corridor Development

To: DMCC Board of Directors
From: DMC EDA
Date: February 3, 2023



Request of the board of directors:

No action requested.

Background:

The DMC vision for the West Transit Village is to provide an authentic place where people want to be and leverage the opportunity to make the BRT journey better than a trip in a private single occupant vehicle.

To realize this ambitious vision, Mayo Clinic, the City of Rochester, DMC and a private developer need to collaborate to transform this Mayo Clinic-owned property adjacent to Cascade Lake. The parties have agreed to a public-private partnership approach but are also mindful of the FTA transportation funding schedule for the transit elements of the site as well.

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

The DMC goal of mode shift for transportation requires a significant portion of commuting trips downtown to shift away from Single Occupant Vehicle (SOV) trips and towards other modes including Bus Rapid Transit. The West Transit Village is a key element of enabling the BRT to function well and provide an experience befitting the goal of DMC vision of a world class destination.

Approvals, milestones, and decision points:

Since the last Board meeting, further interviews were conducted with the short-listed finalists, and Mayo Clinic identified a preferred development partner.

Next steps:

1. Bring on a development partner prior to finalizing site details with the FTA. Projected schedule:
 - a. Mayo Clinic identified a preferred partner at year-end 2022
 - b. 1Q 2023 – develop conceptual development site plan and BRT infrastructure plan for the site, in conjunction with Mayo Clinic, DMC and the City of Rochester
 - c. Spring 2023 – preliminary plan ready for Risk Workshop with the FTA
2. Partnership selection process:
 - a. Experience with complicated developments, including experience with TOD, multiple decision makers and the FTA
 - b. Commitment to Mayo Clinic, DMC and City of Rochester goals
 - c. Willingness to work quickly to shape the final site plan (see schedule above)
 - d. Approach to pricing site acquisition
 - e. Quality of proposed team (e.g., design partner)
 - f. Financial wherewithal to complete the project
 - g. Community engagement experience and success
 - h. History of developing for sale vs. maintaining ownership

The Downtown Taskforce

To: DMCC Board of Directors
From: DMC EDA
Date: February 3, 2023



Request of the board of directors:
Feedback and advice

Background:

The COVID-19 pandemic has impacted Rochester, MN and downtowns across the world in ways most could not predict. Destination Medical Center played a vital role during the height of the pandemic. DMC helped to convene Rochester Ready, a group of organizations (Rochester Downtown Alliance, the City of Rochester, Experience Rochester, Rochester Area Economic Development Inc., the Rochester Area Chamber of Commerce, Mayo Clinic, and the Diversity Council), that serve the downtown community, to support businesses during the immediate crisis, developing and offering many new tools, resources, programs, etc. These included new loan/grant programs, parking strategies, marketing, communications, special promotions, and the like.

As we enter a more endemic phase of COVID-19, downtowns will need to continue to adjust. Day-time workforce patterns, travel schedules, shopping expectations, and many other pre-pandemic experiences have dramatically changed, impacting downtowns in various ways. DMC staff have studied other cities across Minnesota and the country throughout the pandemic to learn how other cities are adjusting their plans.

Recently, in Mayor Norton’s State of the City address, she indicated that the Rochester Ready group, with DMC playing a lead role, will reconvene, along with downtown businesses, property owners, residents, and other stakeholders, to develop a recovery action plan. Specifically, she has requested that the group use an accelerated model that would result in the development of a plan in 90 days that includes clearly defined short- and long-term actions.

The group has come together multiple times over the past 30 days to identify potential approaches and resources needed to build a recovery action plan.

Alignment with DMC Objectives:

DMC has agreed to help convene and lead the task force because of its alignment with DMC’s goal to achieve the highest quality patient, companion, visitor, employee, and resident experience, now and in the future.

Jamie Rothe, DMC EDA Director of Community Engagement and Experience, is leading as a project manager. A draft timeline is included below:



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

DMC is a 20-year economic development initiative established to invest in long-term infrastructure and community needs. To reach the vision and goals established by the legislation and boards, DMC must address the short and long-term impacts the pandemic has had on downtown Rochester. By leading the Downtown Recovery Taskforce, DMC continues to maintain critical relationships in the community.

Work plan or capital improvement budget implications:

None currently.

Business Development Market Research

To: DMCC Board of Directors

From: DMC EDA

Date: February 3, 2023

Request of the board of directors:

Feedback and advice

Research Objectives

- To better understand how two key audiences feel about the Rochester region as a business destination.
- Measure baseline awareness of the market, and positive and negative perceptions of the market, to understand the likelihood of a firm to relocate/expand.
- To better inform our recruitment and expansion marketing plan, to reach the target audiences where they are located, and to ensure our key messages will resonate.

Research Methodology

- Ten in-depth interviews with key audience members to better inform our quantitative instrument.
- A ~30 question online survey delivered between the dates of December 15-31, incented with a \$50 gift card.

Audiences

- Group A: Executive decision makers from high growth life science companies located primarily in the US, Canada, and Western Europe.
- Group B: Corporate real estate executives, site location consultants, tax & incentive consultants, and various other economic development connected professionals from around the world.

Baseline Awareness Metrics (Executives)

- 79% have worked with Mayo Clinic, or feel they know a decent amount about the Clinic.
- 28% have visited Rochester, or feel they know a decent amount about the area.
- 2% feel like they know at least a decent amount about Destination Medical Center.

Baseline Awareness Metrics (Real Estate & Consulting)

- 79% have worked with Mayo Clinic, or feel they know a decent amount about the Clinic.
- 35% have visited Rochester, or feel they know a decent amount about the area.
- 8% feel like they know at least a decent amount about Destination Medical Center.

General Perceptions (Executives)

- Pros
 - Presence of Mayo and the possibilities that represents is the #1 positive perception.
 - Belief Rochester/Minnesota represents a more affordable place to live and work is a positive, especially compared to major metros on the coasts.
- Cons
 - Negative perceptions around Rochester being rural/remote/cold and how that would impact a company's ability to recruit and retain talent.
 - Lack of understanding related to Mayo's footprint, capabilities, and research program.
- Neutral
 - Generally unfamiliar with the region, concern there isn't a thriving life science ecosystem.

General Perceptions (Real Estate & Consulting)

- Pros
 - Presence of Mayo, and what that could represent in relation to talent attraction and the local ecosystem is the most positive perception.
- Cons
 - Negative perception that the life science cluster/ecosystem is limited, talent is limited, supply chain is limited.
 - Market is small/disconnected/isolated.
- Neutral
 - Perceptions don't exist, most common answer was "I don't know anything about it."

Decision Drivers of Labor, Location, Costs and Community:

- Labor
 - Overall talent pipeline is the top factor for both groups surveyed, followed by availability of scientists, of technicians, and regulatory expertise.
- Location and Costs
 - Easy transportation access top factor for business executives, while turn-key lab space top factor for real estate and consulting.
- Community
 - Being part of a thriving ecosystem the top factor for both groups, followed by proximity to innovation and quality of life.

- Decision driver key takeaways
 - Companies will pay a premium for a consistent talent pipeline that is predictable over time.
 - Access to high end talent holds a premium over access to entry/mid-level talent.
 - Business executives and real estate/consulting audiences have different motivators and messages need to be tailored for both.
 - Prepared sites such as turn-key lab space removes uncertainty and is a priority for site consultants.
 - Building an active, engaged and thriving life science ecosystem needs to be a priority.

Other Takeaways

- Feelings toward Mayo Clinic are overwhelmingly positive.
- Connecting Rochester/DMC to Mayo Clinic makes all audiences more likely to recommend the area.
- With minimal education, respondents feel Rochester is a feasible project location.
- Creating a thriving ecosystem made up of experienced industry partners is the most viable type of support DMC can provide.
- Being unfamiliar with opportunities in Rochester is our single biggest barrier to success.
- Our ability to make ourselves “bigger” by connecting the Rochester market with MSP will improve perceptions about our size.

Recommendations

- Build Awareness
 - Aggressively work to build awareness of Rochester as a high-quality business destination, DMC as a significant source of investment support, and Mayo Clinic’s close connection to both. Awareness will lead to consideration, and consideration to conversion.
- Build Infrastructure
 - Continue to build the life sciences infrastructure that makes our community less risky, more investment ready, more interconnected, and more dynamic. Bigger, better infrastructure is how we can level the playing field.
- Build Ecosystem
 - Make defining, developing, and engaging our local life science ecosystem a priority. Our short-term success will come from within, and our long-term value proposition will be largely based on that success.

2023 Q1 Business Development & Business Marketing Program

To: DMCC Board of Directors

From: DMC EDA

Date: February 3, 2023

Request of the board of directors:

No action requested.

January

- Facilitate 2023: Advanced gene therapy focused conference
- Arab Health 2023: Large medical device and healthcare technology industry event, DEED partnership.

February

- San Francisco lead generation campaign: cell and gene therapy, healthcare technology, radiopharma focus
- San Francisco consultant outreach

March

- Site Selectors Guild Annual Meeting, DEED partnership

Discovery Square

To: DMCC Board of Directors
From: DMC EDA
Date: February 3, 2023



Request of the board of directors:

No action requested.

Discovery Square Strategy Updates

The Discovery Square strategy includes six key elements that guides our workplan:

- *Space*
 - Demand study being done to understand the need for Discovery Labs life science infrastructure. See detail below.
 - Conference/event space in Two Discovery Square under construction.
- *Businesses*
 - Nucleus RadioPharma applying for MN DEED incentives.
 - Curating a list of about 40 healthcare technology companies now in the Rochester community.
 - Awareness and perception research underway, see separate report.
- *Access to Mayo Clinic*
 - Made referrals to Innovation Exchange, Development, Mayo Clinic Platform, Advanced Diagnostics, and multiple researchers in the past three months.
 - Updating processes to track metrics like this.
- *Ecosystem*
 - Market awareness surveys identifying this is significant influencer on decision-making.
 - Identifying community partners for a regular networking/gathering event for tech companies.
 - Developing a communications program that provides regular updates on companies, technologies, and people in the Discovery Square Innovation District.
- *Capital*
 - Rochester Economic Development Fund, administered by RAEDI to help retain, grow, and diversify the local economy, has approximately \$1.3M available.
 - Southeast MN Capital Fund closed fundraising for second fund at \$7M in 2022.
- *Workforce*
 - Funding request for development of a Simulation Lab for advanced workforce training has been submitted to the MN legislature by the Greater Rochester Area Universities and Colleges.

Other Discovery Square Updates

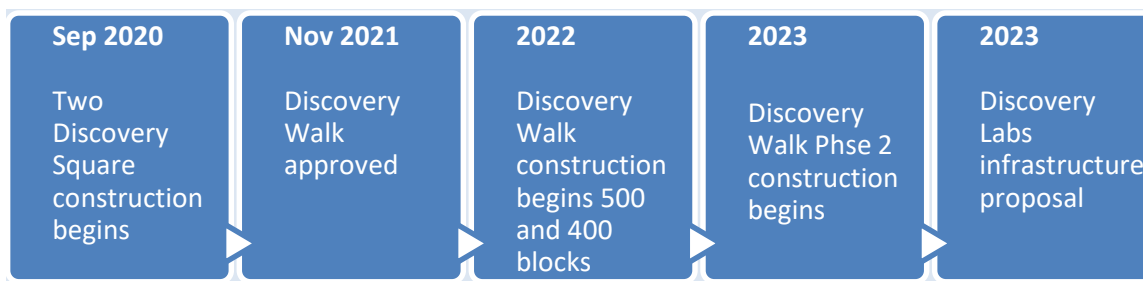
- Discovery Walk construction on hold for the season.
- Kellen Research Building construction continues.
- Mayo parking structure construction continues.

Life Science Infrastructure

- What it is: Community infrastructure for technology, workforce, and economic development
 - The Wet Lab: Low-cost laboratory space for life sciences startups
 - The Maker Lab: Where tinkerers solve problems with tech
 - The Sim Lab: Simulated healthcare space for advanced workforce training

- Objectives of this infrastructure:
 - Attract early-stage companies and the follow-on economic impacts
 - Advanced training for workforce development
 - Be a resource for businesses and the community
- Market demand study for multi-tenant Lab Facilities (MTLF) currently underway, including:
 - Interviews of representatives from relevant companies and key researchers from Mayo and other organizations in relevant fields to probe required resources.
 - An asset inventory of existing facilities, programs and resources utilized by the regional life science community and evaluate use levels and barriers to use of services.
 - A user survey of the existing programs and facilities to assess needs.
 - Best practices from programs located in similar markets

Approvals, milestones, and decision points:



Heart of the City

To: DMCC Board of Directors
From: DMC EDA
Date: February 3, 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. The project broke ground in April 2020.



Project Update

Items to be completed:

- Catenary lighting system installed 2023

Post-occupancy Analysis

- Gehl, an urban design and research consultancy, led onsite post-occupancy analysis, September 2022
- Final report completed, November 2022
- Additional data gather during winter and summer seasons
- Update provided at upcoming DMCC board meeting, 2023

Chateau Theatre Update

In May 2022, Rochester City Council approved Threshold Arts as the interim operator of the Chateau Theatre. Since that time, Threshold Arts has partnered with many community organizations to activate the space. It is estimated that approximately 14K people have attended programming at the theatre since May 2022.

There are multiple improvement projects planned for the Chateau this year including adding ADA restrooms, improved sound and lighting, and improvements to the HVAC system.

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:



Private Development Projects in the Pipeline

To: DMCC Board of Directors
 From: DMC EDA
 Date: February 3, 2023

Request of the board of directors:

No action requested.

Background:


While all private development projects submitted to DMC must meet the “but for” test, DMC EDA staff evaluates each submitted project against the priorities set by the Board before developing a recommendation for the Board. Below is a summary of Board priorities as staff understand them:





- Geographic priorities: Heart of the City, Discovery Square, TOD corridor
- Product Type: Preferencing med-tech and workforce housing development
- Prioritize projects most likely to achieve DMC goals: private investment, job creation, tax base growth
- Validate market demand; support first-in-market opportunities
- Meet or exceed Sustainability targets
- Contribution to City of Health experience goals

Areas of focus adopted as part of the Phase 2 development update (Nov. 2020 adoption):

- Economic diversification
- Housing affordability
- Mainstreet innovation
- Local entrepreneurs
- Local minority and women-owned business capacity

Below is a selection of the active conversations underway with private developers within the DMC District. Inclusion on this list does not mean that these projects will ultimately apply for DMC funding, but rather is included to give you an overview of what kinds of projects are currently being contemplated within the district that *may* come forward in the future for a funding request.

HOUSING	
	<p>In fall 2021, The City of Rochester issued a RFP to developers for the parking lot across from the Civic Center. The City elected to enter exclusive negotiations with Sherman Associates as the preferred development partner, and are in the midst of those negotiations. Potential alignment with the District Energy system under development in downtown is also being explored with this project.</p>
<p>Civic Center North Lot</p>	<p>Staff participated in the review process and may potentially support use of funds for this project.</p>
<p>West Transit Village (WTV)</p>	<p>The western terminus of the LINK Rapid Transit line is envisioned as a transit village that will accommodate several hundred units of housing and amenity retail in addition to the transit and parking infrastructure needed on the site. Mayo Clinic is in active negotiations with their selected developer partner.</p>

 <p>CityWalk Apartments</p>	<p>This is an approximately 140-unit market rate apartment building planned for the south side of 2nd Avenue and 6th Street. They have received Main Street grant funding.</p>
 <p>YMCA Development</p>	<p>Redevelopment of the downtown YMCA site into approximately 215 units of multifamily housing including some ground floor live-work spaces. Thoughtful integration of the project into the adjacent Soldier's Field and the approach to affordability levels are main topics of discussion.</p>
HOSPITALITY	
 <p>Olmsted Bank Building</p>	<p>This project is planning to build 4 stories of boutique hotel on top of an adaptive reuse of the existing bank building for a restaurant/cafe use on the ground floor.</p> <p>The project was awarded \$200,000 in Main Street Grant funds and is in conversations regarding a second application.</p>
 <p>Post Office</p>	<p>The Post Office building on Broadway is owned by a Utah-based hospitality developer with local ties.</p> <p>Owners of the building are proposing a 140-key boutique hotel for longer-term travelers. The developer is interested in sustainability and considering a flag that aligns with this environmental approach.</p> <p>This project has submitted a TIF application to the City of Rochester and has an application into the Main Street grant program.</p>
OFFICE/LAB	
<p>Three Discovery Square</p>	<p>An application has been submitted for Mortenson's DS3 project that proposes a 7-story speculative building that is half lab space half CGMP space (clean manufacturing). DMC EDA staff is in early review of the submitted materials along with City staff.</p> <p>Mortenson has commissioned HR&A to do a complete economic impact analysis of DS1, DS2 and DS3 that is being refined, as well as signed its first lease in Discovery Square 2 with NRI and Mayo. Mortenson is seeking to hit 50% leased in 2DS before moving forward with 3 DS.</p>

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

DMC aims to support private investment that is in line with the overall mission of the DMC Initiative. The 20-year goal is to attract more than \$2.1B of non-Mayo private investment.

Approvals, milestones, and decision points:

As projects further develop their plans, we will continue to update the Board and if an application for funding is submitted the formal review process will begin.

Main Street Economic Revitalization Program Grant

To: DMCC Board of Directors
From: DMC EDA
Date: February 3, 2023

Request of the board of directors:

No action requested.

Context

- DMC EDA applied for and was awarded \$3.12M funding (\$3M for grant award for capital projects in the DMC district, \$120K for administrative costs) by MN DEED.
- Funds can support up to 30% of cost of new projects (not already completed or in-flight projects), remaining funds to come from other sources.
- Grant awards can range from a minimum of \$3K (meaning a \$10K project) and a maximum of \$750K (meaning a \$2.25M project).
- Target opportunities for businesses led or owned by BIPOC, women, and/or veteran community members.

Program Update – through January 2023:

- Awarded funding to 45 projects, total awards of \$2.48M
- Total Project Costs = \$51.2M (est)
- Uses:
 - Retail & restaurant: 27
 - Office/Mixed-use: 9
 - Non-profit: 5
 - Housing/lodging: 4
- 13 awardees (29%) are BIPOC owned/led
- 14 awardees (31%) are non-BIPOC woman-owned/led businesses.
- Announced Round 2 funding available in December 2022, outside of DMC district.

District Energy

To: DMCC Board of Directors
From: DMC EDA
Date: February 3, 2023

Request of the board of directors:

No action requested.

Project Updates:

1. The City and DMC are partnering on a utility rate analysis and an analysis of organizational options for the City. This work is needed given the potential new scope of the project that may include federal funds and the possibility of use of remaining DMC funds if private development is served. Work is continuing with Sherman Associates on the North Civic Center lot to connect this development to the district energy system. The Sherman project is working to finalize their project and financials this summer to pursue state bonding support for their affordable housing project. This project is likely to come forward with an official request for funding at the Q2 meeting.
2. With the release of the Inflation Reduction Act (IRA), the City is internally reviewing the possibility of re-scoping its project to maximize this opportunity to electrify its heating and cooling systems. Through the IRA, the project could have anywhere from 30-50% project funding support from the federal government. The City Project lead is preparing a presentation and summary for Council action in February or March 2023.
3. As part of this change, there is an opportunity to connect these City buildings, the Sherman site, and additional future parcels. To connect these parcels, an ambient loop will need to be installed. To pay for this loop, estimated at ~\$4M, the project is identifying potential additional funding sources such as DMC, State, City and third party operator/financer funds. At this point, the DMCC has approved \$1.5M for the DES project to help private development connect to the system. An investment in the ambient loop would likely qualify for IRA funding. Depending on Council action in January and state bonding conversations between the City and State, there may be a future request for DMC funding to cover the cost difference and seek IRA reimbursement (30-50% of the overall cost) which would return to the DMC.



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

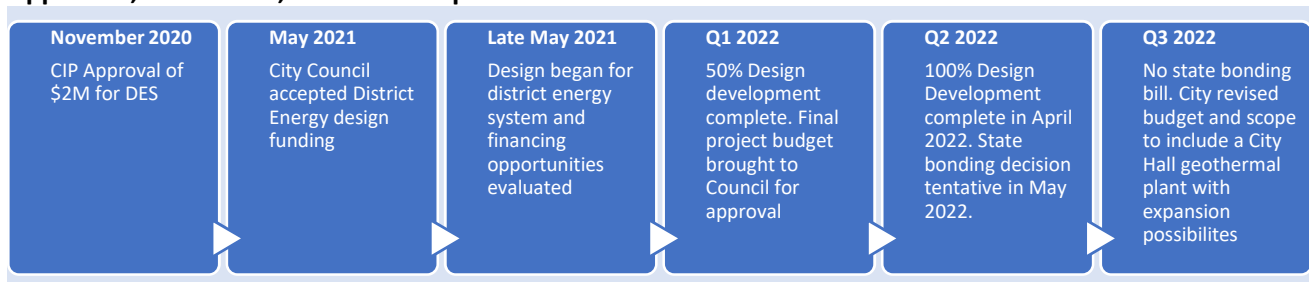
Recognizing the role that a downtown district energy system could have on realizing its energy consumption and carbon footprint reduction goals, DMCC authorized \$2 million in the 2021 and 2022 Capital Improvement Program, building off prior investment in preliminary engineering studies in 2019 and 2020.

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
- 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 may operate the system in its initial stages. Further analysis is needed on operating models for the initial DES and long-term DES.
- Additional planning will be conducted to connect the system to the South of Downtown Waterfront Site Development.

- The City of Rochester and DMC EDA partnered on an economic analysis of the district energy system that will deliver three 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. The test bores showed the aquifers have favorable underground conditions to support their use for aquifer-based heat pump development.
- In May 2022, the state legislature did not support a bonding bill this year, so some of the funding to support the full vision of the project did not materialize.
- The City adjusted its scope and inherent budget to include a geothermal system that would heat and cool City Hall and can be expanded over time to connect to redevelopment sites either publicly or privately owned. The other City buildings will receive natural gas boilers to heat their facilities.
- In August, the City also received notice of \$2M of federal funding to help support the installation of geothermal and other renewable energy sources tied to the district energy concept. One potential use of these funds would support the district energy concept, and likely establish a northern geothermal plant site that would serve Mayo Civic Center and the North Civic Center parking lot redevelopment site.

Approvals, milestones, and decision points:



McKnight Grant Update

To: DMCC Board of Directors
From: DMC EDA
Date: February 3, 2023



Request of the board of directors:

No action requested.

Project Update:

- The DMC EDA has been communicating with McKnight grant officers for their Climate and Energy Program and Vibrant and Equitable Communities Program. The DMC provided an update to the McKnight team in November on our progress toward our grant objectives and is working to continue our collaborative relationship for the next two years. The current grant support period will end in March 2023. The DMC EDA was invited to apply for another round of Climate and Energy funding. The team is following up on an opportunity to consider an application to their Vibrant and Equitable Communities Program as well.

Background:

- The McKnight Foundation has supported the DMC EDA's sustainability activities since 2017 in the sum of \$150,000 over two-year periods.
- 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 2022 operating and CIP funds. The McKnight funds would help to support the work plan objectives outlined above.

Approvals, milestones, and decision points:

The DMC EDA team is currently working to apply for additional funds from 2023-25 to support our sustainability and equitable development programs. This new funding cycle would start in March 2023.

Housing

To: DMCC Board of Directors
From: DMC EDA
Date: February 3, 2023



Request of the board of directors:

No Action Requested

Workplan Update:

To meet the downtown housing demands outlined in the background section of this update, the DMC EDA has developed a housing strategy within the 2022 workplan. Below is a summary of the strategies and progress on them since the last update.

1. Share market needs and recruit developers to deliver the various housing products needed within the downtown
 - Real Estate Summit Focused on Housing –
 - The summit occurred on May 12, 2022 and welcomed over 150 participants. A summary of the event and its outcomes was shared with the board and community groups.
 - Prioritized recruitment and developer host visits –
 - Visits have been scheduled as part of the Housing Summit and following the event. Since January, the Team has met with seven new housing developers to learn about the Rochester housing market and economic development.
 - Establish a nation-wide housing developer analysis to broaden interest in the Rochester housing market
 - Work is continuing to develop local, regional and national housing relationships to share about the Rochester market opportunity.
2. Collaborate with public and private partners to realize the downtown and community-wide outcomes
 - Rochester Housing Coalition Leadership Council Member
 - Complete. Further, the DMC EDA, County and City housing leaders have set up regular meetings to move our collective housing initiatives forward coming from the Housing Coalition Leadership meetings.
 - Understand past housing development progress in the downtown and its relationship to the projected market needs
 - Data is compiled.
3. Establish a policy and financial framework to realize the downtown housing market demand leveraging existing and new tools, and novel approaches
 - Update: This analysis is close to completion and will be shared with the Coalition for Rochester Area Housing in late January 2023. We will include the report and its findings with the DMC EDA board at the Q2 meeting.
4. Learn best practices from across the US and determine applicability to downtown Rochester
 - We are developing our approach for housing related conferences for 2023. Opportunities include Urban Land Institute (ULI) conferences, other national conferences and local and regional gatherings.
 1. In January, Wafa and Kevin are attending a development proforma workshop offered through ULI Minnesota. This will help our development team review private development proformas and ensure the judicious use of DMC infrastructure funds.

In terms of next steps, the Team will work to continue to advance the work described above to reach our targets. Three priorities are to continue conversations to grow developer awareness of Rochester, particularly developers of color; the second is to finalize the housing analysis scope of work and identify a firm to complete this body of work; and the third is to continue to identify and evaluate predevelopment support programs throughout the state to inform a Rochester program.

Background:

The downtown housing market demand for market rate units, affordable and subsidized units, and senior housing units by 2030 are summarized below. In previous board packets, a full summary and explanation of the data and its sources were included.

- **1,213 affordable and subsidized units** at varying levels of affordability
 - 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
- **1,840 market rate units** of varying type and affordability
 - 1,472 market rate rental
 - 236 multifamily for sale
 - 132 single family for sale
- **919 senior housing units** of varying type and affordability
 - 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
- Total: **3,972 housing units** needed by 2030 (22% of county-wide housing market demand)

Equitable Economic Development

To: DMCC Board of Directors
From: DMC EDA
Date: February 3, 2023

Request of the board of directors:

No action requested.

Workplan Update:

Based on the direction of the DMCC Board, the DMC EDA has endeavored to pursue DMC economic development goals in an equitable and inclusive manner. Below, the EDA has described recent efforts advance equitable economic development strategies.



1. Community Co-Design Updates:

- a. **Community and Individual Capacity Building:** We launched our first community co-design facilitator training. We invited eight members of our community to participate in an eight modules course designed to train the participants on how to facilitate co-design projects. The course began in January and will end in April. We will provide two additional cohorts in 2023 through early 2024. We invited community and organization leaders to attend the second community co-design leadership training we are offering in February and March of 2023.

2. Equity Alliance Updates:

- a. **Rochester Cultural Center:** DMC, City of Rochester, and Diversity Council are continuing to convene through the Equity Alliance monthly meetings. Through the discussions, we identified the need to support the Cultural Center project Diversity Council and CMRC has been leading in the community. We presented the concept of the project to Mayo Clinic to gain support of the project. The Equity Alliance is considering leading a community co-design to better understand the needs of the BIPOC communities and to bring a holistic perspective to influence the development and the design of the Cultural Center.
- b. **Relationship Building:** We continue to cultivate relationships with community organizations in Rochester and introducing minority led communities to the resources we have in our community. We recently worked with Pamoja Women and leaders from the Autism community to invite them to participate in the Rochester Downtown Alliance Start up grant in the hopes of diversifying our downtown programs and events.

3. Affordable Housing Updates:

- a. **Emerging & BIPOC Developer Assistance Program:** we continue to meet with organizations in the region to learn and understand their progress in developing assistance programs for their emerging and BIPOC developers. Since the last DMCC Board meeting, we met with NEOO Partners, City of Brooklyn Park, LISC, and Greater Minnesota Housing Fund.
- b. **BIPOC Home Ownership Co-design Project:** The Coalition for Rochester Area Housing, City of Rochester, and DMC concluded the BIPOC Home Ownership Co-design project. The co-design process was created to identify the barriers, evaluate opportunities, and identify funding recommendations to eliminate the barriers for new home ownership. A full report of the BIPOC Home Ownership co-design is available on the Rochester Area Foundation website.