



DMC
Destination
Medical Center

Destination Medical Center Corporation
Board of Directors
Executive Committee Meeting

Thursday, March 14, 2024
1:00 P.M.

DESTINATION MEDICAL CENTER CORPORATION (DMCC)

EXECUTIVE COMMITTEE SPECIAL MEETING

Thursday, March 14, 2024
1:00 P.M.

Remote Viewing: <https://us02web.zoom.us/j/82503899469>

AGENDA

PAGE

- I. Call to Order
- II. Roll Call
- III. Approval of Agenda
- IV. Approval of Minutes: March 23, 2023
- V. April 1, 2024 Certification to DEED
(Presenters: Patrick Seeb, EDA; Doug Holtan, Mayo Clinic; Alison Zelms, City of Rochester).

Resolution A: Authorizing and Approving the April 1, 2024 Certification to DEED Pursuant to Statute
- VI. Updates from February 1, 2024 Meeting Items
(Presenter: Patrick Seeb, EDA)
- VII. Adjourn

DESTINATION MEDICAL CENTER CORPORATION (DMCC)
EXECUTIVE COMMITTEE MEETING

Thursday, March 23, 2023
9:30 A.M.

MINUTES

- I. Call to Order. Chair Pamela Wheelock called the meeting to order at 9:30 a.m.
- II. Roll Call. Chair Pamela Wheelock, Vice Chair Kim Norton, Commissioner Mark Thein, and Paul Williams were present. James Campbell also attended the meeting. Chair Wheelock and Mr. Williams participated via interactive technology due to a scheduling conflict.
- III. Approval of Agenda. Commissioner Thein moved approval of the agenda. Vice Chair Norton seconded the motion. Ayes: Vice Chair Norton, Commissioner Thein, Chair Wheelock, and Mr. Williams. Nays: None.
- IV. Approval of Minutes: March 10, 2022. Mr. Williams moved approval of the agenda. Vice Chair Norton seconded the motion. Ayes: Vice Chair Norton, Commissioner Thein, Chair Wheelock, and Mr. Williams. Nays: None.
- V. April 1, 2023 Report to DEED. Patrick Seeb, DMC EDA Executive Director, Doug Holtan, Mayo Clinic Department of Facilities and Support Services Chair, and Alison Zelms, City Administrator of the City of Rochester, presented the 2022 DMCC private expenditures report. Mr. Seeb reported that in 2022, the eligible private expenditures exceeded \$199 million. The report will be audited by DEED and the final certification will result in the release of General State Infrastructure Aid (GSIA) and State Transit Aid. Mr. Holtan stated that Mayo Clinic invested over \$172 million in 2022, including significant work by local construction firms. Ms. Zelms presented non-Mayo-Clinic private investments, including retail, workforce housing, and med-tech projects. Mr. Seeb noted that the 2002 investment by Mayo Clinic was its largest to date.

Resolution A: Authorizing and Approving the April 1, 2023 Report to DEED Pursuant to Statute. Vice Chair Norton moved approval of the resolution. Commissioner Thein seconded the motion. Ayes: Vice Chair Norton, Commissioner Thein, Chair Wheelock, and Mr. Williams. Nays: None.
- VI. Request for Revisions to Bryk on Broadway Apartments Project. Mr. Seeb. Ms. Zelms, and Kevin Bright, DMC EDA Director of Housing and Sustainability, presented a joint request from the DMC EDA and City of Rochester staff to approve revisions to the Bryk on Broadway development agreement. The proposed revisions would permit the temporary increase of income restrictions for certain units in the project and revise the way in which specified tenant income requirements are applied.

Resolution B: Approving Revisions to the Bryk on Broadway Apartments

Project. Vice Chair Norton moved approval of the resolution. Commissioner Thein seconded the motion. Ayes: Vice Chair Norton, Commissioner Thein, Chair Wheelock, and Mr. Williams. Nays: None.

- VII. Adjourn. Commissioner Thein moved to adjourn the meeting. Vice Chair Norton seconded the motion. Ayes: Vice Chair Norton, Commissioner Thein, Chair Wheelock, and Mr. Williams. Nays: None.

DESTINATION MEDICAL CENTER
APRIL 1 REPORT TO DEED
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Page 9: Summary of 2023 Non-Mayo-Clinic private investment

TO: Destination Medical Center Corporation

FROM: Destination Medical Center Economic Development Agency

RE: 2023 DMC PRIVATE INVESTMENT

By April 1 of each year, the DMC Corporation and Mayo Clinic must report DMC private investment to the State of Minnesota Department of Employment and Economic Development (DEED). This reporting relationship is one aspect of the unique DMC economic development model, which requires the annual reporting of local public and private expenditures to receive the annual state DMC contribution. The formal report follows this summary memo.

New private investment in 2023, comprised of expenditures by Mayo Clinic and other private developers, totals nearly \$146.3 million:

- Mayo Clinic private investment: \$133.7 million
- Non-Mayo-Clinic private investment: \$12.6 million

Investments include the ongoing improvement and expansion of Mayo Clinic facilities across the city of Rochester as well as the adaptive re-use of historic properties, new businesses, and other non-Mayo-Clinic expenditures across the DMC development district.

DESTINATION MEDICAL CENTER CORPORATION

EXECUTIVE COMMITTEE

RESOLUTION NO. EC-___-2024

Authorizing April 1, 2024 Certification to DEED

Pursuant to Statute

BACKGROUND RECITALS

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

B. Staff from the City of Rochester and the Destination Medical Center Economic Development Agency (“EDA”) have prepared the draft certification, due on April 1, 2024, attached hereto as Exhibit A.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Executive Committee of the Destination Medical Center Corporation Board of Directors that the Chair or Vice Chair of the DMCC is authorized to execute and submit the report to the Minnesota Department of Employment and Economic Development as required by Minnesota Statutes, Section 469.47, in form similar to the form attached hereto as Exhibit A, as may be modified through further discussions with Mayo Clinic or the City of Rochester, and to take such other actions as are necessary and appropriate to effectuate the timely submission of the report to DEED.

EXHIBIT A

**Certification of Expenditure
Destination Medical Center**

For Calendar Year 2023

Due to Commissioner of Employment and Economic Development (DEED) by April 1, 2024

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 2023, 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 | \$133,652,089.33 | 1 |
| Total Expenditures Reported This Year for other Private Entities ^{1,2} | \$12,583,587.00 | 2 |
| TOTAL Expenditures This Year | \$146,235,676.33 | 3 |

All Expenditures claimed since June 30, 2013

| | | |
|--|--------------------|---|
| Previous Years Expenditures (cumulative) | \$1,461,132,648.74 | 4 |
| TOTAL Expenditures This Year ³ (from Box 3) | \$146,235,676.33 | 5 |
| All Claimed Expenditures as of 12/31/23 (Box 4 plus Box 5) | \$1,607,368,325.07 | 6 |
| Qualified Expenditures claimed in 2023 (Box 6 minus \$200,000,000) | \$1,407,368,325.07 | 7 |

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

| | | |
|---|-----------------|---|
| General State Infrastructure Aid Qualified for (Box 7 multiplied by .0275) | \$38,702,628.94 | 8 |
| State Transit Aid Qualified for (Box 7 multiplied by .0075 and then multiplied by .6) | \$6,333,157.46 | 9 |

By providing my signature below, I am hereby certifying that, to the best of my knowledge, the information stated herein is accurate, true, and complies with the provisions of Minnesota Statutes Section 467.47 and the approved methodology as outlined in the City of Rochester Commissioner of Employment and Economic Development State Infrastructure Aid Agreement.

For Expenditures By the Medical Business Entity:

Mayo Clinic Chief Financial Officer

Date

For all other Expenditures:

Destination Medical Center Corporation

Date

¹Expenditures need to be after June 30, 2013

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

³This figure is based solely upon project building permit costs. Minn. Stat. § 469.47, subd 1(d) permits additional expenditures, and discussion is underway as to how to document such additional expenditures, which may result in adjustments.

| Permit Type | Permit Number | Permit Date | Parcel ID | Address | Valuation | Description | Owner | Permit Status | Date |
|-------------------|---------------|-------------|-----------|--------------------|---------------------|---|--------------------------------|---------------|------------|
| Commercial Bldg | R18-0020CB | 1/30/2018 | 018054 | 121 N Broadway | \$88,000 | Interior demolition on all three levels | Castle Community LLC | Finalized | 8/28/2023 |
| Commercial Bldg | R19-0249CB | 9/20/2019 | 17897 | 101 SW 1 Ave | \$210,500 | build out for a salad shop | MAR 1st Avenue SW LLC | Closed | 3/20/2023 |
| Multi-Family Bldg | R20-0037MFB | 8/21/2020 | 17969 | 22 N Broadway | \$374,222 | Re-roof and new wall panels | Com Housing Service | Closed | 4/11/2023 |
| Commercial Bldg | R21-0329CB | 10/11/2021 | 78774 | 221 SW 1 Ave | \$120,000 | Remodel of Suite 102 for lab Equipment | Rion Health | Closed | 4/9/2022 |
| Commercial Bldg | R22-0160CB | 6/27/2022 | 79686 | 255 SW 1 Ave | \$991,506 | Remodel of existing space for use as a new restaurant, The Well | Powers Ventures -Joe Powers | C of C Issued | 2/13/2023 |
| Commercial Bldg | R22-0185CB | 11/4/2022 | 18477 | 401 N Broadway Ave | \$49,188 | Installing flush, roof-mounted 45.6 kW (DC) PV solar system | Bryk Apartment Rochester LLC | Closed | 5/12/2023 |
| Commercial Bldg | R22-0249CB | 10/4/2022 | 14431 | 330 S Broadway Ave | \$250,000 | Build-out for future restaurant Marrow | Robert Beeman | C of O Issued | 6/2/2023 |
| Commercial Bldg | R22-0254CB | 9/1/2022 | 82430 | 206 S Broadway Ave | \$625,000 | Tenant build-out for Region 05 SSA Field Office | Bloom International Realty LLC | Finalized | 10/2/2023 |
| Commercial Bldg | R22-0400CB | 1/25/2023 | 17882 | 150 S Broadway Ave | \$3,000,000 | Renovation of 212 guest rooms to convert into dorm rooms for UMR Student Housing | BGD5 Hotel LLC | C of O Issued | 10/13/2023 |
| Commercial Bldg | R22-0423CB | 12/28/2022 | 11552 | 1227 SW 2 St | \$82,000 | Interior remodel of existing building to accommodate new Luona Bubble Tea | B PAS LLC | C of O Issued | 6/13/2023 |
| Commercial Bldg | R22-0435CB | 12/20/2022 | 17894 | 155 SW 1 Ave | \$350,000 | Removal of escalator and installation of a structural steel stair for Centerplace. | BGD5 Office LLC | Closed | 5/1/2023 |
| Commercial Bldg | R22-0035CB | 4/4/2022 | 84104 | 217 SW 14 Ave | \$1,400,000 | Interior buildout of existing tenant space for Red Cow restaurant and bar | Rochester MN Properties LLC | C of O Issued | 1/23/2023 |
| Commercial Bldg | R23-0001CB | 2/12/2023 | 18477 | 401 N Broadway Ave | \$500,000 | Fit-up of first floor lease spaces #1 (bike shop) and #3 (office) | Bryk Apartments Rochester LLC | Closed | 6/13/2023 |
| Commercial Bldg | R23-0016CB | 3/1/2023 | 17926 | 21 SW 1 St. | \$658,679 | Fit out for Word on Fire Rochester Studio Facility on the second floor | Rochester Property Owner LLC | C of O Issued | 12/4/2023 |
| Commercial Bldg | R23-0045CB | 4/21/2023 | 17882 | 150 S Broadway Ave | \$1,500,000 | Renovation of existing ballrooms to become a full service kitchen and dining center | BGD5 Hotel LLC | C of O Issued | 10/13/2023 |
| Commercial Bldg | R23-0194CB | 7/20/2023 | 57422 | 20 SE 4 St | \$56,000 | Fit up for Our Paladar Restaurant | Porch and Cellar LLC | C of O Issued | 8/3/2023 |
| Commercial Bldg | R23-0336CB | 10/12/2023 | 85691 | 415 SW 2 Ave | \$1,100,000 | Tenant fit out for Suite 240 | Rochester 2 Associates | C of O Issued | 12/29/2023 |
| Commercial Bldg | R23-0151CB | 6/27/2023 | 085691 | 415 SW 2 Ave | \$700,000 | Tenant fit out for Suite 1300 | Rochester 2 Associates | C of O Issued | 8/31/2023 |
| Commercial Bldg | R23-0069CB | 3/2/2023 | 77149 | 1203 SW 2 St | \$85,717 | Re-roof for Canadian Honker restaurant | Canadian Honker Restaurant | Closed | 5/22/2023 |
| Commercial Bldg | R23-0153CB | 6/6/2023 | 079185 | 318 SW 1 Ave | \$42,775 | Tenant improvements for Phase 1 Regus at 318 Commons | GH HOLDINGS LLC | C of C Issued | 8/22/2023 |
| Commercial Bldg | R23-0201CB | 6/29/2023 | 083133 | 601 SW 2 St | \$150,000 | Remodeling the existing Meeting Room in the Townplace Hotel | TPS Rochester I LLC | Closed | 9/7/2023 |
| Commercial Bldg | R23-0320CB | 9/19/2023 | 083795 | 202 SW 4 St | \$250,000 | Lab fit-up for Rion Health-Phase 3Fourth level Discovery Square building | Rion | C of O Issued | 11/29/2023 |
| | | | | | \$12,583,587 | | | | |

Building Permits within the DMC Boundary

(Does not include Mayo Projects)

| Year | Completed Projects |
|--------------|-------------------------------|
| 2018 | \$ 88,000.00 |
| 2019 | \$ 210,500.00 |
| 2020 | \$ 374,222 |
| 2021 | \$ 120,000 |
| 2022 | \$ 6,747,694 |
| 2023 | \$ 5,043,171 |
| TOTAL | \$ 12,583,587 |