



DMC Corporation Board of Directors Meeting

Wednesday, December 10, 2025

9:30 A.M.



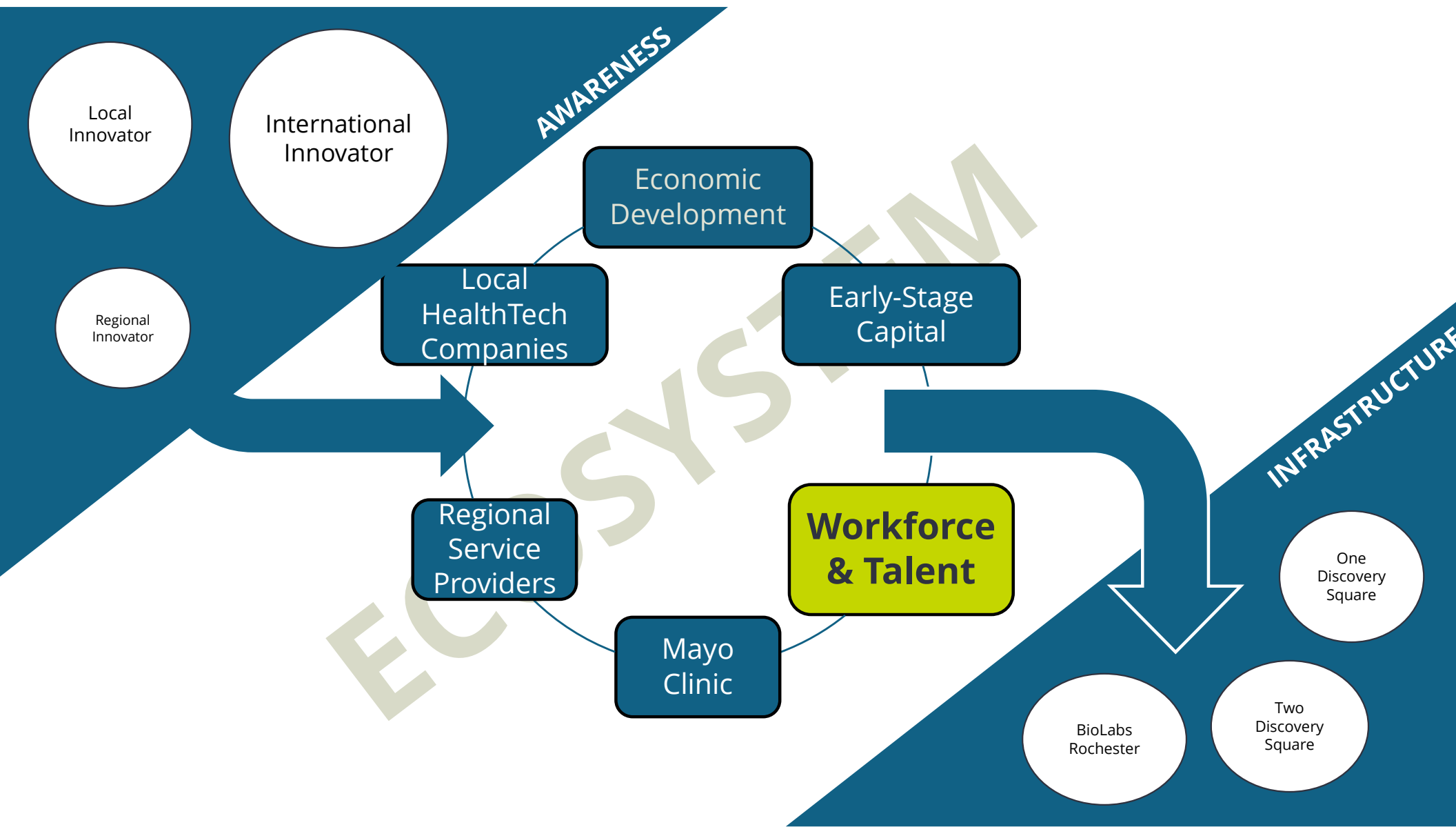
Talent as Infrastructure

December 2025



DMC

Destination Medical Center
Rochester, MN



WHY WORKFORCE, WHY NOW

- **One & Two Discovery Square:**
Phase 1 infrastructure delivered.
- **BioLabs Rochester:**
Opening 2026, accelerating demand for specialized HealthTech talent.
- **DMC's first decade:**
Built the physical platform; the next decade must build the workforce that drives economic growth.
- **Strategic shift:**
DMC now expands from physical infrastructure to talent infrastructure.



ROCHESTER'S EXISTING STRENGTHS



MEDTECH 3.0



DMC + UMR ALIGNMENT

- Health Care Focus
- Geographic Integration
- Innovation Engines
- Talent Development & HealthTech Job Opportunities
- Shared Mission





A TRANSFORMATIVE VISION

UNIVERSITY OF MINNESOTA ROCHESTER'S "BOLDEST" CAMPUS VISION

DECEMBER 10, 2025





UNIVERSITY OF MINNESOTA ROCHESTER



Create a national model of health in the built environment





Place



Water



Materials

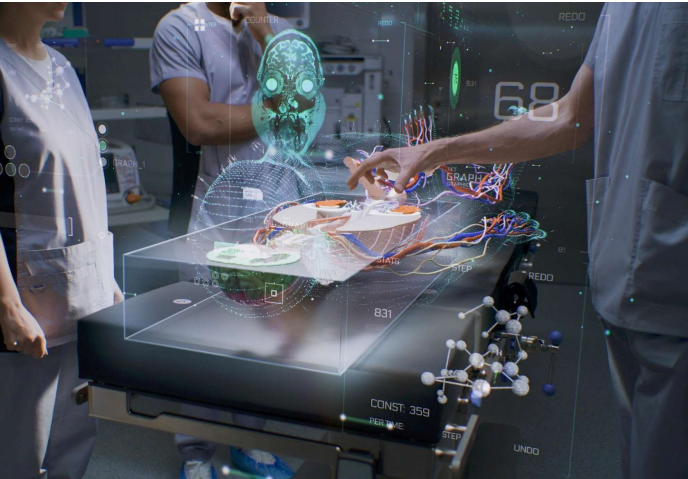


Equity



Beauty

Health and Happiness



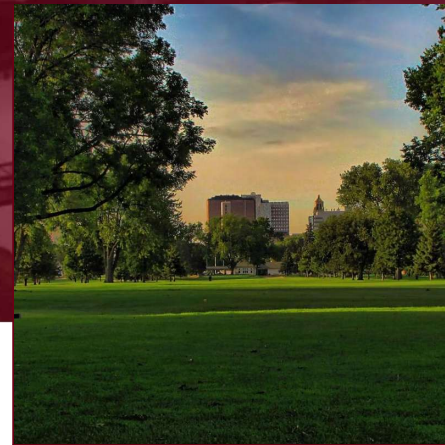
Trajectory of Growth



01. Lab Classroom Expansion



02. Heart of the Campus



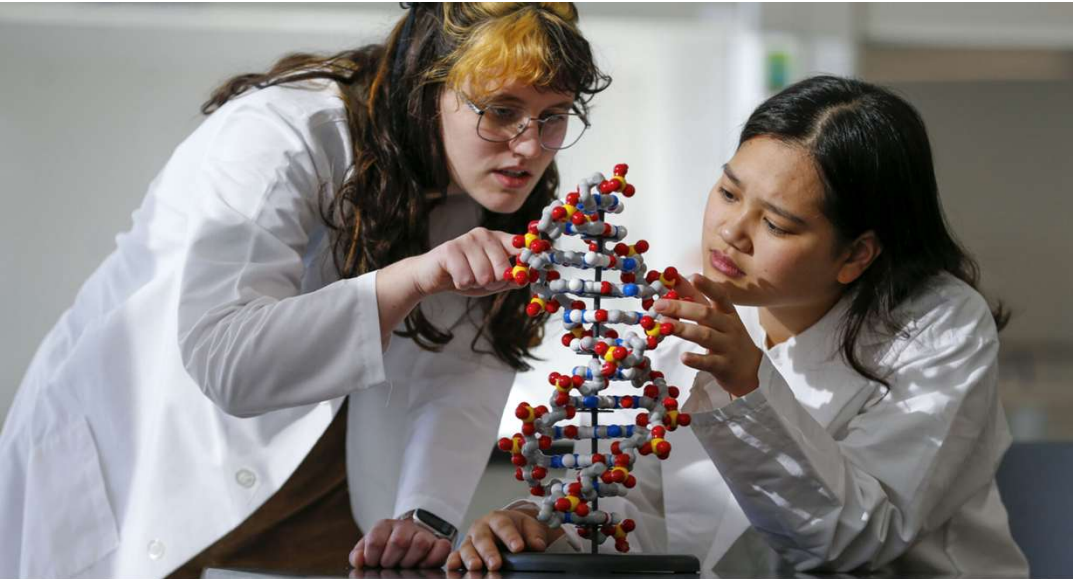
03. Residential and Recreation



Lab Classroom Expansion



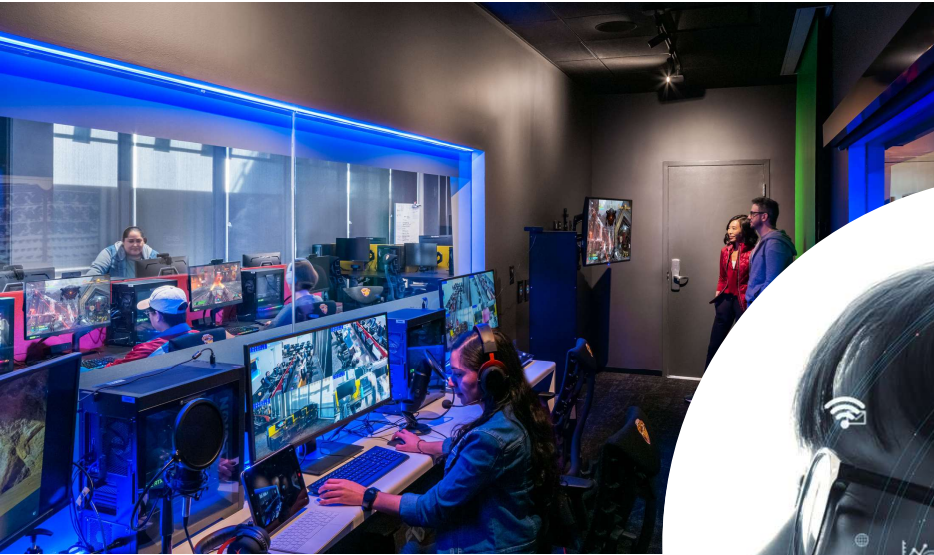
UNIVERSITY OF MINNESOTA ROCHESTER



'Heart of the Campus'

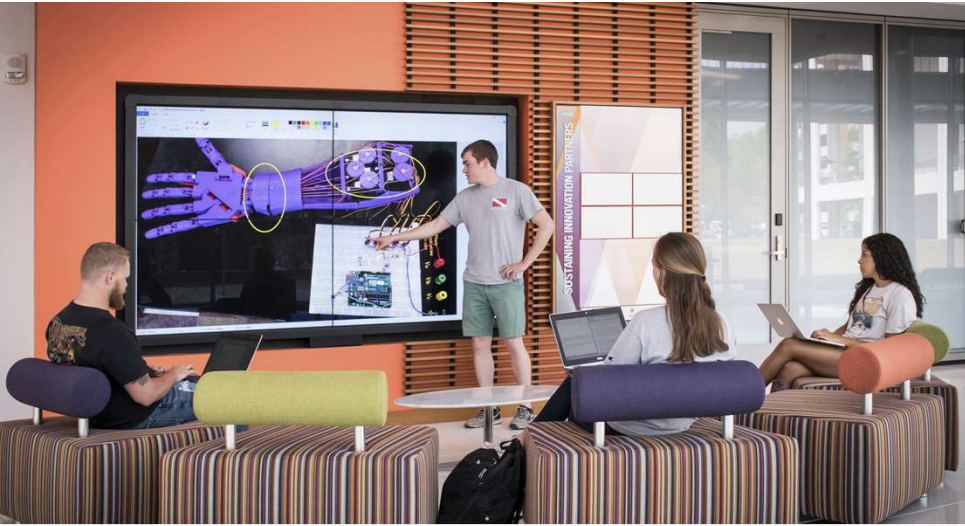


UNIVERSITY OF MINNESOTA ROCHESTER











Credit: Patkau Architects

Residential & Recreation



UNIVERSITY OF MINNESOTA ROCHESTER





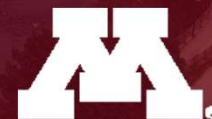
UNIVERSITY OF MINNESOTA ROCHESTER



Q&A

UNIVERSITY OF MINNESOTA ROCHESTER'S "BOLDEST" CAMPUS VISION

DECEMBER 10, 2025



Downtown Commercial Historic District Investment Program

December 2025



DMC

Destination Medical Center
Rochester, MN

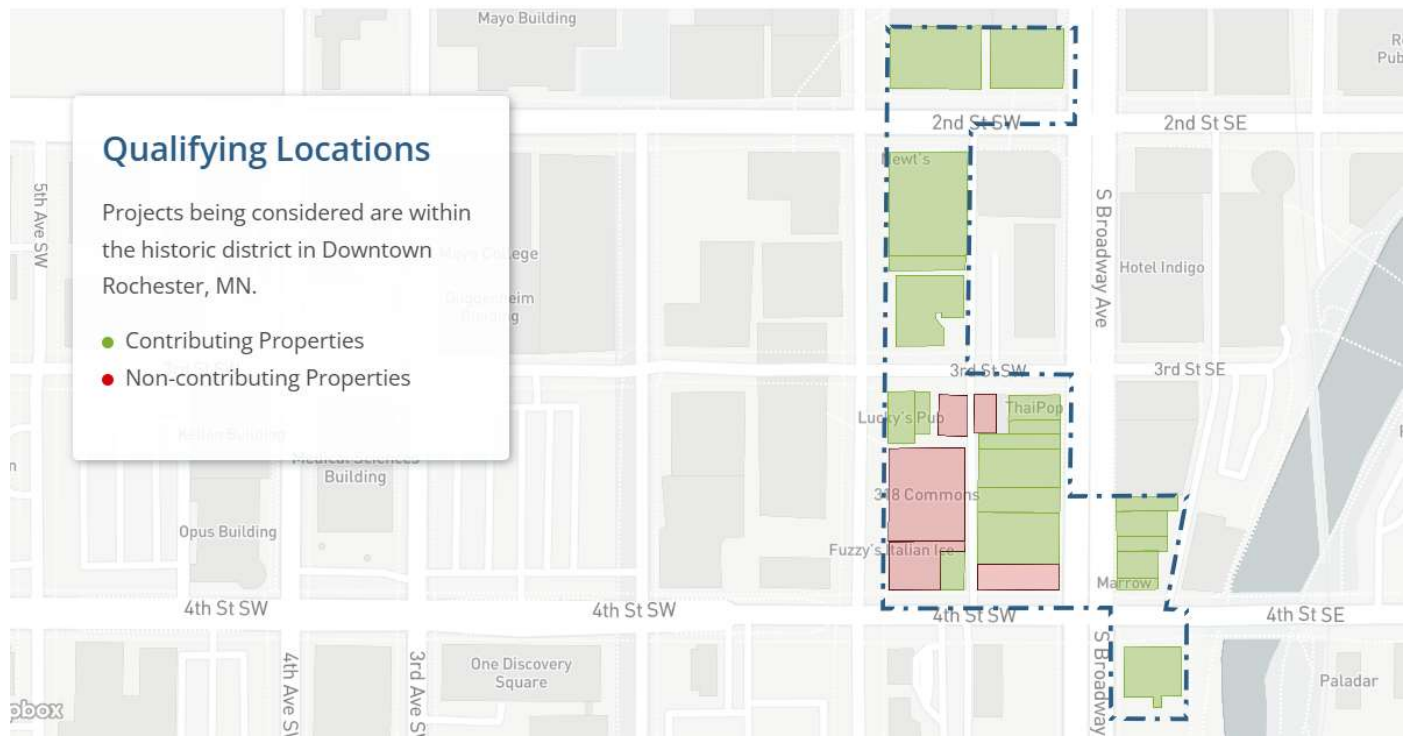
Today's Discussion



Downtown Historic District Investment Program: Status Report & Proposed Modification



Downtown Commercial Historic District



- Established in July 2024
- 33 properties, 28 contribute to historic character (1870 – 1962)
- Plays critical role in city's identity and economic strategy, with walkable streetscapes, locally-owned businesses, and human-scale development
- Many properties face challenges (e.g. deferred maintenance, underutilized upper stories, and regulatory hurdles)

Comprehensive Approach



BUSINESS
NAVIGATION



FINANCIAL



RECRUITMENT
RETENTION



REGULATORY



PUBLIC REALM



MOBILITY



PROGRAMMING
ACTIVATION



BRANDING & MARKETING

Three-Pronged Financial Support

City of Rochester

- Pre-Renovation Grant (\$125,000)
 - Reimbursement up to \$20,000/project with 50% match
 - Uses: Design, financial studies, project impact analyses, historic structure and re-use reports, and other pre-development costs.
- Revolving Loan (\$1,000,000)
 - Deferred, 0% interest up to \$200,000
 - 10-year loan term
 - Typically layered with DMC funding to maximize investment outcomes.
 - Uses: General preservation; interior/exterior rehabilitation, restoration, and/or preservation, adaptive reuse; and creation of upper-level residential units.

DMC:

- Historic Infrastructure Investment Program

Historic Infrastructure Investment Program

Allocation: \$5,000,000

- Up to \$500,000 per contributing property.
- At least 50% match by other non-DMC funds.
- Until 12/31/2029 or until funds are exhausted or re-allocated.

Eligible Expenses: Permanent physical improvements to building that meet DMC definition of “public infrastructure project” in:

- Adaptive Reuse
- Building System Upgrades
- Building Safety and Preservation
- Code Modernization



Year 1 in Review



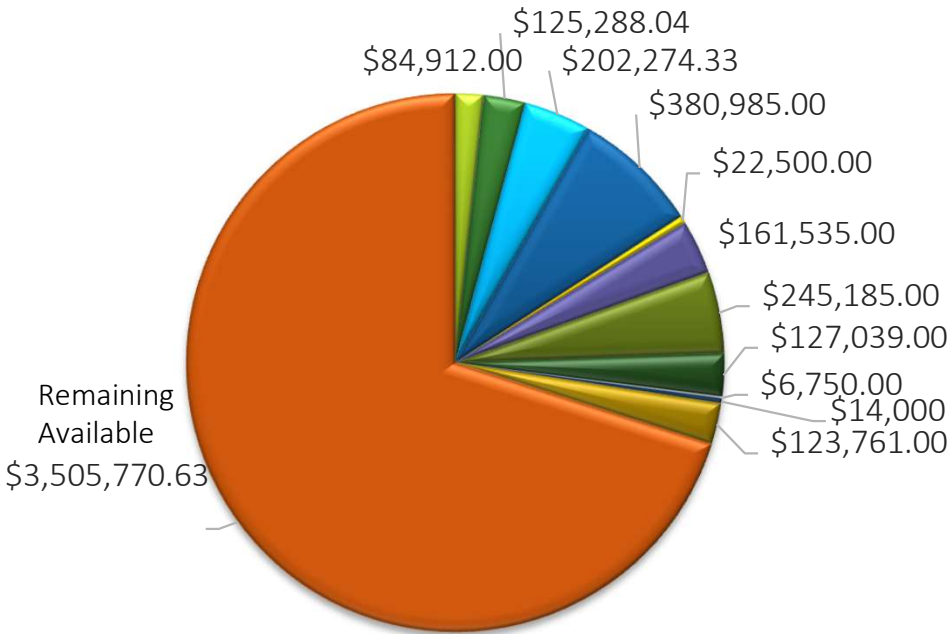
Approved Projects

Address	Property Name	Project Category and Description	Approved Funds				Total Project
			DMC	Loan	Other Match	Pre-Reno Grant	
216 1st Ave SW	Bebap Restaurant	Building Safety & Preservation	\$84,912.00	\$84,912.00			\$169,824.00
330 Broadway Ave S	Above Marrow Restaurant	Adaptive Reuse	\$125,288.04	\$20,000.00	\$105,288.05		\$250,576.09
400 Broadway Ave S	Riverside Building	Building Safety & Preservation	\$202,274.33		\$202,275.34		\$404,549.67
212 1st Ave SW	City Market	Building Safety & Preservation; System Upgrades	\$380,985.00	\$200,000.00	\$219,225.00	\$20,000.00	\$800,210.00
224 First Ave SW	Old City Hall	Building System Upgrades	\$22,500.00		\$22,500.00		\$45,000.00
324 S Broadway	Fagan Studios	Adaptive Reuse				\$3,125.00	
216 First Ave	Bebap Restaurant	Building System Upgrades	\$161,535.00	\$115,088.00	\$46,447.00		\$323,070.00
324 S Broadway	Fagan Studios	Adaptive Reuse	\$245,185.00	\$200,000.00	\$45,185.00		\$490,370.00
22 3rd St SW	Kruesel's	Building Safety & Preservation	\$127,039.00	\$127,039.00			\$254,078.00
326-328 S Broadway	DB Studios	Building Safety & Preservation	\$6,750.00		\$6,750.00		\$13,500.00
319 Broadway Ave S	JLB	Building System Upgrades	\$14,000.00		\$14,000.00		\$28,000
317 Broadway Ave S	Bach Music	Building Safety & Preservation; System Upgrades	\$123,761.00		\$123,761.00		\$247,522.00
		Sub-totals	\$1,494,229.37	\$747,039.00	\$785,431.39	\$23,125.00	\$3,026,699.76
		Remaining Funds	\$3,505,770.63	\$252,961.00		\$101,875.00	
		Total Originally Available	\$5,000,000.00	\$1,000,000.00		\$125,000.00	

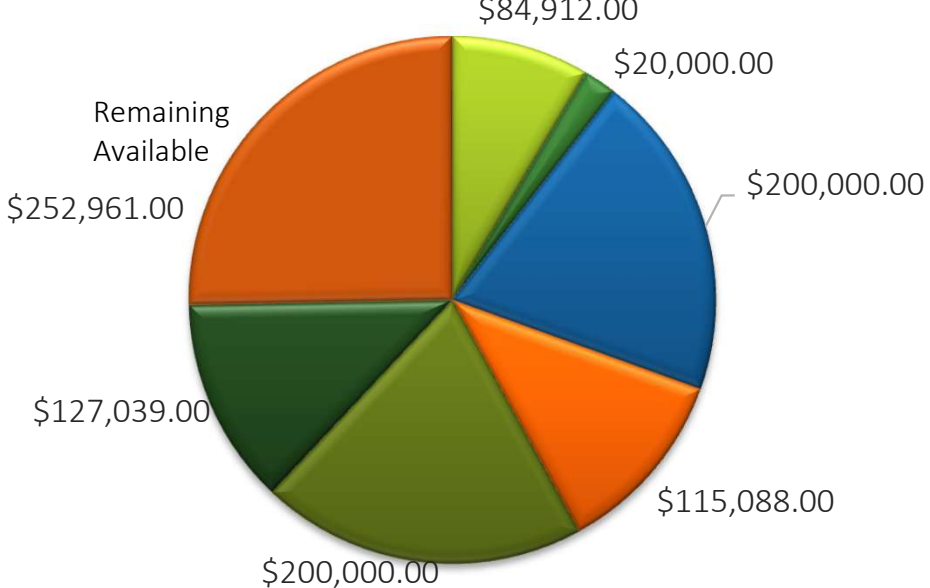


Funding Breakdown

DMC Funding Approved Through October 2025



City Loan Funding Approved Through October 2025



Community Benefits

- Enhance resident and visitor experience.
- Increase downtown vitality and property values, preserve historic buildings.
- Enable compliance with current code.
- Demonstrate commitment to the properties and district by the City and DMC.

“I hope people can recognize that historic buildings can be a great place for business to thrive... they truly can become a place for small businesses to grow, and now there is a use case that it does actually work.” – Property Owner



Benefits of Investment

Economic

- Revitalizes economy
- Reduces costs
- Increases market value

Social and Cultural

- Preserves history
- Creates vibrant neighborhoods
- Fosters pride

Environmental

- Conserves resources
- Reduces waste
- Lowers carbon footprint



One Year Learnings

- Program is highly successful with ongoing momentum.
- Invested in 40% of eligible properties to date.
- Opportunity to refine and strengthen program that:
 - More clearly aligns with infrastructure investment.
 - Maximizes public benefit.
 - Balances public and private investment.



Recommendation: Overview

- Continue to support four categories of projects:
 - Adaptive Reuse
 - Building System Upgrades
 - Building Safety and Preservation
 - Code Modernization
- Modify eligible expenses for adaptive reuse projects to allow costs associated with updating and preparing the “core and shell” of building for reuse but not for interior fit out for specific uses such as restaurants, retail, or housing units.
- Conduct an evaluation in Q4 2026 to identify additional refinements.

Recommendation: Detailed

Eligible Project Expenses - “Core and Shell”

- Restoration, rehabilitation, and preservation work for structural fitness of building.
- Require additional approval due to being in the historic district.
- Mechanical and plumbing systems.
- Building and energy code compliance.
- Accessibility and safety projects.
- Existing materials repair/restoration/preservation.

Non-Eligible Project Expenses

- Building additions to add usable interior space, unless required as part of an eligible project.
- Interior fit-out projects.
- Interior additions or alterations purely for purpose of changing use of property.

Board Consideration



REQUEST FOR UNALLOCATED CONTINGENCY FUNDING



December 2025



Authorize the City of Rochester to expend up to \$975,000 in unallocated Link BRT Contingency funding to support on-time delivery of Link BRT project.

Unallocated Contingency Funds may only be used for:

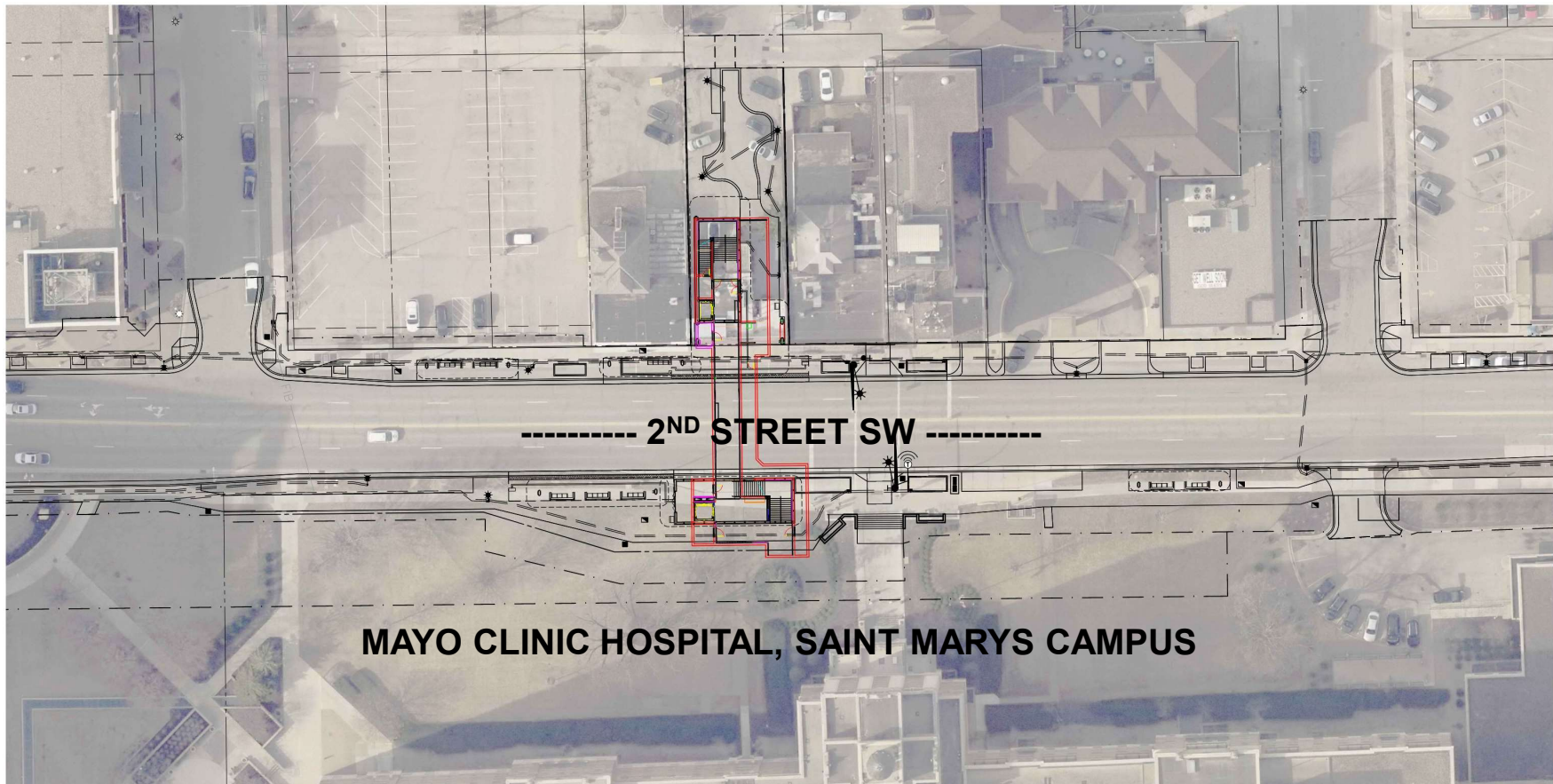
- Unforeseen Site Conditions
- Required Modifications to Adjacent Infrastructure or Property
- Systems, Testing and Integration

Unallocated Contingency Fund and impact:

- July 2025 balance \$22,752,072
- Current balance: \$22,225,831
- Balance after proposed change order: \$21,250,831

- The Link BRT system is a transformative transportation investment designed to enhance mobility, ease congestion, and support the continued growth of Rochester.
- In July 2025 the station and tunnel construction contract was awarded to Elcor Construction Co.
- Currently at 22% project completion
- Current schedule
 - Substantial construction completion - June 17, 2027
 - Revenue service commencement - August 19, 2027
 - FTA grant closeout - March 19, 2028

Saint Marys Transit Center



- Saint Marys Transit Center requires 18 months to complete
- Requires acquisition of additional excavation easements
- Conflict with high-voltage underground electrical lines requiring relocation
- Based upon these additional consideration, teammates have identified two scenarios.

Scenario 1: 3-month delay, undetermined budget Impact



No change to current construction contract.

The following are considerations for continuing under Scenario 1:

- Opening date of service moves from **August 2027 to November 2027**
- Final Project Closeout of the FTA Grant moves from March 2028 to May 2028 and requires an amendment to extend the project schedule
- Closure of 2nd Street SW would be **extended by** approximately **16 weeks**
- Impacts work at the 2nd Street SW and 14th Avenue SW intersection restricting traffic lanes, and impacting emergency room access from the east
- Undetermined budget impact due to construction complete delay and FTA amendment

Scenario 2: No delay, utilizes \$975,000 contingency

Authorizing a change order to fund winter work conditions (\$350,000) and modifications to construction means and methods (\$625,000)

The following are considerations for continuing under Scenario 2:

- The change order allows for winter construction of tunnel
- Complies with FTA Grant Close-Out March 2028
- Maintains one lane of traffic at all times, ensuring improved emergency room access from the east
- Saint Marys Transit Center completes June 1, 2026
- This schedule allows for system start-up and compliance testing to occur as originally planned, maintaining the operational service date and supporting the Link BRT opening in Q2 2027

Recommendation – Scenario 2

- The City believes proceeding with **Scenario 2 is the best option** to:
 - Maintain the project’s overall schedule
 - Provide better access to the traveling public
 - Improve emergency room access from the east
- Cost for Scenario 2 - \$975,000
- **Unallocated Contingency Fund and impact:**
 - July 2025 balance \$22,752,072
 - Current balance: \$22,225,831
 - Balance after change order: \$21,250,831

Authorize the City of Rochester to expend up to \$975,000 in unallocated Link BRT Contingency funding to support on-time delivery of Link BRT project.

DESTINATION MEDICAL CENTER

DMC DEVELOPMENT PLAN

5-year update

December 10, 2025

SMITHGROUP JLP+D

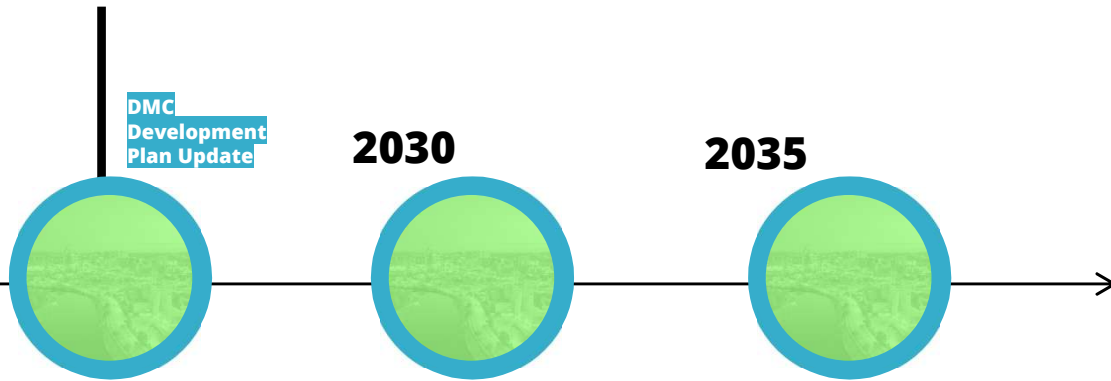


Looking forward an inflection point



2025 Plan Update Goals

- Meet and exceed state requirements
- Build off existing momentum
- Confirm Strategic Priorities
- Discuss Annual Commitment Considerations
- Start planning for post-2035



- A moment to sharpen our focus as we look to the future
- Start thinking post-2035

A BOLD VISION

NAVIGATING THE DRAFT DOCUMENT







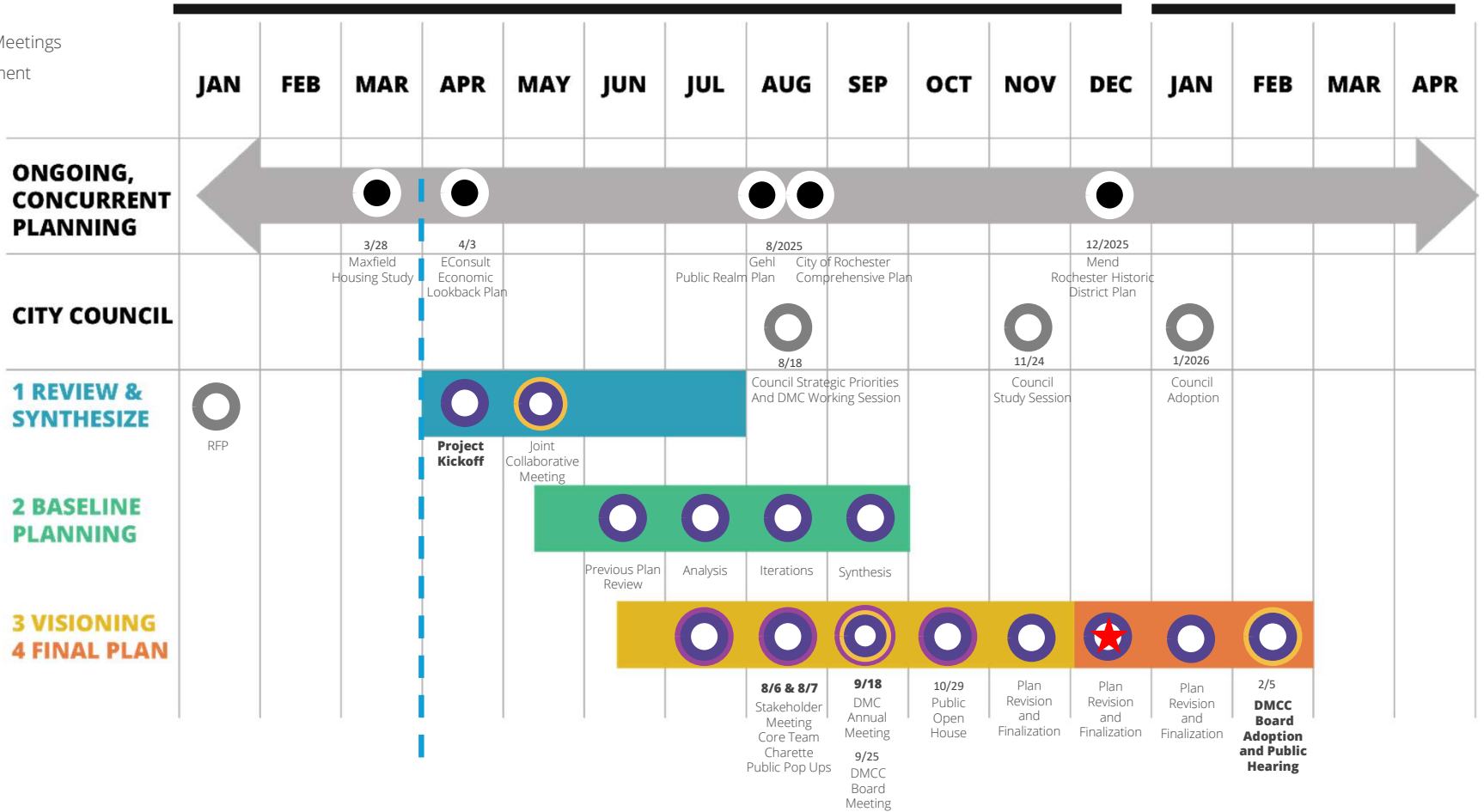
- A continuation evolution of key features of original (2015) development plan
- Goes to City Council first, then DMCC Board
- No specific projects are being presented for approval
- A guiding strategic framework for investment

2025 PLANNING PROCESS

2025

2026

-  DMC EDA Working Meetings
-  Community Engagement
-  DMCC Engagement
-  You Are Here



Week of 7/7
Stakeholder Focus Groups
Public Launch

CITY COUNCIL NOVEMBER STUDY SESSION

WHAT WE HEARD



**Housing
Innovation**



**Downtown
Safety &
Vitality**



**Performance
Measures/
Metrics**



**Tax
Revenue
and TIF**



**Citywide
benefits &
understanding**



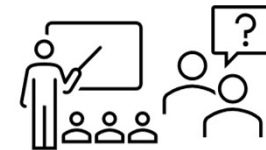
**Clarify
DMC's Role**



**Built
Environment &
Physical
Barriers**

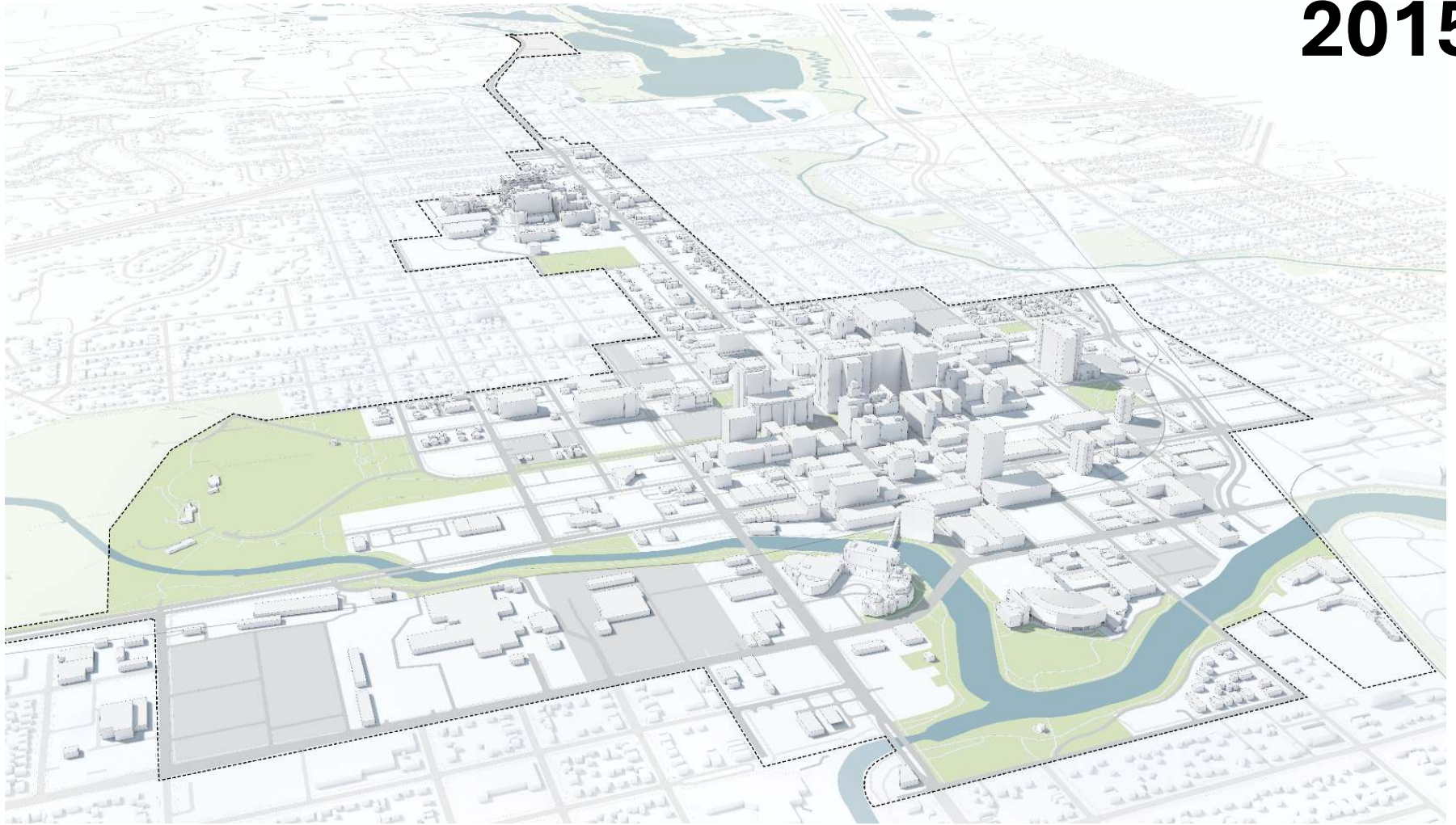


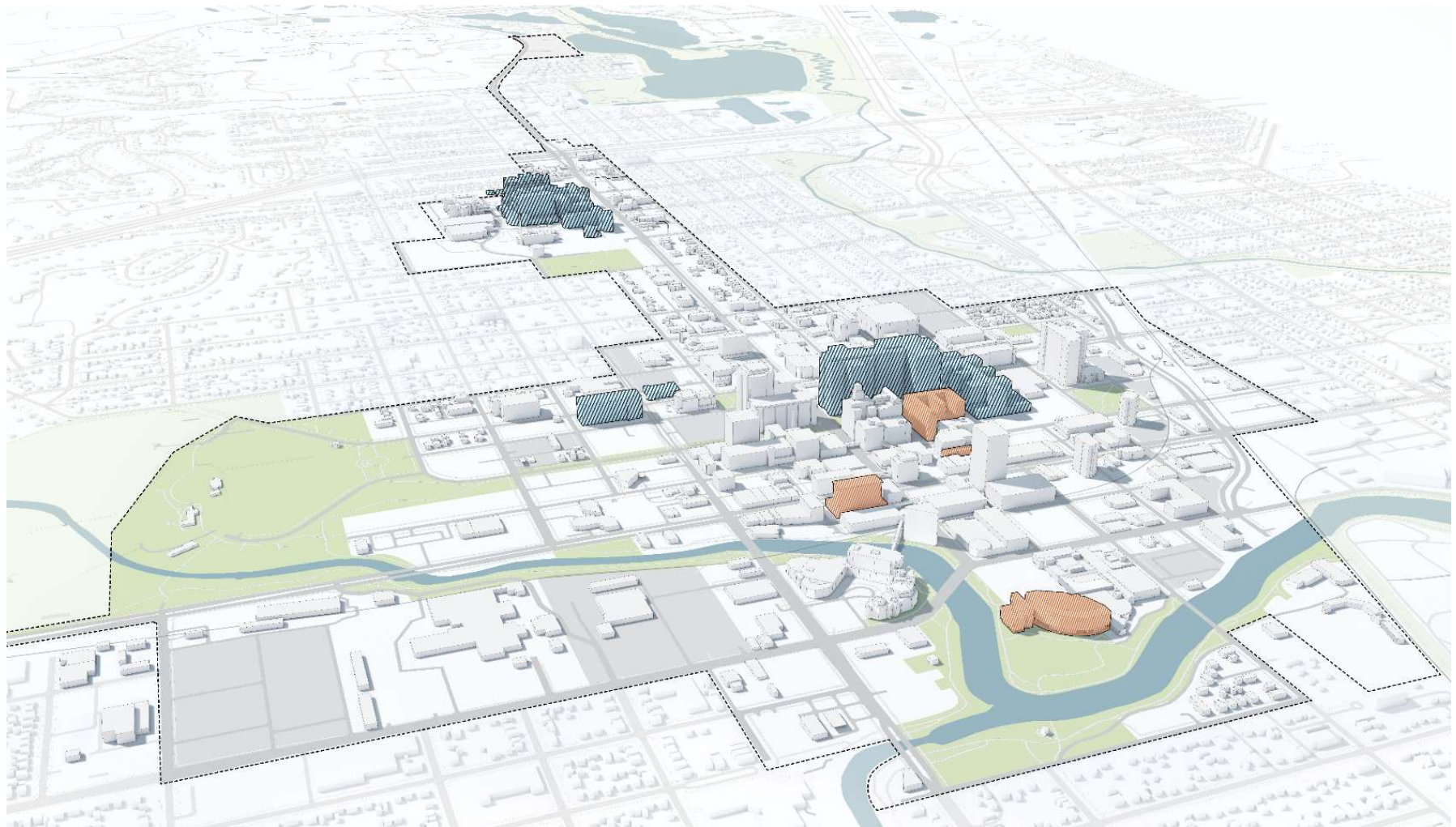
**Students
as a
distinct
group**

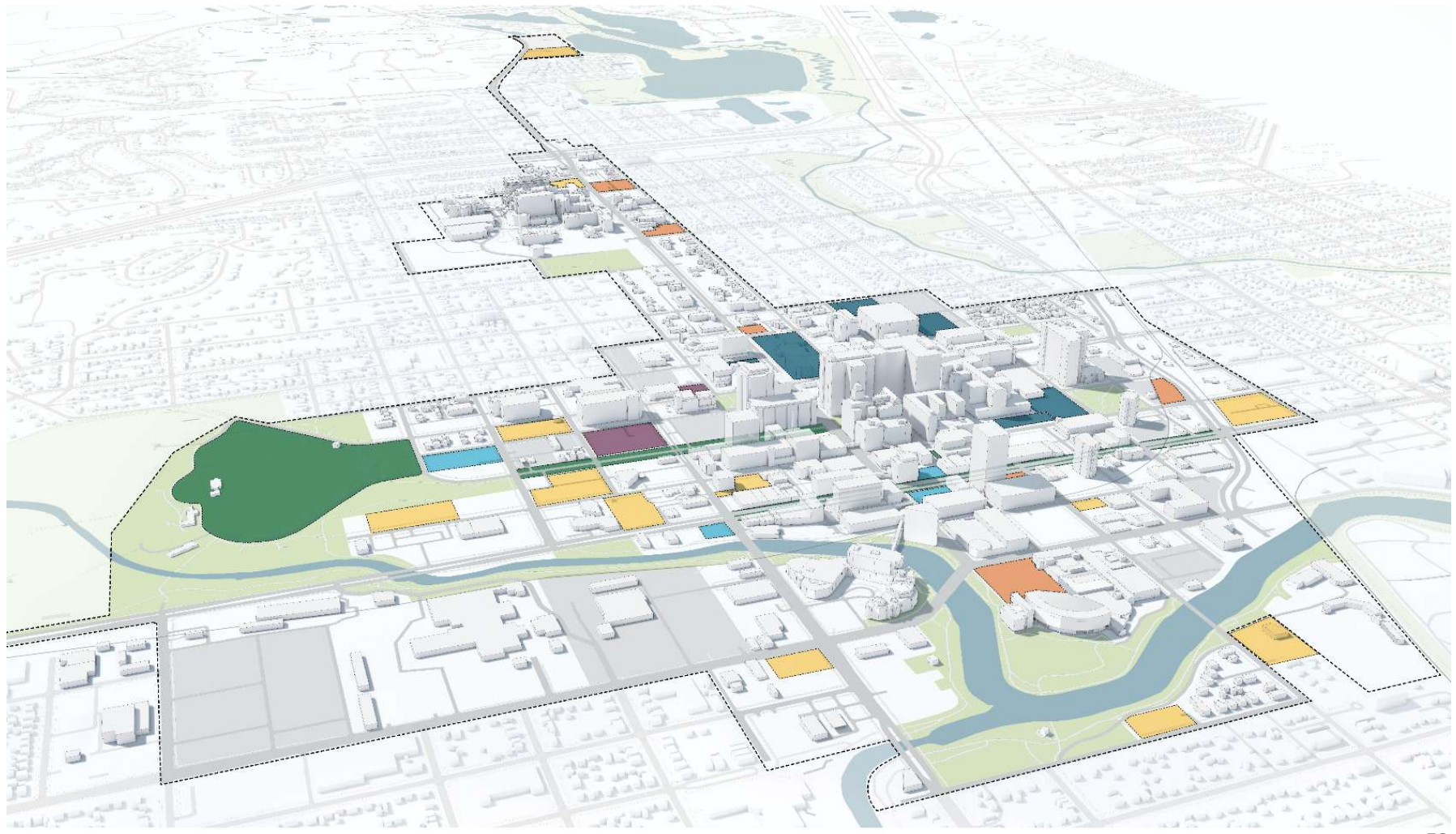


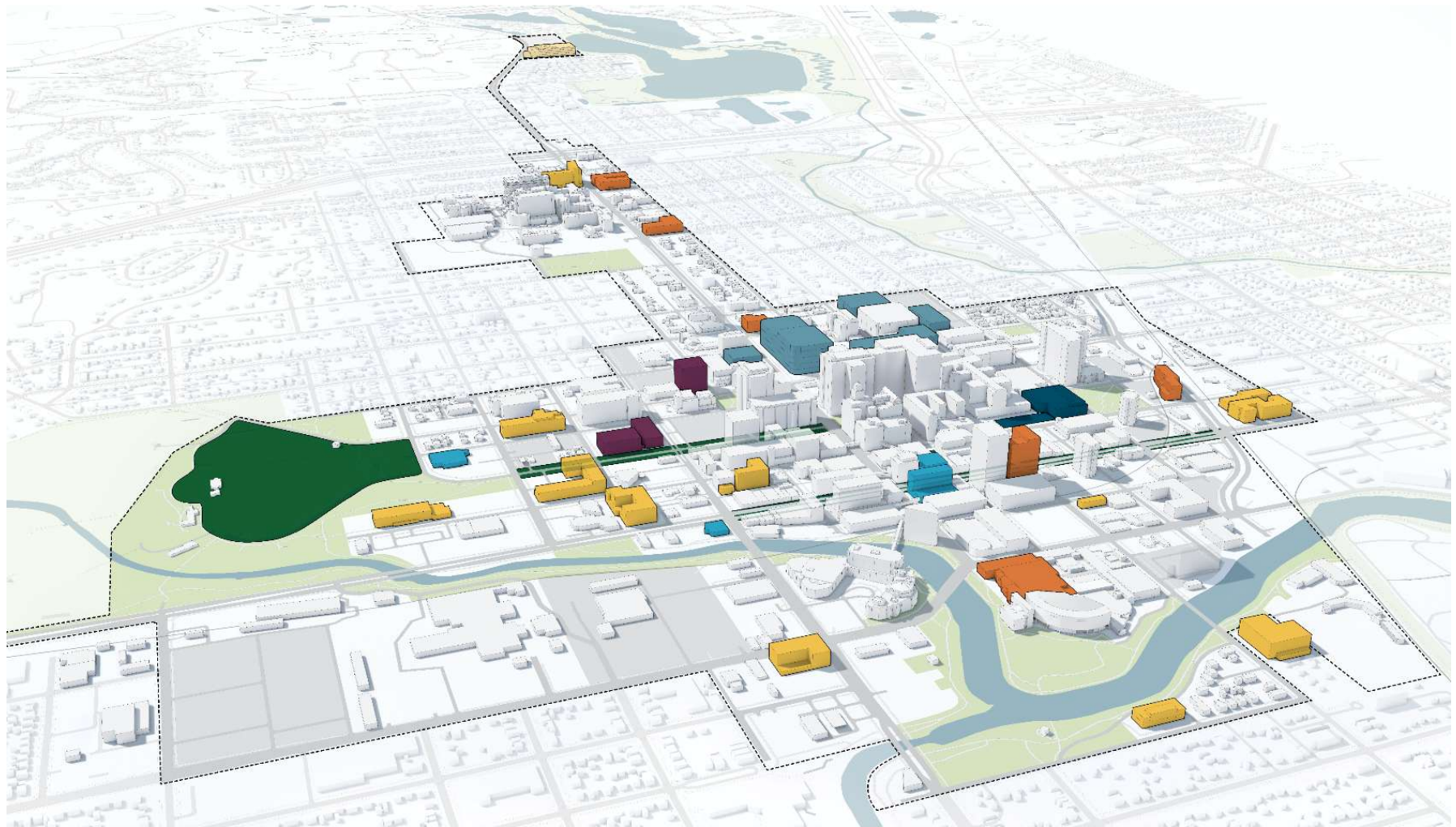
**Transparency
of "Lessons
Learned"**

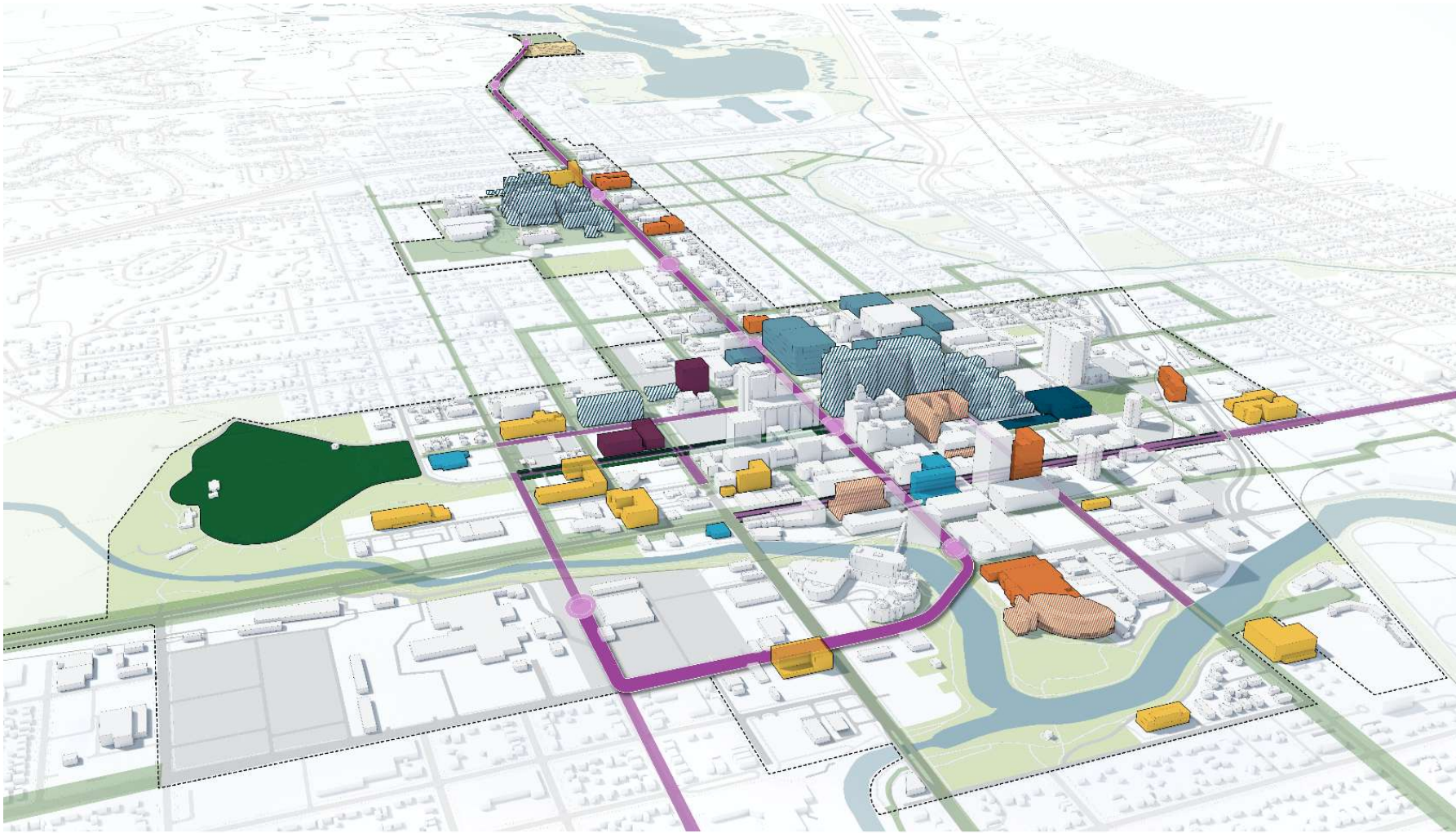
2015



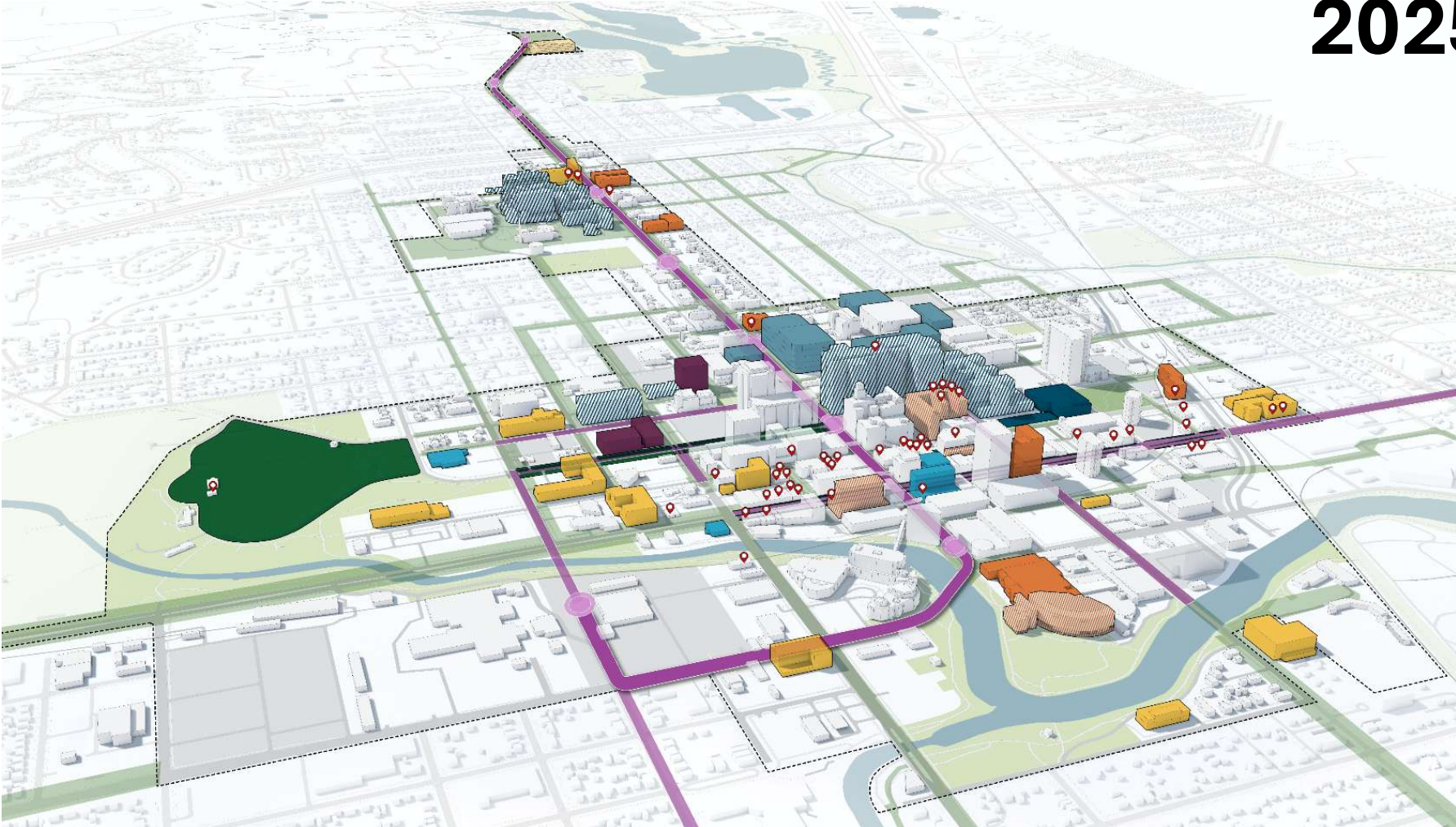








2025



2035

- Built investments
- Unbuilt, funded and approved investments
- Bold. Forward. Unbound. in Rochester
- Unbuilt but planned



DMC PLAN UPDATE

A BOLD VISION

BUILDING ON THE UNIQUE ATTRIBUTES OF ROCHESTER



A BOLD VISION

AMERICA'S CITY FOR HEALTH: FROM TAGLINE TO COMPETITIVE STRATEGY

2015

DMC Development Plan



Set the vision with geographic priorities: **Heart of the City, Discovery Square and transportation.**

2020

DMC Development Plan Update



Refined priorities: **double down on Discovery Square and the BRT corridor, Riverfront, and Small-business support.**

2025

DMC Development Plan Update



America's City for Health, not as a tagline but as a competitive strategy: **Accelerate Health Innovation, Design for Well-being, Drive Purposeful Growth**

A BOLD VISION

DMC STRATEGIC PRIORITIES



**Accelerate
Health
Innovation**

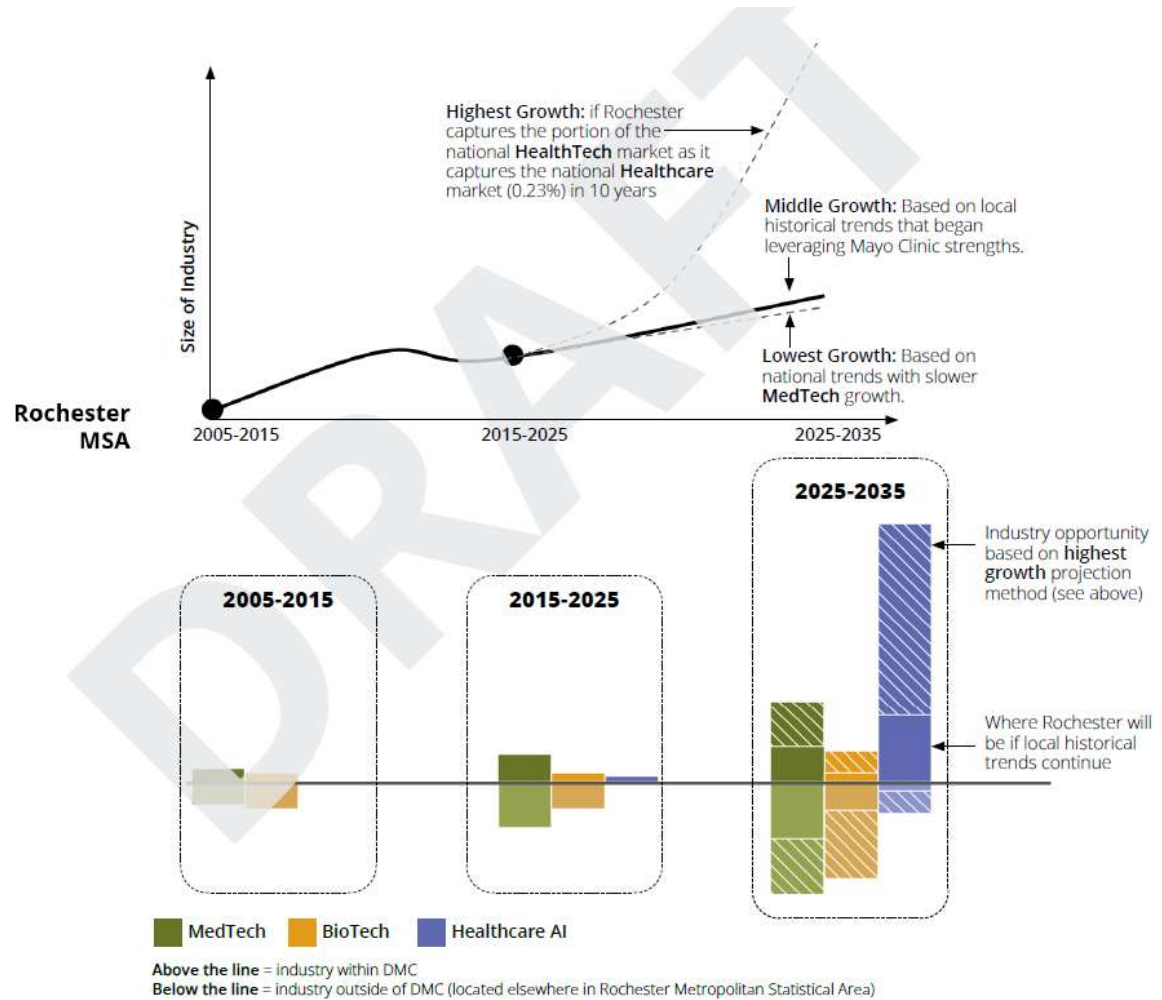
**Design for
Well-Being**

**Drive
Purposeful
Growth**

ACCELERATE HEALTH INNOVATION UNIQUE OPPORTUNITY

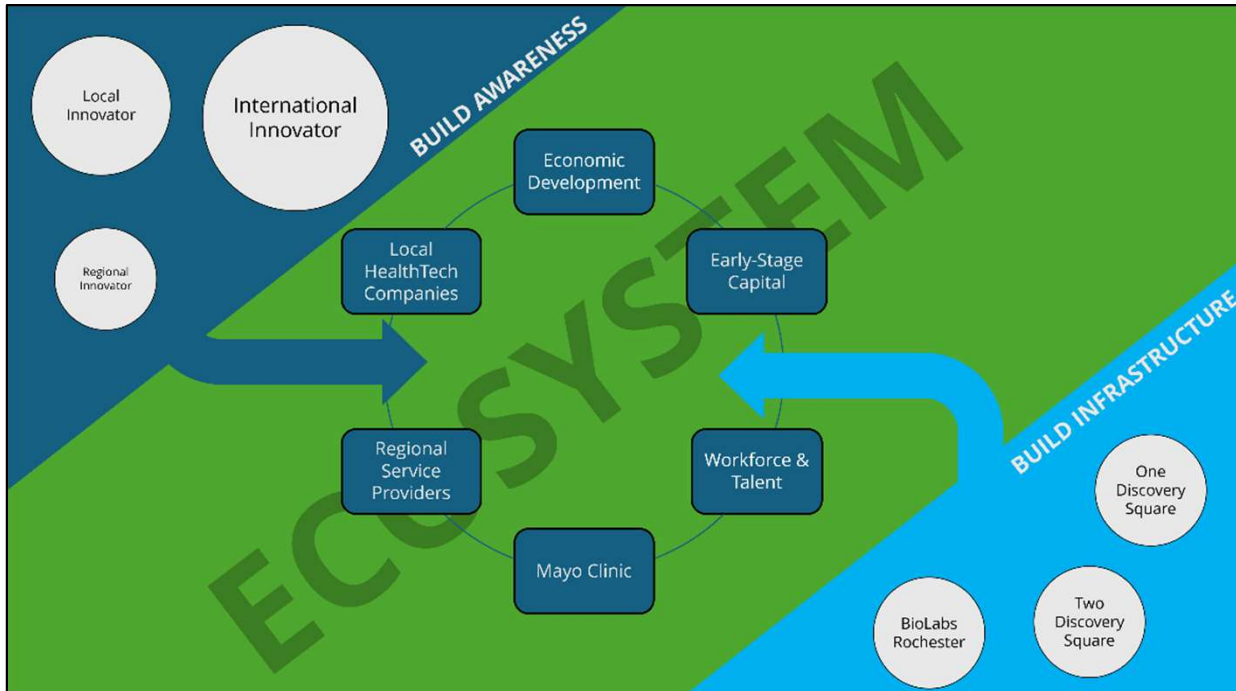
Rochester's Healthcare GDP per resident is the highest in the country: Rochester has nearly **five times** the GDP per resident than the national average, and more than **twice the GDP per resident** than the next highest Metropolitan Statistical Area (MSA).

What if Health *Innovation* could match that market share?



ACCELERATE HEALTH INNOVATION

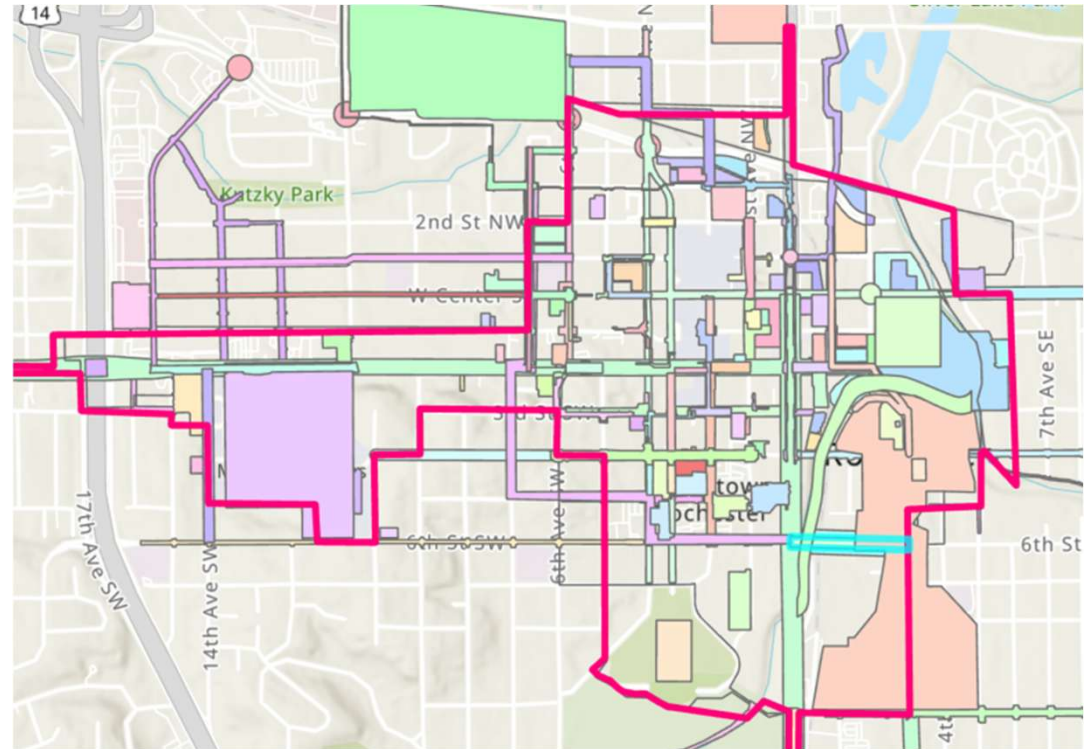
HOW



DESIGN FOR WELL-BEING UNIQUE OPPORTUNITY

More than 71% of the streets in the DMC District will have seen construction by 2030 – a remarkably short timeframe for generational infrastructure investment.

What if every street, building, and public space was designed to measurably improve human health and well-being?



DESIGN FOR WELL-BEING

HOW: PARTNERSHIP WITH CITY OF ROCHESTER

Vision: Downtown Rochester's infrastructure embodies health at every scale

By **2035**, wellbeing is an effortless part of daily life for all residents, workers, and visitors. Through community-informed planning centering health and human experience in:

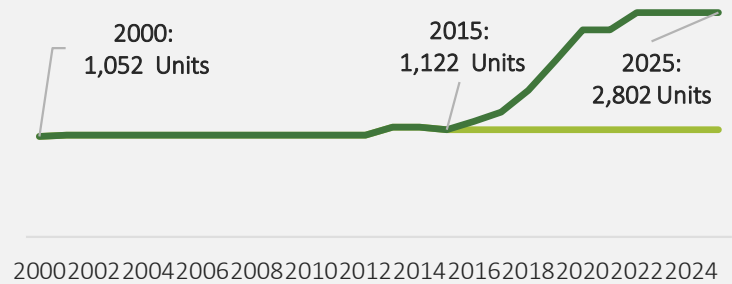


DRIVE PURPOSEFUL GROWTH UNIQUE OPPORTUNITY

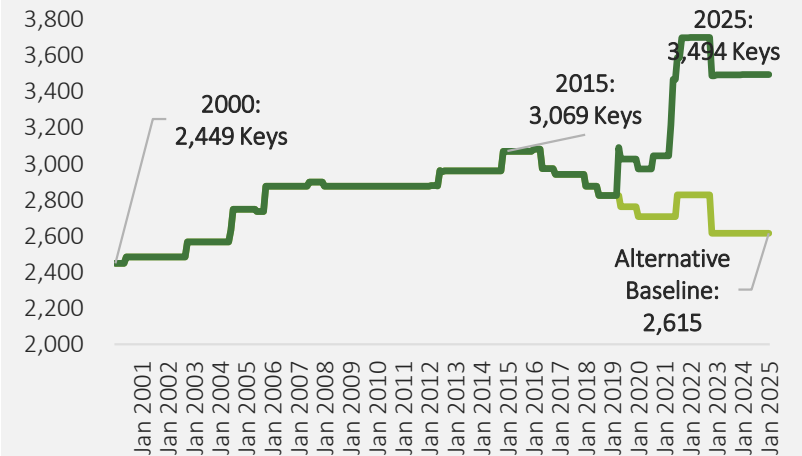
The number of new downtown residents has doubled, UMR has revised their projections to their “boldest” growth trajectory, downtown experience, hospitality, and convening partners are strong and growing.

What if we grew a downtown as exceptional as the world's best hospital at its heart?

NEW RESIDENTIAL UNITS



NEW HOTEL KEYS



DMC PLAN UPDATE

DRIVE PURPOSEFUL GROWTH

HOW: SUPPORTING PARTNERS THAT MAKE IT HAPPEN



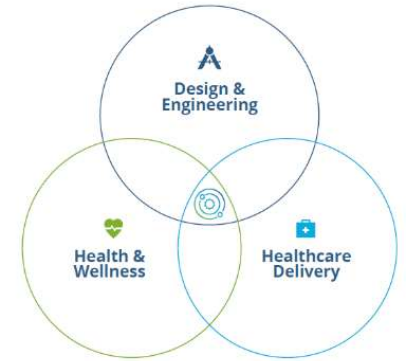
Higher Education



Health-related convenings



SPARK Children's Museum

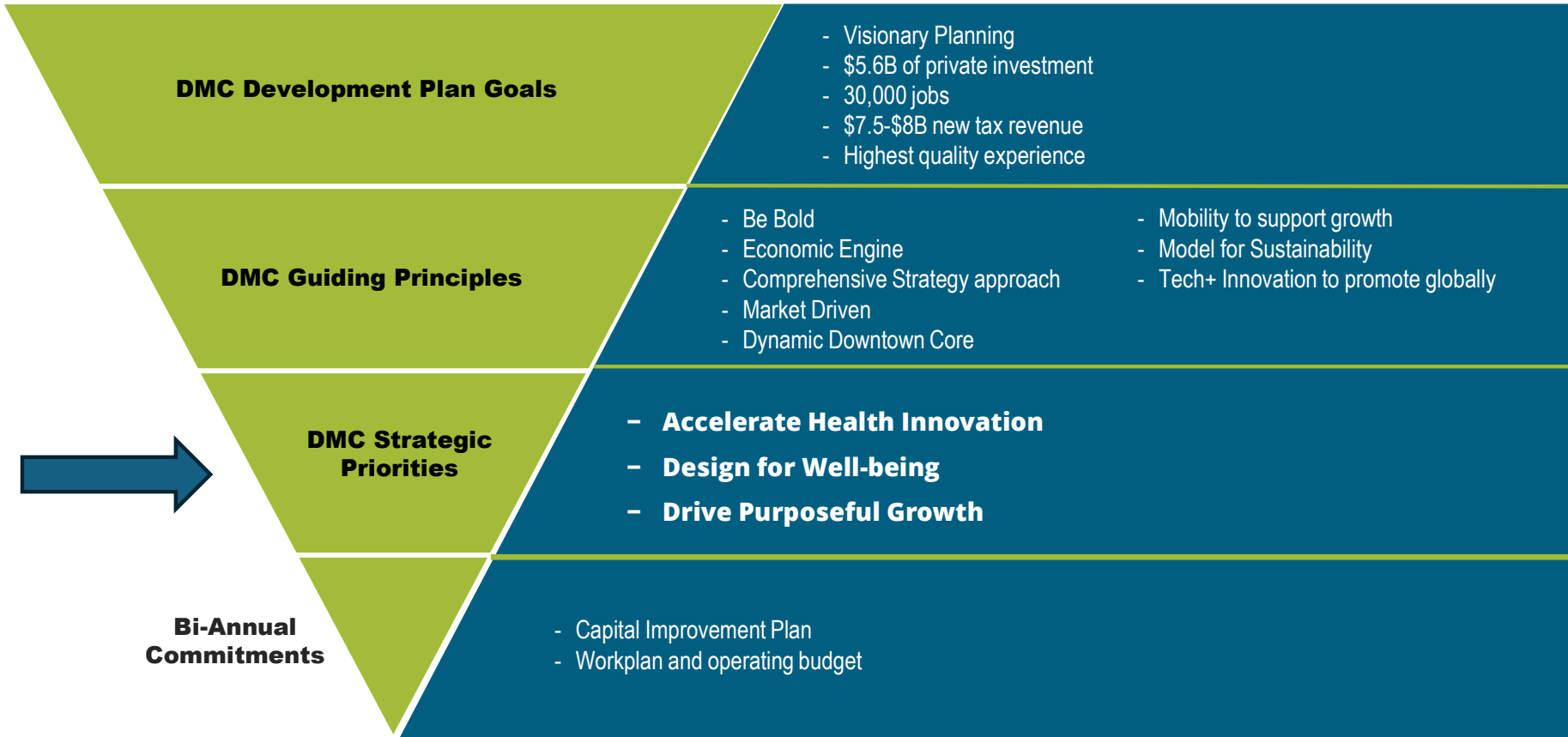


**Tech-Enabled,
Age in Place Living**

Housing Innovation

A BOLD VISION

PRIORITIZING DMC RESOURCES



DMC PLAN UPDATE

PLAN UPDATE

NEXT STEPS

- January 21, 2026: City Council Action
- February 5, 2026: DMCC Board Action