



DMC
Destination
Medical Center

Destination Medical Center Corporation
Board of Directors Meeting

Thursday, May 21, 2026
9:30 A.M.

DESTINATION MEDICAL CENTER CORPORATION (DMCC)
BOARD MEETING

Thursday, May 21, 2026
9:30 A.M.

Mayo Civic Center, 30 Civic Center Dr SE, Rochester, MN

To View the Meeting Remotely: <https://www.youtube.com/destinationmedicalcenter>

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XV. Meeting Schedule

- A. Next Regular Meeting: September 24, 2026 at 9:30 A.M. at Mayo Civic Center

XVI. Adjournment

DESTINATION MEDICAL CENTER CORPORATION (DMCC)
BOARD OF DIRECTORS MEETING

Thursday, February 5, 2026
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. Doug Baker, Kristin Beckmann, Mayor Kim Norton, Council President Randy Schubring, Commissioner Mark Thein, Pamela Wheelock, and Paul Williams were present. Mr. Baker participated by video due to out-of-state travel.
- III. Approval of Agenda. Mayor Norton moved approval of the agenda. Commissioner Thein seconded the motion.

Ayes: 7, Nays: 0. Motion approved.

- IV. Approval of Minutes: December 10, 2025 Regular Meeting. Council President Schubring moved approval of the minutes. Mayor Norton seconded the motion.

Ayes: 7, Nays: 0. Motion approved.

- V. Public Comment. Karen Lemke, Executive Director of the Rochester Public Library, spoke regarding the library's participation in the preparation of the Five-Year Update to the DMC Development Plan.

Joe Ward, President of Experience Rochester, and Shawn Fagan, Executive Director of the Rochester Downtown Alliance, spoke in support of the Five-Year Update to the DMC Development Plan.

- VI. Chair's Report. Chair Wheelock reported on recent discussions with Greater MSP regarding opportunities for regional collaboration, particularly related to MedTech 3.0 and health technology innovation. Chair Wheelock and DMC Economic Development Agency (EDA) Executive Director Patrick Seeb noted that staff will explore models for formalizing regional partnerships.

Chair Wheelock also introduced a discussion regarding current immigration enforcement activity and its impacts on the Rochester community and economy. Mr. Seeb provided an overview of those impacts, including on workforce stability, downtown activity, talent attraction, and investor sentiment. Board members discussed community resilience, workforce implications, and collaboration.

- VII. Consent Agenda. Mr. Williams moved approval of the consent agenda. Commissioner Thein seconded the motion.

Ayes: 7, Nays: 0. Motion approved.

- VIII. Annual Report to the Legislature. DMCC General Counsel Tami Diehm provided an overview of the statutory requirements for the annual report to the Legislature. Mr. Seeb summarized the report, including progress on Mayo Clinic's ongoing downtown campus expansion, public infrastructure investments, health innovation initiatives, and the Five-Year Update to the DMC Development Plan.

Council President Schubring noted the coordination between the DMC EDA and the City of Rochester and that the City Council had approved the report.

Resolution: Approving February 15, 2026 Report to the Legislature. Council President Schubring moved approval of the resolution. Mr. Williams seconded the motion.

Ayes: 7. Nays: 0. Motion approved.

- IX. EDA Board President Comments. Dr. Clark Otley, President of the DMC EDA Board of Directors, provided remarks on the DMC model, recent accomplishments, upcoming project milestones, and the importance of successfully completing current initiatives while preparing for the next decade of DMC activity.

X. Public Hearing.

- A. Development Plan: Five-Year Update. Chair Wheelock opened the public hearing.

Bruce Thompson, CEO of Urbaneer, spoke in support of the Five-Year Update to the DMC Development Plan, highlighting plans to locate a Home Innovation Lab in Rochester.

With no additional speakers, the public hearing was closed.

Ms. Diehm reviewed procedural and statutory requirements for adoption of the Five-Year Update to the DMC Development Plan. Mr. Seeb, DMC EDA Director of Public Infrastructure & Development Strategy Catherine Malmberg, and City of Rochester Deputy Administrator Cindy Steinhauser presented the updates to the plan, including strategic priorities, community engagement, and incorporation of City Council and DMCC feedback.

Board members expressed appreciation for the collaborative process and noted the value of the plan as a guiding strategic framework at the midpoint of DMC implementation.

Resolution: Adopting the 2025 Five-Year Update to the Development Plan. Ms. Beckmann moved approval of the resolution. Mayor Norton seconded the motion.

Ayes: 7. Nays: 0. Motion approved.

XI. Action Items

- A. Downtown Historic District Infrastructure Project Requests. Mr. Seeb, Ms. Steinhauser, and DMC EDA Director of Public Experience for Strategic Infrastructure Brooke Carlson, presented downtown property preservation program requests, including a second request for a previously approved property and a request for the former Olmsted County Bank building. When discussing the bank building, the Board members asked clarifying questions regarding project approvals, eligible expenses, and oversight. Chair Wheelock noted the expectation that full project financing be confirmed prior to the release of DMCC funds, consistent with program practice.

Resolution: Approving Downtown Property Preservation Program Funding Requests. Commissioner Thein moved approval of the resolution. Mayor Norton seconded the motion.

Ayes: 7. Nays: 0. Motion approved.

XII. Discussion Items.

- A. Project Progress Discussions. DMC EDA and City staff, including Mr. Seeb, Ms. Steinhauser, DMC EDA Senior Director of Economic Development Michael Flynn, and DMC EDA Director of Communications and Public Relations Jamie Rothe, presented updates on projects under discussion, including University of Minnesota Rochester growth and workforce infrastructure planning; Chateau Theater operational and capital planning; Spark Children’s Museum location and expansion discussions; and housing innovation and coalition-building efforts.

Board members expressed interest in continued planning with the University of Minnesota Rochester and emphasized the importance of workforce and talent infrastructure to the long-term success of Discovery Square and the downtown innovation ecosystem. Board members indicated an expectation that staff would return with more detailed recommendations as planning advances.

Regarding the Chateau Theater, Board members discussed the importance of clearly defining the facility’s operational model, realistic use potential, and return-on-investment expectations prior to consideration of additional capital investment, noting the potential opportunity costs associated with further DMC funding.

Board members expressed interest in the potential for a downtown or downtown-adjacent location for the Spark Children’s Museum as a community-oriented cultural asset, while noting the importance of accessibility and practical considerations as discussions continue.

With respect to housing, Board members emphasized the ongoing need to increase housing supply and DMC's role in fostering housing innovation through partnerships, coalition-based strategies, and exploration of ownership, aging-in-place, and small-scale development models.

- XIII. Information Items. Staff provided updates on capital projects, private development activity, and program areas as outlined in the agenda. Board members asked clarifying questions and discussed timing, coordination, and next steps for several items, including downtown infrastructure alignment, energy and sustainability initiatives, and private development projects. Staff indicated that additional analysis and recommendations will be presented to the Board as work progresses.
- XIV. Meeting Schedule. Chair Wheelock noted that the DMCC Executive Committee will meet on March 13, 2026. The next regular meeting of the DMCC Board of Directors is scheduled for May 21, 2026 at 9:30 a.m. at the Mayo Civic Center.
- XV. Adjournment. Council President Schubring moved to adjourn the meeting. Commissioner Theirn seconded the motion.

Ayes: 7. Nays: 0. Motion approved.



May 21, 2026

Re: DMCC Budget Summary as of March 31, 2026

Dear Mr. Mark Thein, DMC Treasurer,

The attached Financial Budget Summary is through March 31, 2026. The Financial Budget Summary reflects the DMCC operating expenditures in the amount of \$958,290 of the \$5,008,197 budget for 2026. The remaining amount unspent is approximately 81% of the total budget.

The total operating expenditures consist of the following three entities:

- **DMC Corporation:** Expenditures total \$44,643, representing 19% of the \$229,566 budget as of March 31, 2026. Spending remains below budget across all categories.
- **DMC EDA:** Expenditures total \$624,917, representing 19% of the \$3,239,019 budget. Overall, expenditures are consistent with budget expectations.
- **City of Rochester Project Management:** Expenditures total \$288,730, representing 19% of the \$1,539,612 budget. Overall, expenditures are expected to remain within the budget.

The second page provides an outline of DMCC project expenditures by category through March 31, 2026, as managed by the City of Rochester and organized by program budgets. During the first quarter of 2026, total project expenditures were approximately \$8,783,000.

Expenditures by major category are as follows:

- Administration: \$545,117 (6%)
- Capital Projects: \$8,238,033 (94%)

Transit expenditures are driven by the BRT Link project and are expected to increase throughout the remainder of the year.

Infrastructure expenditures include various Downtown Infrastructure projects. While expenditures have been incurred in 2026 for the Steam Replacement/District Energy project, these costs will be covered by non-DMCC funding sources.

Infrastructure spending is expected to increase during 2026 as downtown infrastructure projects advance through planning phases and, in certain cases, transition into construction.

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

Brian J. Anderson

Director of Finance
City of Rochester

Destination Medical Center Corporation
 Financial Budget Summary
 March 31, 2026

BUDGET ENTITY	2026 YTD	APPROVED BUDGET	AMOUNT REMAINING	% REMAINING
DMCC Corporation	44,643	229,566	184,923	81%
DMC EDA	624,917	3,239,019	2,614,102	81%
City Project Management	288,730	1,539,612	1,250,882	81%
Total DMC Administration	\$ 958,290	\$ 5,008,197	\$ 4,049,907	81%

**City of Rochester, MN
DMCC Projects by Category
Through March 31, 2026**

PROJECT	JANUARY EXPENSES	FEBRUARY EXPENSES	MARCH EXPENSES	YTD EXPENSES	LTD EXPENSES
Administration					
C.8601 - COR Administrative Costs-DMCC				-	\$ 4,222,963
C.8602 - Contributions to DMC Corporatn	119,532	175,593	238,389	533,515	35,484,092
C.8606 - City Staff Costs-DMCC		250	349	599	464,119
C.8629 - Development Plan Update			11,004	11,004	647,698
Total Administration	119,532	175,843	249,742	545,117	40,818,872
Econ Development/Public Realm					
C.8624 - Chateau Theatre Building Improvement Purchase				-	12,335,644
C.8625 - Heart of the City				-	22,027,245
C.8633 - Strategic Development		52,218		52,218	2,420,458
C.8634 - Riverfront Reimagined		5,000	14,255	19,255	1,154,589
C.8637 - DMC Interim Wayfinding		1,604	12,718	14,322	33,091
C.8904 - Discovery Walk				-	18,539,262
C.8905 - CnstrctSnSwCpBys3AveSWfr2StSW				-	27,132
Total Econ Development/Public Realm	-	58,823	26,972	85,795	56,537,421
Infrastructure					
C.1037 - Steam Replace/District Energy	1,345	6,881	473,469	481,695	24,841,215
C.8908 - Reconstruct 6th Ave W < 2nd St SW > Civic Center Dr NW		25,521	24,693	50,214	334,029
C.7857 - Recon400BlkCntrStW10Blk5AvNW	1,515	1,459	4,983	7,957	166,494
C.7858 - Recon2AveSW<2StSW>CenterStW	223,796	3,956	51,430	279,182	609,581
C.8915 - ReconVarBlks5AveNW3StNW3AveNW		6,011	7,115	13,126	13,126
C.8711 - Private District Energy Pilot				-	93,746
C.7919 - 6th Street Bridge over Zumbro River	11,438	47,338	431,718	490,494	4,056,639
Total Infrastructure	238,094	91,166	993,408	1,322,668	30,114,830
Transit					
C.8707 - Rapid Transit Projects	1,433,962	3,192,440	2,203,168	6,829,570	53,974,235
C.8712 - Reconnect Active Transport				-	68,000
Total Transit	1,433,962	3,192,440	2,203,168	6,829,570	54,042,235
	\$ 1,791,588	\$ 3,518,272	\$ 3,473,290	\$ 8,783,149	\$ 181,513,358

CAPITAL IMPROVEMENT PLAN (CIP) TRUE-UP AND UPDATE

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Requested Board Action

Acknowledge reconciliation through approval as a consent agenda item.

Background

DMC EDA and City staff have reviewed the project budgets approved in the DMC Capital Improvement Program. Staff reconciled expenses and identified approved projects that have not fully expended their allocated budgets. In some cases, project costs were lower than budgeted. In others, annual changes to the DMC capital improvement program, DMC Corp. board priorities, or less-than-favorable project bids resulted in projects being postponed, redefined, or cancelled.

The 2025 reconciled balance of project budgets is presented in the table below:

Project	Source	Approved Budget	Actual Expenditures	Balance
Block 6 Street Project	DMC State Infrastructure Aid	\$789,000	\$254,738	\$534,262
Reconstruct North Broadway (Civic Center Dr. to 13th Street NW)	DMC State Infrastructure Aid	\$4,800,000	\$4,000,000	\$800,000
Reconciling of past DMC Projects				\$1,638,566
City DMC-related Administrative and Project Management Costs	DMC-Enabled City Sales Tax	\$1,461,141	\$824,874	\$636,267
DMCC & DMC EDA Costs	DMC-Enabled City Sales Tax	\$3,324,519	\$3,120,636	\$203,883
				\$3,812,978

DMC TRADEMARKS

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS

FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Requested Board Action

Designate the DMC EDA as DMCC's universal trademark agent.

Highlights & Key Considerations

- The DMCC holds several DMC-related trademarks, including "Destination Medical Center," "Discovery Square," and "America's City for Health."
- Since 2018, the DMC EDA has managed "Discovery Square" on behalf of the DMCC, supported by the patent and trademark team at Dorsey & Whitney, LLP.
- Other DMCC-owned trademarks should be managed in this way, as formal DMC EDA authority is currently relatively narrow.
- The existing DMCC resolution authorizes the DMC EDA to act as DMCC's agent for licensing and monitoring the "Discovery Square" trademark (and related quality control), while DMCC remains the owner and retains quality-control authority.

Background

DMC trademarks identify DMC communications/branding, projects, and programs.

Current roles in trademark management and protection.

- DMCC (owner): DMCC owns the marks and retains the right to control the nature and quality of services provided under them.
- DMC EDA (administrator/agent): DMCC's existing authorization framework grants the DMC EDA a license to use the "Discovery Square" mark for defined work and designates the DMC EDA as DMCC's agent to grant and monitor third-party licenses and provide quality control within DMCC's retained oversight. The DMCC resolution granting the DMC EDA its current authorities follows this memo.
- Dorsey & Whitney (outside counsel): Dorsey supports DMC by clearing potential trademarks, monitoring third-party marks through watch notices, and drafting license agreements. A memo from Dorsey & Whitney describing its work follows this memo.

- Dorsey & Whitney LLP, “DMC Trademark Summary” (April 3, 2026).

MEMORANDUM

TO: Destination Medical Center Corporation

FROM: Jeffrey R. Cadwell
Julia B. Lisi

DATE: April 3, 2026

RE: DMC Trademark Summary

This memorandum discusses Destination Medical Center Corporation's ("DMC") trademark matters. We at Dorsey & Whitney LLP help DMC with various trademark matters, including clearing potential trademarks, managing DMC's trademark portfolio, monitoring third party trademarks through watch notices, and drafting trademark license agreements.

I. Trademark Basics

A trademark is a "source identifier," meaning it tells consumers where goods or services come from. Once DMC begins using a mark to provide goods or services, it establishes common law—*i.e.*, unregistered—rights in the mark. The TM symbol is used to notify the public that DMC claims certain terms, logos, etc., are common law trademarks. Registering trademarks with the U.S. Patent and Trademark Office ("USPTO") provides DMC many benefits, including constructive nationwide priority for DMC's mark, the ability to use the ® symbol, and the right to bring suit in federal court.

Before DMC files applications or adopts a new mark, Dorsey usually conducts clearance searches, which allows us to assess the registrability, infringement risk, and scope of rights in a given mark. There are two types of searches. The first is a preliminary search, which focuses only on obvious obstacles to registration. The second is a full search, which includes a comprehensive overview of both third-party marks on the USPTO's register, and common law marks. Clearance searching is important to minimize risk and to avoid potential obstacles.


II. Trademark Status Update


Attached as **Exhibit A** is a report containing the details of DMC's active trademark applications and registrations. DMC's trademarks fall into four categories: (1) registered trademarks; (2) allowed trademarks; (3) published trademarks; and (4) pending trademarks. Each status type is described below.

Registration is granted once the USPTO has examined the trademark application, all procedural requirements have been satisfied, and there have been no third-party challenges. The following trademarks are registered: **AMERICA'S CITY FOR HEALTH, DISCOVERY SQUARE** (in Class 35), and **DMC DESTINATION MEDICAL CENTER & Molecule Design** (



A trademark application is “allowed” when it successfully makes it through the USPTO’s examination, is published for opposition, and is not opposed by any third parties. DMC’s **DISCOVERY SQUARE** applications in Classes 36, 41, 43, and 45 are allowed. These applications can proceed to registration once DMC begins using its mark for services in these Classes.

A trademark application is “published” when it successfully makes it through the USPTO’s examination and is published for opposition. The opposition period is thirty-days during which third parties who believe DMC’s trademark is likely to cause confusion with their marks can oppose DMC’s application. The **DISCOVERY SQUARE** applications in Class 9 and 35 were published for opposition on February 24, 2026. The opposition period expired on March 26, 2026. To date, it does not appear that any third parties filed any oppositions against these applications. Assuming no third parties have opposed, these applications will soon be allowed. The **DMC Design** () applications in Class 41 and 45 were published for opposition on March 24, 2026. The opposition period will expire April 23, 2026.

Trademark applications are “pending” when they are still being examined by the USPTO. During examination, the USPTO often issues Office Actions, which raise issues that DMC must address before the application can proceed. Dorsey formulates a response strategy and works with DMC to file office action responses, attempting to overcome the issues raised by the USPTO. Conducting clearance searching before filing applications helps avoid potential issues the USPTO could raise. The **DISCOVERY SQUARE** application in Class 42 and the **DMC Design** () applications in Class 35 and 36 are pending.

III. Trademark Chart

Trademark rights are generally limited to the goods and services with which a mark is used. The USPTO categorizes goods and services into 45 different Classes. Each trademark application must describe the specific goods and services with which DMC uses or intends to use the mark. The chart attached as **Exhibit B** summarizes the goods or services currently covered under DMC’s active trademark applications and registrations. For the complete description of goods or services covered by DMC’s applications, please see **Exhibit A**.

IV. Watch Services

As a means of protecting exclusive rights in key trademarks, we recommend that our clients subscribe to watch services that will notify us when any third party tries to register or use the same or similar marks in commerce. We subscribe to two watch services on DMC’s behalf. These watches notify us when third parties adopt trademarks that are potentially similar to DMC’s **DISCOVERY SQUARE** mark. Specifically, the watch notices cover third party mobile apps and pending trademark applications. We review these watch notices and then notify DMC of any concerning hits.

V. License Agreements

We are currently working on a draft license agreement for DMC to enter into with its partners regarding their use of the **DISCOVERY SQUARE** and **DMC Logo** marks. We are also crafting a more bespoke license for use with Mayo Clinic, given Mayo’s use of the marks **DISCOVERY COAST** and **DISCOVERY OASIS**. License agreements are important for

maintaining DMC's trademark rights and protecting DMC's reputation. They also allow DMC to claim the benefit of the licensee's use in connection with fulfilling proof of use requirements at the USPTO.

* * *



Please let us know if you have any questions.




Exhibit A

Destination Medical Center Trademark Portfolio

File Number	Trademark	Jurisdiction	Application No.	Registration No.
Class/Description		Status	Filing Date	Registration Date
T298138.US.01	AMERICA'S CITY FOR HEALTH	United States of America Registered	97/388,455 Apr 29, 2022	7,403,739 May 28, 2024
035:	Promoting economic development in the Rochester, Minnesota area; providing information in the fields of business innovation processes, business management, and business opportunities management; providing information about business opportunities in the medical and biosciences industries; providing information, news, and commentary in the field of economic development in the State of Minnesota; providing information, news, and commentary about developing business opportunities in the State of Minnesota in the medical industry.			
T328620.US.01	DISCOVERY SQUARE	United States of America Published	99/237,886 Jun 17, 2025	
009:	Computer hardware; downloadable computer software for use in network management, management of data, and for managing and analyzing scientific research and development; photo printers; document printers; photocopiers; digital input and output scanners; downloadable computer application software for mobile devices, tablets, cell phones, and computers, namely, software for use in management of data and electronic storage of data, downloadable medical software for analyzing test results, and downloadable software for managing scientific research and development.			
T265984.US.01	DISCOVERY SQUARE	United States of America Registered	87/469,889 May 31, 2017	6257451 Jan 26, 2021
035:	Business services, namely, promoting collaboration within the medical, scientific, and research communities to achieve advances in the fields of translational scientific and biomedical research; providing information in the fields of business innovation process, business management, and business opportunities management; consulting and advisory services in the areas of business growth strategy, innovation and growth processes, organizational transformation, and talent management and development strategies; business management services, namely, acquisition, sale, and licensing of intellectual property rights of others; obtaining and managing external funding, grants, contracts, fellowships, and awards in support of research, training, and educational outreach programs; promoting public awareness of the benefits of collaboration and innovation within the translational scientific and biomedical research communities; incubation, acceleration, and support services, namely, providing work space containing business equipment to individuals, start-up businesses, existing businesses, non-profit organizations, and governmental organizations.			

File Number Class/Description	Trademark	Jurisdiction Status	Application No. Filing Date	Registration No. Registration Date
T328626.US.01	DISCOVERY SQUARE	United States of America Published	99/237,894 Jun 17, 2025	
035:	Market research and business analyses; writing of grant proposals for individuals, start-up businesses, existing businesses, and non-profit organizations; providing marketing consulting in the field of social media; retail convenience stores; retail pharmacy services; business consulting in the field of relocation of businesses; medical personnel recruitment services and consultation related thereto.			
T323586.US.01	DISCOVERY SQUARE	United States of America Allowed	98/908,046 Dec 17, 2024	
036:	Business incubation and acceleration services, namely, rental of office space to individuals, start-up businesses, existing businesses, non-profit organizations, and governmental organizations; real estate leasing; charitable fundraising services; all of the foregoing for an urban life sciences hub based in Rochester, Minnesota.			
T323587.US.01	DISCOVERY SQUARE	United States of America Allowed	98/907,931 Dec 17, 2024	
041:	Educational services, namely, organizing and conducting courses, conferences, lectures, seminars, symposiums, workshops, community education courses, public lectures in the fields of medical technology, scientific research, research and technology and distributing course materials in connection therewith; providing a learning and innovation center featuring fully customized leadership, motivational, educational, and brainstorming training; providing online courses, conferences, lectures, seminars, symposiums in the fields of medical technology, scientific research, research and technology; educational services, namely, providing courses, conferences, lectures, seminars, symposiums, workshops, community education courses, public lectures in the fields of medical technology, scientific research, research and technology; health club services, namely, providing instruction and equipment in the field of physical exercise; providing a website featuring blogs and non-downloadable publications in the nature of articles, blog posts, and informational brochures in the field of translational scientific and biomedical research.			
T334467.US.01	DISCOVERY SQUARE	United States of America Pending	99/662,152 Feb 20, 2026	
042:	Scientific and biomedical research namely, conducting clinical trials for others; providing biomedical testing services and information in the field of medical research; software as a service (SAAS) services featuring non-downloadable software for use in database management in the field of scientific and biomedical research; Innovation consulting services, namely, advising others in the areas of product development; website development for others; providing a website featuring news and information in the field of scientific and biomedical research and innovation as it relates to product development; providing scientific research and development space for translational scientific and biomedical research, rapid prototyping, and complex fabrication.			
T292320.US.01	DISCOVERY SQUARE	United States of America Allowed	90/730,828 May 24, 2021	
042:	Scientific and biomedical research and testing services, including conducting clinical trials for others; software as a service (SAAS) services featuring non-downloadable software for use in database management in the field of scientific and biomedical research; innovation consulting services, namely, advising others in the areas of product development; website development for others; providing a website featuring news and information in the field of scientific and biomedical research and innovation as it relates to product development; providing scientific research and development space for translational scientific and biomedical research, rapid prototyping, and complex fabrication.			

File Number Class/Description	Trademark	Jurisdiction Status	Application No. Filing Date	Registration No. Registration Date
T321682.US.01	DISCOVERY SQUARE	United States of America Allowed	98/722,248 Aug 28, 2024	
043:	Coffee-house and snack-bar services; restaurant and catering services; hotel accommodation services; providing conference, meeting, and exhibition facilities.			
T321683.US.01	DISCOVERY SQUARE	United States of America Allowed	98/722,266 Aug 28, 2024	
045:	Legal services, namely, technology evaluation and protection services in the nature of intellectual property consultation featuring assistance in identifying the scope of legal protection of technologies, providing legal advice to inventors, and providing legal services in relation to the negotiation of licensing agreements for licensing negotiations between organizations regarding intellectual property and related technologies.			
T330251.US.01	DMC Design	United States of America Pending	99/348,190 Aug 20, 2025	
				
035:	Market research and business analyses; writing of grant proposals for individuals, start-up businesses, existing businesses, and non-profit organizations; providing marketing consulting in the field of social media; retail convenience stores; retail pharmacy services; business consulting in the field of relocation of businesses; medical personnel recruitment services and consultation related thereto; promoting collaboration within the scientific, research and medical communities to achieve advances in the field of healthcare; providing information in the fields of business innovation process, business management and business opportunities; management consulting and advisory services in the areas of corporate growth strategy, innovation and growth processes, organizational transformation, and talent management and development strategies; promoting public interest and awareness of the benefits of collaboration and innovation within the translational scientific and biomedical research communities; incubation services, namely, providing work space containing business equipment to freelancers, start-ups, existing businesses and non-profits.			
T330252.US.01	DMC Design	United States of America Pending	99/348,184 Aug 20, 2025	
				
036:	Business incubation and acceleration services, namely, rental of office space to individuals, start-up businesses, existing businesses, non-profit organizations, and governmental organizations; real estate leasing; charitable fundraising services; all of the foregoing for an urban life sciences hub based in Rochester, Minnesota; obtaining and managing external funding, grants, contracts, fellowships, and awards in support of research, training, and educational outreach programs.			

File Number Class/Description	Trademark	Jurisdiction Status	Application No. Filing Date	Registration No. Registration Date
T330253.US.01	DMC Design	United States of America Published	99/348,180 Aug 20, 2025	
				
041:	Educational services, namely, conducting and organizing in-person and online courses, conferences, lectures, seminars, symposiums, workshops, community education courses, public lectures in the field of medical technology, scientific research, research and technology; and distributing course materials in connection therewith; educational services, namely, providing a learning and innovation center featuring fully customized leadership, motivational, educational, and brainstorming training; health club services, namely, providing instruction and equipment in the field of physical exercise; providing a website featuring blogs and non-downloadable publications in the nature of articles, blog posts, and informational brochures in the field(s) of translational scientific and biomedical research.			
T330254.US.01	DMC Design	United States of America Pending	99/348,175 Aug 20, 2025	
				
042:	Scientific and biomedical research and testing services, including conducting clinical trials for others; software as a service (SAAS) services featuring non-downloadable software for use in database management in the field of scientific and biomedical research; innovation consulting services, namely, advising others in the areas of product development; website development for others; providing a website featuring news and information in the field of scientific and biomedical research and innovation as it relates to product development; providing scientific research and development space for translational scientific and biomedical research, rapid prototyping, and complex fabrication.			
T330255.US.01	DMC Design	United States of America Published	99/348,169 Aug 20, 2025	
				
045:	Legal services, namely, technology evaluation and protection services, namely, intellectual property consultation featuring assisting in identifying scope of technologies, advising inventors, and conducting negotiations featuring licensing negotiations between organizations regarding intellectual property and related technologies; advisory services relating to intellectual property rights; licensing of intellectual property.			


File Number Class/Description	Trademark	Jurisdiction Status	Application No. Filing Date	Registration No. Registration Date
T279620.US.01	DMC DESTINATION MEDICAL CENTER & Molecule Design	United States of America Registered	88/385,446 Apr 15, 2019	5971138 Jan 28, 2020



035: Promoting economic development in the state of Minnesota; providing information in the fields of business innovation process, business management, and business opportunities management; providing business opportunities; providing information, news, and commentary regarding economic development in the state of Minnesota.

Exhibit B

Trademark Chart

	AMERICA'S CITY FOR HEALTH	DISCOVERY SQUARE	DMC Design 	DMC DESTINATION MEDICAL CENTER & Molecule Design
Downloadable software (Cl. 9)	--	X	--	--
Business and economic development information (Cl. 35)	X	X	--	X
Business management and consulting services (Cl. 35)	--	X	X	--
Grant-related services (Cl. 35)	--	X	X	--
Market research (Cl. 35)	--	X	X	--
Retail convenience and pharmacy stores (Cl. 35)	--	X	X	--
Business incubation and real estate leasing (Cl. 36)	--	X	X	--
Charitable fundraising (Cl. 36)	--	X	X	--
Educational services (Cl. 41)	--	X	X	--
Research, development, and testing (Cl. 42)	--	X	X	--
Restaurant, coffee shop, and hotel services (Class 43)	--	X	--	--
Intellectual property legal consultation (Cl. 45)	--	X	X	--

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ___-2026

**A RESOLUTION AUTHORIZING EDA AS AGENT FOR TRADEMARK LICENSING
ON BEHALF OF DMCC**

BACKGROUND RECITALS

A. Pursuant to Resolution No. 73-2018, the Destination Medical Center Corporation (“**DMCC**”) authorized the Destination Medical Center Economic Development Agency (“**EDA**”), as its authorized agent (“**Agent**”), to grant and monitor license rights to the trademark known as DISCOVERY SQUARE (the “**Original Mark**”) and to, among other things, provide quality control over the Licensed Mark, all as Work (as defined in the Services Agreement) performed under that certain Agreement for Destination Medical Center Services dated February 1, 2014 by and between the DMCC and the EDA (the “**Services Agreement**”), and as otherwise directed from time to time by the DMCC.

B. Since the adoption of Resolution No. 73-2018, the DMCC had applied for and obtained additional trademarks as well as intends to, in the future, apply for additional trademarks as deemed necessary (the “**Additional Marks**” and together with the Original Mark, the “**Licensed Marks**”).

C. The DMCC wishes to ensure the quality of the Licensed Marks, and to protect against any potential infringements or unauthorized uses. The DMCC wishes to authorize the EDA, as its Agent, to grant and monitor license rights to the Licensed Marks, to apply for and obtain federal registration of trademarks as necessary, and to provide quality control over such Licensed Marks, all as Work (as defined in the Services Agreement) performed under the Services Agreement and as otherwise directed from time to time by the DMCC.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that the EDA is hereby granted a royalty-free, non-exclusive right, license and privilege with no right of sublicense to use the Licensed Marks to perform the Work as defined under and subject to the terms and conditions of the Services Agreement, and consistent with the Destination Medical Center Development Plan (the “**Development Plan**”). The DMCC remains the sole owner of the Licensed Marks and retains the right to control the nature and quality of the services provided.

BE IT FURTHER RESOLVED, that the EDA is hereby designated as the Agent of the DMCC to grant to worthy applicants (“**Third Party Licensees**”) by written agreement (“**License Agreement**”) a non-exclusive right, license and privilege to use the Licensed Marks consistent with the Development Plan and the Services Agreement. A License Agreement may be executed only by the Executive Director or Chair of the Board of Directors of EDA after written approval by the Board of Directors of the EDA, and a License Agreement may include a fee payable by a Third Party Licensee to the EDA, as further provided below.

BE IT FURTHER RESOLVED, that as the Agent, the Board of Directors of the EDA may propose reasonable and appropriate annual fees for use of the Licensed Marks for review and approval by the DMCC. The EDA may not charge any fee to the City of Rochester or any other public entity for use of the Licensed Marks. Unless otherwise directed by the DMCC, the fees shall be used by EDA to defray the cost of quality control, enforcement, application, review and approvals and other administrative time dedicated to the Licensed Marks. The EDA shall provide regular updates to the DMCC, at least annually, as to the Work performed relating to the Licensed Marks, the Third Party Licensees, enforcement efforts and brand integrity, and the receipt and use of all fees received from Third Party Licensees of the Licensed Marks.

BE IT FURTHER RESOLVED, that as the Agent, the EDA shall safeguard and enforce the Licensed Marks against potential infringements or unauthorized users, and the DMCC shall assist with such efforts as reasonably needed. The EDA shall maintain federal registrations for the Licensed Marks consistent with the current use of the Licensed Marks. The EDA, as Agent, is hereby designated for the execution of documents required by the United States Patent and Trademark Office in connection with the registration and maintenance of the Licensed Marks (the “**Trademark Documents**”). Such Trademark Documents may include, without limitation, requests for extensions of time to file a Statement of Use, Statements of Use, Declarations of Use, Declarations of Incontestability, and Applications for Renewal. Only the Executive Director or Chair of the Board of Directors of the EDA may execute the Trademark Documents.

BE IT FURTHER RESOLVED, that the EDA shall, both on its own behalf and, as the Agent, require any Third Party Licensee to recognize and acknowledge by License Agreement that: (1) the Licensed Marks and all rights and goodwill pertaining thereto belong exclusively to DMCC, that all rights resulting from licensee’s use of the Licensed Marks inure to the benefit of DMCC, and that upon termination of the License Agreement, all rights in the Licensed Marks shall remain the property of DMCC; (2) it will in no way represent that it has any right, title or interest in the Licensed Marks other than those expressly granted hereunder or under the License Agreement; (3) it will not use or attempt to register in any country or jurisdiction, (a) any mark comprising or containing the Licensed Marks, (b) any translations or other language versions of the Licensed Marks, or (c) any other trademark, trade name, domain name, internet keyword, social networking identifier, or other designation similar in whole or in part to the Licensed Marks or to any other trademark of the DMCC or the EDA; and (4) it will not challenge the DMCC’s rights in, or the validity or scope of, the Licensed Marks, or any application or registration therefor, or the EDA’s rights as the Agent, to enforce the License Agreement.

BE IT FURTHER RESOLVED, that as the Agent, the EDA may establish reasonable use guidelines for the Licensed Marks, including a requirement that the most prominent use a licensee makes of the Licensed Mark must contain a trademark notice that states that “the Licensed Mark is a trademark owned by Destination Medical Center Corporation and used under license” and that as a licensee EDA must follow such guidelines.

BE IT FURTHER RESOLVED, that this license and appointment as the Agent shall be valid for the duration of the Services Agreement, subject to further direction from time to time by written resolution of the DMCC. This resolution shall take effect upon the adoption by the EDA

Board of Directors of a resolution acknowledging and accepting the terms and conditions of this resolution.

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DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ____ -2026

COMMENDING DR. CLARK C. OTLEY AND EXPRESSING GRATITUDE AND APPRECIATION FOR HIS SERVICE TO THE DESTINATION MEDICAL CENTER INITIATIVE

BACKGROUND RECITALS

WHEREAS, the Destination Medical Center Corporation (“**DMCC**”) was established by law in 2013 to exercise oversight, adopt plans, and approve projects as part of an initiative by the State of Minnesota to sustain Mayo Clinic, and the City of Rochester, Minnesota, as the world’s premier destination medical center; and

WHEREAS, the Destination Medical Center Economic Development Agency (“**DMC EDA**”) is charged with implementing the Destination Medical Center initiative through strategic leadership, business development, and coordination among public and private partners; and

WHEREAS, Dr. Clark C. Otley has served the DMC EDA Board of Directors for more than a decade, including as its President, providing sustained leadership across multiple phases of the DMC initiative’s development and execution; and

WHEREAS, during this period, the DMC initiative has advanced from early planning and district formation to a demonstrated model of public-private partnership, generating substantial private investment, supporting significant job growth, and contributing to Rochester’s emergence as a more diversified and innovation-oriented economy; and

WHEREAS, throughout these phases, Dr. Otley has contributed to the governance, strategic direction, and institutional alignment necessary to sustain long-term progress, helping ensure continuity of purpose as conditions, priorities, and implementation strategies evolved over time; and

WHEREAS, Dr. Otley’s leadership has supported the advancement of Discovery Square from an initial concept into an active and growing health innovation district, including efforts related to business recruitment, infrastructure development, and the continued maturation of an innovation ecosystem connected to Mayo Clinic; and

WHEREAS, during a period marked by significant external disruption, including the COVID-19 pandemic and shifting market conditions, Dr. Otley helped guide the organization in adapting its strategies to support economic resiliency, downtown vitality, and continued forward progress on key initiatives; and

WHEREAS, as the DMC initiative reached its ten-year milestone and undertook the five-year update to the Development Plan, Dr. Otley played an important role in shaping the transition to a more focused strategic framework, including the prioritization of “Accelerating Health Innovation” as a defining element of DMC’s next phase; and

WHEREAS, through his service, Dr. Otley has contributed to strengthening the collaborative relationships among the DMC EDA, the DMCC, the City of Rochester, Olmsted County, Mayo Clinic, and other partners, reinforcing the governance model that underpins the initiative's long-term success; and

WHEREAS, Dr. Otley's tenure reflects a sustained commitment to the responsible implementation of the DMC initiative and to advancing Rochester's position as America's City for Health and an emerging center for health innovation;

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors (the "**Board**"), that it commends Dr. Clark C. Otley for his dedicated service and leadership on the DMC EDA Board of Directors.

BE IT FURTHER RESOLVED, that the Board expresses its sincere gratitude and appreciation for his long-standing contributions to the advancement of the DMC EDA and the broader Destination Medical Center initiative.

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STRATEGIC DEVELOPMENT PROPOSAL

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

Consider a recommendation to approve up to \$3 million in DMC General State Infrastructure Aid (GSIA), with conditions.

Current Status

In 2021, the DMCC and City Council established in the DMC CIP a Strategic Development fund intended to proactively support housing, med-tech, downtown property improvement, and other strategic priorities established by the DMCC and Rochester City Council. Each year the DMCC and City Council added to this line item, for a total of \$29 million through 2026.

2021: \$7M | 2022: \$3M | 2023: \$3M | 2024: \$10M | 2025: \$3M | 2026: \$3M

TOTAL: \$29M

These funds are sourced from DMC General State Infrastructure Aid. To date, these funds have been authorized for expenditure toward five projects:

- **\$2.2M:** Bryk on Broadway (mixed-income workforce housing)
- **\$500K:** Civic Center North (Sherman) (mixed-income workforce housing with public realm improvements)
- **\$3.9M:** West Transit Village Phase 1 (Aeon) (affordable senior housing)
- **\$5M:** Historic district public infrastructure
- **\$2.3725M:** 2nd Street Public Realm (Gerrard) connected to workforce for-sale Housing and private multifamily investment
- **\$4M:** Loom Apartments (Onward Investors) income-restricted housing
- **\$8M:** BioLabs Rochester, shared lab infrastructure supporting business development.

Total Authorized for Expenditure: \$25.97M

Currently Available Strategic Development Funding: \$3,027,500

May 13, 2026

To: Chair Pamela Wheelock and Directors of the DMC Corporation
From: Patrick Seeb, Executive Director, DMC EDA

Re: UMR Funding Request: Strategic Framing for Board Discussion

The DMC EDA has received and evaluated a University of Minnesota Rochester (“UMR”) application for DMC funding to support life-science and health-tech workforce development space in Discovery Square. The DMC EDA believes there is a credible path to recommending DMC investment if funds are limited to eligible improvements and governed by conditions ensuring durable district benefit. Before the DMCC turns to the enclosed evaluation, however, the DMC EDA suggest that this request be understood not as a conventional tenant improvement, but as a strategic implementation choice about the continued development of Discovery Square itself.

That framing matters because Discovery Square was never intended to be only a collection of buildings. From the beginning, it was envisioned as the place in Rochester where research, education, innovation, and commercialization would converge to generate jobs, company formation, and long-term economic diversification. DMC and its partners have already helped establish important components of that district through public infrastructure, vertical development, Mayo Clinic research presence, and, more recently, startup-oriented lab infrastructure. The question before the board is whether DMC intends to continue that implementation logic by strengthening another essential district condition: talent and learning infrastructure embedded in Discovery Square itself.

In the DMC EDA’s judgment, UMR is well positioned to help supply that missing ingredient. Rochester’s next phase of economic development increasingly requires treating talent as a form of infrastructure, not merely as a downstream output of growth. Prior DMC work has already pointed in that direction. Discovery Square planning and later ecosystem analysis identified talent availability as one of the defining conditions of the district’s long-term competitiveness. As BioLabs Rochester comes online and Discovery Square moves into a more mature phase, that need becomes more acute. The district requires not only physical space, but visible, proximate, and adaptable institutions capable of preparing our workforce, supporting applied learning, and connecting more directly to a growing life-science and health-tech ecosystem.

The DMC EDA therefore believes this request should be understood as more than a facility matter for UMR alone. It presents a meaningful opportunity to deepen the role of the University of Minnesota in Rochester’s priority innovation district. UMR’s broader Rochester trajectory suggests this investment would not be an isolated act, but part of an intended larger and evolving institutional presence in the DMC district, and staff believe that trajectory is strategically relevant.

In a district intended to grow through the convergence of research, education, and enterprise, a stronger and more durable University of Minnesota presence within Discovery Square would be a meaningful development for DMC to encourage.

At the same time, the DMC EDA does not present this request as opening a general pathway for ongoing DMC investment in future University capital expansion. The University of Minnesota has its own established campus financing and development tools, and staff do not regard DMC as a general-purpose source of support for typical academic growth. The present request is supportable because of the narrower and more unusual conditions here: the project can be immediately constructed within leased space in Discovery Square; the funded improvements can be limited to permanent, eligible elements; and the resulting space can be conditioned to function as district-serving talent infrastructure meaningfully connected to, and usable within, the broader Discovery Square ecosystem. In staff's judgment, those features distinguish this request from a conventional academic buildout and make it appropriate for DMC investment.

The long-term success of Discovery Square depends on assembling, over time, the components common to successful innovation districts: service providers; workforce development and availability; clinicians and researchers; investors; cluster organizations; and industry. DMC and its partners have already helped establish several of those conditions. Staff view the UMR request as a meaningful next step in that progression and as an early step in the deeper anchoring of the University of Minnesota in Discovery Square.

The DMC EDA also believes this request arrives at a moment when capital allocation discipline increasingly matters. Recent and anticipated commitments materially decrease unrestricted capital in the near term, even as several large and plausible future claims on DMC resources remain in view. At the same time, DMC has reached a stage at which implementation choices must become more explicit, distinguishing between projects that are merely supportable and projects that reflect the board's highest-order strategic priorities. In staff's judgment, that kind of filtering and rank-ordering is increasingly an essential advisory responsibility of the DMC EDA. If Discovery Square is to remain a priority, then projects that strengthen its innovation ecosystem, talent infrastructure, and long-term competitiveness should receive more serious consideration than lower-leverage or more incidental claims on DMC funds.

For these reasons, the DMC EDA requests that the board affirm two related propositions: first, that Discovery Square should continue to be treated as a priority subdistrict within DMC's next phase of implementation; and second, that investments capable of strengthening Discovery Square's talent infrastructure and institutional depth should receive especially serious consideration where they can be structured to preserve durable district benefit without implying a general DMC obligation to support future institutional expansion. If the board prefers to proceed under a different theory of support, staff would benefit from discussing that now so that this and future requests may be more appropriately framed and evaluated.

Memo

To: DMCC Board of Directors

From: City of Rochester, Administration

Date: May 21, 2025

Subject: Consideration of the Regents of the University of Minnesota request for GSIA funding for tenant improvements in One and Two Discovery Square GSIA Request

The City of Rochester provides the following on the proposed improvements at One and Two Discovery Square. The Regents of the University of Minnesota (the "Applicant") has submitted the concept for consideration as a potential DMC Public Infrastructure Project, and the City finds that the project aligns with the Destination Medical Center (DMC) vision and the shared goals of both the City and DMC.

The City is supportive of the project's alignment with key DMC goals, particularly in fostering the growth of the biosciences sector and enhancing the innovation district in downtown Rochester. UMR's lab space has the potential to contribute meaningfully to the ongoing development of Discovery Square and the broader DMC vision.

Project Overview:

The proposed project involves the conversion of one classroom to a hooded lab, approximately 1,400 square feet in One Discovery Square and the development of approximately 12,603 square feet of administrative space, labs, and classrooms across floors 2 and 3 in Two Discovery Square.

Enrollment Growth and Urgency:

UMR's existing lab classrooms are already operating at capacity. Enrollment grew from 938 students in Fall 2024 to 1,122 in Fall 2025 (a 20% jump in a single year), with projections reaching 1,420 in 2026, 1,779 in 2027, and over 2,500 by 2030. Without this expansion, UMR faces capping enrollment while awaiting additional facilities, directly constraining the

regional healthcare workforce pipeline this City and DMC investment is designed to support.

Expanding UMR's lab space within Discovery Square, adjacent to BioLabs Rochester, is also strategically significant. UMR plans to partner with BioLabs and its tenants on tailored workforce programs, credentials, and applied research pathways that would not be achievable outside this ecosystem. With BioLabs anticipated to open in September 2026, timing is critical. Without DMC investment, any additional lab capacity would likely be located outside the Discovery Square innovation district, diminishing the broader ecosystem impact.

UMR's expanding program portfolio further underscores this urgency. Upcoming offerings include digital health, community and mental health, and enhanced pre-med preparation, alongside expanded University of Minnesota system programs in nursing, occupational therapy, pharmacy, and dentistry. UMR's existing partnership with Mayo Clinic School of Health Sciences, which includes certificates in echocardiography, sonography, respiratory care, and radiology, demonstrates the caliber of workforce outcomes this facility will support.

Alignment of Goals:

The expansion of UMR advances shared priorities for the City, DMC, and the University of Minnesota. These goals include:

- Talent and Workforce
- Economic Engine
- Innovation and Learning
- Experiential Learning
- Built Environment and Health
- Community Vibrancy

Alignment with the DMC Strategic Priorities:

Our preliminary review suggests that the project aligns with the three strategic priorities found in the recent five-year update to the DMC Development Plan:

- **Accelerate Health Innovation:** Expanding Discovery Square and the regional innovation ecosystem through entrepreneurship, education, and capital formation.
- **Design for Well-Being:** Embedding health, sustainability, and equity into infrastructure, urban design, and public investment.
- **Drive Purposeful Growth:** Advancing Rochester's livability, culture, and visitor experience to recruit and retain talent.

Financial and Development Support

The City acknowledges that Regents of the University of Minnesota is seeking \$3.0 million in General State Infrastructure Aid (GSIA) to support the tenant improvements at One and Two Discovery Square. The total projected cost for build-out of the improvements is approximately \$10.38 million, with additional funding contributions from UMR and the 2012 City Sales Tax Funds.

Following a collaborative review of the project's financial structure, the City recognizes the value and potential impact of the proposed GSIA support. The City is supportive of continued conversations around investing GSIA Redevelopment funds to help close the remaining funding gap.

The Applicant has clearly demonstrated alignment with the Destination Medical Center (DMC) initiative, particularly in fostering innovation, driving economic development, and promoting sustainable growth. The City views the UMR project as strengthening Discovery Square and advancing the broader goals of the DMC vision.

City Staff Recommendation:

After reviewing the project proposal, financial documentation, and alignment with DMC Development Plan goals, City Staff is in alignment with the recommended allocation of up to \$3.0 million in Strategic Redevelopment funds from General State Infrastructure Aid (GSIA) for the Regents of the University of Minnesota Project. This recommendation reflects the strategic importance of this project to the continued development of the Discovery Square district and its potential to serve as a catalyst for additional bioscience investment in downtown Rochester.

Approval of this project by the DMCC Board as a DMC Public Infrastructure Project is required before the City Council can take action. Any DMCC approval should be contingent upon future approval by the City of both the Development Assistance Agreement (DAA) and the final assistance amount. The City of Rochester looks forward to continuing collaboration with the DMCC Board, DMC EDA, and the University of Minnesota Rochester as the improvements progress.

Sincerely,

Josh Johnsen
Senior Economic Development Specialist
City of Rochester

May 13, 2026

To: Chair Pamela Wheelock and Directors of the DMC Corporation
From: Clark Otley, M.D., President, DMC EDA Board of Directors
Patrick Seeb, Executive Director, DMC EDA

**Re: Applied Life-Science & Health-Tech Workforce Development Facilities
(University of Minnesota) DMC EDA Funding Recommendation**

Dear Chair Wheelock and Members of the Board:

The DMC legislation directs the DMC EDA to evaluate development proposals and make recommendations to the DMCC and the City. Enclosed is the DMC EDA evaluation of the Joint Funding Application submitted by the University of Minnesota Rochester (“UMR”) for applied life-science and health-tech workforce development space in One Discovery Square and Two Discovery Square. Following that review, the DMC EDA recommends that the board advise the DMCC to approve up to \$3 million in DMC General State Infrastructure Aid, subject to final validation of eligible hard costs and conditions sufficient to ensure the project functions as durable, district-serving talent infrastructure.

The DMC EDA believes this project presents a significant opportunity to strengthen Discovery Square at an important stage in its development. DMC and its partners have helped establish the district’s physical platform through One Discovery Square, Two Discovery Square, and related public investments. One of the conditions for Discovery Square’s long-term success is talent: employers, innovators, and ecosystem partners need a visible workforce-and-learning pipeline embedded in the district itself. This proposal directly responds to that need by locating teaching, laboratory, and workforce-development capacity inside Discovery Square.

With BioLabs Rochester expected to open in 2026, the DMC EDA views this as a timely opportunity to better connect, training, research, and industry in one place. In that respect, the project aligns most directly with the DMC plan update priority to Accelerate Health Innovation, while also supporting Drive Purposeful Growth through a district-serving investment in Discovery Square, consistent with Rochester’s role as America’s City for Health.

Because the proposed facility functions primarily as district-serving workforce and learning infrastructure rather than as a conventional revenue-producing real-estate development, the DMC EDA did not apply a traditional underwriting analysis. Instead, staff evaluated whether DMC investment can be directed to eligible improvements; whether those improvements will retain durable value within Discovery Square; whether UMR has long-term operating capacity; and whether the project can be pursued in a manner that protects a meaningful public purpose. Staff also reviewed draft leasing materials, fit-plan information, and related business terms for UMR’s contemplated occupancy in One Discovery Square and Two Discovery Square.

Based on the information currently available, the DMC EDA believes the project is unlikely to proceed in Discovery Square at the necessary pace, scale, and district alignment without DMC investment. The recommended funding would draw from previously authorized Strategic Development funding and would not alter DMC's long-term financial outlook. UMR would assume responsibility for operations and maintenance, and the project would impose no ongoing financial obligation on DMC. The DMC EDA recommends this project, in part, because workforce-and-learning capacity represents one of the more strategic uses of DMC Strategic Development resources at this stage of Discovery Square's evolution.

DMC EDA support for this project is tied directly to conditions that protect public value. In our view, DMCC approval should be limited to documented eligible hard costs associated with permanent improvements and remain contingent upon final review of test-fit plans, construction estimates, and related documentation sufficient to confirm reimbursable scope. Staff further recommend conditions requiring long-term operational and financial responsibility by UMR, compliance with applicable DMC statutory and policy requirements, and meaningful district-serving use of the supported space.

With appropriate cost controls and conditions, the recommended DMC investment represents a prudent and mission-consistent opportunity to strengthen the district's next stage of growth. We respectfully submit this recommendation for your consideration.

Talent Development Infrastructure: University of Minnesota Rochester Evaluation Report May 13, 2026

EXECUTIVE SUMMARY & RECOMMENDATION

I. STATEMENT OF RECOMMENDATION

After reviewing materials submitted by the University of Minnesota Rochester (“UMR”), together with additional information provided during the staff evaluation process, staff of the Destination Medical Center Economic Development Agency (“DMC EDA”) conclude that the proposed tenant improvements in One Discovery Square and Two Discovery Square may be understood as district-serving talent infrastructure within the Discovery Square subdistrict. UMR proposes improvements within leased space consisting of approximately 12,603 rentable square feet in Two Discovery Square and approximately 1,400 square feet of laboratory conversion space in One Discovery Square. The project is intended to support teaching, laboratory, workforce preparation, and related research and learning functions within Discovery Square.

UMR requests \$3.5 million in DMC investment as part of a larger \$10.38 million capital stack that also includes a pending request for City of Rochester UMR sales tax funds and committed University of Minnesota system funds. Based on materials currently available, staff conclude that the proposed project has the potential to function as district-serving workforce and learning infrastructure if it is constructed and operated under conditions that ensure long-term alignment with the Discovery Square innovation district and the objectives of the DMC initiative.

Additional information provided during the staff review strengthens that conclusion. UMR has stated that the project would not proceed as contemplated without the requested DMC participation, that current laboratory space is already at capacity relative to enrollment, and that absent this investment any additional laboratory expansion would likely occur outside the Discovery Square ecosystem. UMR also emphasizes that timing matters both to accommodate projected enrollment growth and to connect academic programming to the opening of BioLabs and related district activity.

This proposal is not a conventional municipal public-works project, nor is it a typical private real-estate gap-financing request. Its suitability for DMC investment depends on whether the funded improvements can be shown to function as district-serving infrastructure within Discovery Square and whether those improvements can be limited to permanent elements that retain enduring value for the district.

Because the DMC statute requires a connection to “medical business entity” (Mayo Clinic) development plans, staff also reviewed the extent to which Discovery Square reflects and implements the research and innovation strategy associated with Mayo Clinic’s growth. The public record supports that connection. Mayo Clinic publicly advanced Discovery Square as a research, commercial, and product-development district, selected the district developer, and later anchored the first building with Mayo Clinic research functions intended to catalyze collaboration with future tenants and partners.

Within that context, staff do not evaluate the UMR proposal as a stand-alone academic project disconnected from DMC strategy. Rather, staff evaluate it as a workforce-and-learning facility proposed within Discovery Square, a subdistrict developed to support research, innovation, education, and commercialization activities closely tied to Rochester’s broader medical and health-innovation economy. The longstanding partnership between UMR and Mayo in mentorship, internships, scholarship support, and workforce preparation further supports this conclusion, but staff’s recommendation ultimately rests on the project’s district-serving role within Discovery Square and the extent to which DMC investment can be limited to permanent improvements that provide durable district value.

Staff have also evaluated the proposal in light of the priorities adopted in the DMC plan update. The strongest and most direct connection is to Accelerate Health Innovation, given the project’s proposed role in supporting Discovery Square’s teaching, laboratory, workforce, and research environment. The project also supports Drive Purposeful Growth by reinforcing district-serving talent infrastructure within an existing innovation subdistrict and aligning that investment with Discovery Square’s next-stage needs. Its relationship to Design for Well-Being is more indirect, arising primarily through the project’s location within an existing walkable, connected district and its contribution to a more integrated environment for education, research, and daily district activity.

Staff also acknowledge that the project would benefit UMR as an institution by supporting its enrollment growth, instructional capacity, and long-term facilities needs. Importantly, the project can also be constructed and conditions to generate sufficiently concrete, durable, district-serving benefits justifying DMC investment. UMR’s own application states that the project is intended to support enrollment growth, affordable lease rates, and long-range expansion, and staff believe the report should acknowledge that institutional dimension directly.

UMR further explains that the proposed laboratory expansion is intended to increase the number of seats available for enrollment, support recruitment of larger student cohorts, and strengthen UMR’s ability to offer laboratory space for teaching and learning in direct proximity to Discovery Square’s research and innovation environment. Staff believe those institutional objectives should be acknowledged directly, even as the recommendation continues to depend on whether the resulting improvements also produce durable district benefit.

As part of its due diligence, staff have reviewed not only UMR's application materials, but also draft letters of intent and related leasing materials for the proposed occupancy in One Discovery Square and Two Discovery Square. That review included proposed lease terms, rentable square footage, estimated commencement timing, rent schedules, operating-expense structure, permitted-use language, renewal provisions, and delivery conditions for the contemplated tenant improvements. Staff considered those materials in evaluating project durability, operational responsibility, and the extent to which the proposed improvements may retain value within the Discovery Square district over time.

Staff also requested and reviewed additional written information from UMR regarding operating support, enrollment growth, program expansion, workforce-development outcomes, timing considerations, anticipated ecosystem interaction, and alternatives if DMC funding were unavailable. That information informs staff's assessment of project need, institutional capacity, and the proposal's intended Discovery Square role.

Because the proposed project includes both potentially eligible permanent improvements and clearly non-eligible programmatic, equipment, furnishing, and technology costs, staff have requested from UMR and Mortenson additional construction estimates, final test-fit plans, and related documentation sufficient to confirm the scope and amount of reimbursable hard costs. Accordingly, staff's final recommendation regarding the amount of DMC investment should remain contingent upon review of final design and cost documentation and execution of agreements sufficient to ensure durable district benefit.

Staff therefore recommend that the DMCC consider authorizing the expenditure of up to \$3 million in "Strategic Development" General State Infrastructure Aid (GSIA) and designation as a DMC "public infrastructure project" only if:

- DMC reimbursement is limited to documented eligible hard costs associated with permanent improvements;
- the final reimbursement amount is established only after staff confirmation of the specific permanent improvements to be constructed;
- the project complies with applicable DMC statutory and policy requirements, including American-made steel requirements, prevailing wage requirements, targeted business and workforce utilization requirements, and DMC sustainable building guidelines;
- the project is governed by enforceable lease, compliance, reporting, and durability conditions; and
- no ongoing DMC obligation for operations or maintenance is created.

Additionally, to ensure that the proposed project deliver sufficient public benefit, staff recommend that certain conditions accompany DMC funding approval:

Alignment with Destination Medical Center and Discovery Square: The project should contribute to talent development aligned with Discovery Square's key industry needs, strengthen connections among BioLabs tenants and other ecosystem participants, support collaboration between education and industry, and advance the long-term success of Discovery Square.

Workforce Development and Industry Engagement: UMR should ensure that programs utilizing the supported space remain substantially aligned with the workforce needs of Discovery Square and the broader ecosystem.

Collaboration with the Discovery Square Ecosystem: UMR should maintain active collaboration with organizations participating in the Discovery Square innovation district and should use the supported space in ways that reinforce those connections.

Shared Use of Project Space: Because DMC investment is intended to support infrastructure serving the broader innovation district, the agreement should provide for reasonable opportunities for periodic use of the supported space by non-UMR ecosystem participants where such use is consistent with the facility's operations and district-serving purpose.

Academic Program Development and Expansion: To support workforce needs within the Discovery Square ecosystem, UMR should work with the University of Minnesota system to identify opportunities to deliver relevant degree, certificate, and professional education offerings in Rochester.

Workforce and Innovation Advisory Collaboration: UMR, DMC, and ecosystem partners should establish a mechanism for periodic engagement regarding workforce needs, program alignment, and opportunities for collaboration.

Recognition of DMC Investment: UMR should provide reasonable acknowledgment of DMC investment in communications, materials, or signage.

Timely Project Completion: The project will proceed according to the anticipated development timeline, subject to reasonable adjustments.

II. STATEMENT OF ELIGIBILITY

The proposed project is located within the Discovery Square subdistrict of the DMC Development District, satisfying the geographic threshold for DMC consideration. Geographic location alone, however, is not sufficient for eligibility.

The central statutory question is whether the specific improvements proposed for reimbursement qualify as public infrastructure supporting district development under the DMC framework and whether those improvements provide durable district value rather than merely institutional benefit. The DMC statute requires that projects approved by the DMCC be reviewed for consistency with the Development Plan, and it defines a public infrastructure project as one financed with public money to support the medical business entity's development plans, as identified in the Development Plan.

In this matter, staff conclude that the necessary statutory connection is found through Discovery Square itself. The public record shows that Discovery Square was advanced as a research, commercial, and product-development district associated with Mayo Clinic's Rochester growth and innovation strategy. Mayo Clinic publicly described Discovery Square as part of its Rochester growth, selected the district developer, and anchored the first building with research functions intended to catalyze collaboration with other tenants and partners.

Within that context, staff do not evaluate the UMR proposal as a stand-alone academic project disconnected from DMC strategy. Rather, staff evaluate it as a workforce-and-learning facility proposed within Discovery Square, a subdistrict developed to support research, innovation, education, and commercialization activities. The longstanding partnership between UMR and Mayo Clinic in mentorship, internships, scholarship support, and workforce preparation further supports this conclusion, though staff's recommendation ultimately rests on the project's district-serving role within Discovery Square and the extent to which DMC investment can be limited to permanent improvements that provide durable district value.

The proposed project consists of tenant improvements in existing privately owned buildings. As a result, staff have applied a limiting principle to the eligibility analysis. DMC investment is not recommended for movable laboratory equipment, classroom furnishings, computers, research instruments, or other programmatic assets belonging to the tenant institution. Rather, DMC-eligible costs must be limited to hard construction and fit-out associated with permanent fixtures and integrated building systems, including purpose-built laboratory infrastructure where such elements are essential to the intended function of the space and remain with the building. This distinction is necessary to preserve the boundary between district-serving infrastructure and institutional subsidy.

Staff therefore conclude that the proposed project may satisfy the minimum statutory eligibility requirements of the DMC Act, provided that DMC reimbursement is limited to documented eligible hard costs, that final test-fit and build-out documentation confirms the permanent scope of the improvements, and that the resulting improvements are governed by enforceable conditions ensuring durable district benefit.

The following tables illustrate how the proposed project’s permanent improvements may qualify as public infrastructure under state law and how specific project-cost categories are treated for DMC eligibility purposes.

Statutory “Public Infrastructure” Eligibility vs. Project Elements

Statutory Category	Project Elements	Determination	Staff Rationale
Acquire real property and other assets associated with the real property	Permanent laboratory infrastructure such as fixed casework, integrated ventilation systems, plumbing systems, electrical upgrades, and other permanently installed building systems	Eligible	These elements are permanent improvements to the real property that would remain with the building and could convey to a future tenant or operator.
Demolish, repair, or rehabilitate buildings	Interior renovation and build-out of shelled space within Two Discovery Square and conversion of classroom space to laboratory space in One Discovery Square	Eligible (hard construction costs only)	These improvements represent rehabilitation of existing building space to support the Discovery Square innovation district.
Install, construct, or reconstruct elements of public infrastructure supporting district development	Mechanical, electrical, plumbing, ventilation, and data infrastructure required to support laboratory and research uses	Eligible	These systems function as integrated building infrastructure supporting innovation district uses.
Make related site improvements and other improvements supporting district development	Structural and mechanical improvements required to support laboratory operations within existing buildings	Eligible (where permanent)	These improvements are integral to making the space usable for the intended innovation district purposes.

Project Cost Categories vs. Eligibility for DMC Investment

Project Cost Category	Eligibility	Rationale
Structural construction and interior buildout	Eligible	Hard construction costs that permanently modify the building.
Laboratory ventilation systems and mechanical infrastructure	Eligible	Permanent building systems associated with the real property.
Electrical, plumbing, and integrated building utilities	Eligible	Permanent infrastructure required to support laboratory use.
Fixed laboratory casework and built-in lab infrastructure	Eligible	Permanent fixtures integrated into the building.
Movable laboratory equipment	Not eligible	Institutional equipment not associated with the real property.
Classroom furniture and movable furnishings	Not eligible	Movable FF&E not considered public infrastructure.
Computers, research instruments, and program equipment	Not eligible	Programmatic assets belonging to the tenant institution.

The 2015 DMC Development Plan described Discovery Square as “a new address for the future of bio-medical, research and technology innovation” and “a keystone to the DMC economic development strategy,” intended to bring together Mayo Clinic, private partners, and institutions in a collaborative environment organized around translational medicine. The same plan established DMC’s broader goals of attracting private investment, creating jobs, and implementing workforce development strategies that support long-term growth. The 2020 update to the DMC Development Plan preserved that core direction while emphasizing the need for resilience, continued implementation, and refinement of DMC’s strategic approach considering changing market conditions.

The 2025 update to the DMC Development Plan carries that logic forward and makes it more explicit. It identifies *Accelerate Health Innovation*, *Design for Well-Being*, and *Drive Purposeful Growth* as the central organizing priorities for DMC's next phase, and it repeatedly frames Discovery Square as DMC's innovation engine and as a place where research, education, talent, and commercialization must be intentionally linked. Within that evolving framework, the UMR proposal serves as a direct response to the next-stage needs of Discovery Square.

Related to the Development Plan, the proposed project:

- Advances the commitment to technology, research, education, and innovation as mutually reinforcing drivers of economic development by placing applied learning and laboratory capacity inside Discovery Square.
- Supports job creation goals by strengthening one of the enabling conditions for growth in a health-innovation district: a durable and visible talent pipeline. The 2022 DMC awareness and perceptions study found that talent pipeline strength was a top factor influencing life-science location decisions.
- Reflects DMC's *Accelerate Health Innovation* and *Drive Purposeful Growth* priorities in the proposed creation of talent development infrastructure.
- Conforms DMC's performance-based, infrastructure-first public-private partnership, leveraging public investment to build the conditions that allow private and institutional growth to take root over time.

For these reasons, the proposed project conforms with the Development Plan, as updated. Properly conditioned, the proposed project can translate DMC's next-phase priorities into a concrete, district-serving investment.

III. PROJECT SUMMARY

UMR has submitted a joint funding application requesting \$3.5 million in DMC investment as part of a \$10.38 million capital project. The proposal consists of tenant improvements within leased space in the Discovery Square subdistrict, including approximately 12,603 rentable square feet in Two Discovery Square for teaching laboratories, classrooms, administrative, and collaboration space, and approximately 1,400 square feet in One Discovery Square through conversion of an existing classroom to hooded laboratory space. The Two Discovery Square leasing materials further indicate that the 12,603 rentable square feet consist of approximately 2,607 rentable square feet on the second floor and approximately 9,996 rentable square feet on the third floor, with final square footage contingent upon mutually agreed design. UMR's application states that the project is intended to expand instructional, laboratory, and workforce-development capacity in direct proximity to Discovery Square's research and innovation ecosystem, including BioLabs and other district tenants.

The proposed funding sources and uses for the project are as follows:

Source	Amount	Status
City of Rochester – UMR City Sales Tax Funds	\$4,697,088	Pending request
DMC GSIA	\$3,500,000	Requested
U of M System Funds	\$2,182,912	Committed
TOTAL	\$10,380,000	

Use	Amount
Construction	\$6,100,000
Design, Project Management (“Soft Costs”)	\$750,000
Furniture, Fixtures, Equipment, and Technology	\$1,800,000
Contingency (20% at current project phase)	\$1,730,000
TOTAL	\$10,380,000

UMR’s local sales tax request is expected to proceed to Rochester City Council in spring 2026, with anticipated consideration of allocation at the same time as DMCC action ratification. UMR further indicates that University of Minnesota funds are currently supporting design work through a reimbursement arrangement with Mortenson, with full project budget allocation anticipated through the FY27 University budget process beginning July 1. These details support staff’s view that the broader funding structure is active rather than merely conceptual, even though final approvals remain pending.

The leasing materials also add useful context regarding project durability and operations. For Two Discovery Square, the proposed expansion term would commence upon substantial completion of tenant improvements and expire on June 30, 2037, with an estimated commencement date of July 1, 2027 if design is completed by September 1, 2026. The existing first-floor lease in that building would also be extended through June 30, 2037.

For One Discovery Square, the proposed amended lease expiration date is likewise June 30, 2037. Both letters of intent indicate that the contemplated fit-out is landlord-built at tenant cost, with no tenant improvement allowance provided by the landlord.

The permitted-use language in both leasing proposals is broader than ordinary classroom use and includes general office, educational, training, teaching, bio-science, bio-business, life science research, healthcare research, medical research, and educational teaching and research purposes, subject to the terms and limitations of the applicable ground lease. In the case of Two Discovery Square, the draft leasing terms also indicate that third-party lab-use agreements may be an option with respect to certain lab space. These provisions do not by themselves establish shared use, but they do inform staff’s understanding of the contemplated functions of the space and its possible role within the broader Discovery Square ecosystem.

Additionally, UMR projects growth in total students served from 1,122 in 2025 to 2,502 by 2030, inclusive of UMR and University of Minnesota system partner programs. UMR further identifies planned and potential program growth in digital health, community and mental health, enhanced pre-med preparation, and Rochester-based or accelerated pathway programs in fields including nursing, occupational therapy, pharmacy, public and environmental health, dentistry, and bioinformatics, together with continued collaboration with Mayo Clinic School of Health Sciences. Staff view these details as relevant to understanding the proposal's anticipated workforce-development scale and institutional purpose.

IV. RELEVANT PROJECT HIGHLIGHTS

Several features of the proposal are especially relevant to staff evaluation:

Location within Discovery Square: The proposed project would be delivered within One Discovery Square and Two Discovery Square, placing the facility directly within DMC's research and innovation subdistrict rather than at a peripheral location. The proposed expansion space includes approximately 12,603 rentable square feet in Two Discovery Square and additional laboratory conversion space in One Discovery Square.

Tenant-improvement structure in existing district assets: The proposal is not for a new building. It consists of tenant improvements in existing leased Discovery Square space. Draft leasing materials indicate a landlord-built, tenant-paid fit-out structure, no landlord tenant-improvement allowance, and lease terms extending to June 30, 2037, subject to final lease documentation. These details are relevant to staff's evaluation of durability, cost eligibility, and successor-use risk.

Alignment with Discovery Square's next-stage needs: Discovery Square's early development focused primarily on establishing physical innovation space. With One Discovery Square, Two Discovery Square, and BioLabs now helping define the district's physical platform, the next-stage challenge increasingly concerns talent, training, and stronger workforce connections to the innovation ecosystem. Staff evaluate the present proposal against that backdrop.

Workforce and learning functions compatible with district strategy: The contemplated permitted uses extend beyond general classroom activity and include educational, training, teaching, bio-science, life science research, healthcare research, medical research, and related purposes. These uses are relevant because they suggest a facility intended to operate within Discovery Square's broader research and innovation environment rather than as a conventional stand-alone academic site.

Response to workforce and ecosystem needs. The proposal is framed around talent development in health sciences, research, and innovation-related fields. Regional business-development efforts and prior DMC materials have consistently emphasized workforce availability and skills alignment as important conditions for continued employer and innovation growth in Rochester. Adjacency to BioLabs is intended to support academic partnerships, tailored credentialing, research-skills preparation, and workforce-development solutions for Discovery Square tenants and employers in ways UMR could not otherwise provide. Staff find that this strengthens the case that the project is intended to function as more than general academic expansion.

Consistency with UMR's institutional direction. UMR's application materials indicate continued institutional interest in using Discovery Square to support health-science education, applied learning, and workforce preparation in Rochester. UMR projects substantial enrollment growth through 2030 and identifies additional degree, certificate, and workforce-oriented program development tied to healthcare, research, and innovation. This supports staff's conclusion that the project is not speculative in character, even though final design and cost documentation remain under review

Timing and location. UMR states that its current laboratory facilities are already at capacity and that delayed expansion could require enrollment limits while awaiting additional space. UMR further states that, absent the requested DMC investment, new laboratory capacity would likely be placed outside the Discovery Square ecosystem. Staff find this relevant because it suggests that DMC participation may influence whether the project is delivered in the district, at the needed time, and in a form aligned with Discovery Square's next-stage needs.

Staff due diligence beyond the application. As part of the evaluation process, staff reviewed not only UMR's funding application, but also draft letters of intent, initial fit plans, proposed lease terms, delivery conditions, and related leasing information for both One Discovery Square and Two Discovery Square. That review informed staff's understanding of the project's rentable area, lease duration, operating-cost framework, permitted uses, and delivery timing.

EVALUATION REPORT

1. PROJECT OVERVIEW

Applicant:	University of Minnesota Rochester (UMR)
Project Location:	One and Two Discovery Square Discovery Square Subdistrict
Project:	Workforce and learning facility supporting laboratory and applied research training
Total Project Cost:	\$10,380,000
“Hard Costs”:	\$6,100,000
Requested DMC Investment:	\$3,500,000
Recommended DMC Investment:	NTE \$3M, with conditions
Estimated Facility Area:	~14,000 square feet
Estimated Construction Timeline:	Completed by August 2027

2. MINIMUM ELIGIBILITY REQUIREMENTS OF DMC ACT

Minnesota’s DMC Act authorizes public infrastructure projects financed with public money to support the medical business entity’s development plans, as identified in the Development Plan. Under the DMC framework, the DMCC must review proposed projects for consistency with the Development Plan before they advance for City consideration. Accordingly, the threshold question at this stage is not whether the proposed UMR project is beneficial in a general sense, but whether the specific improvements proposed for reimbursement may legally and reasonably be treated as DMC public infrastructure.

Two threshold conditions govern eligibility for DMC investment. First, the proposed project must be located within the DMC Development District. Second, the proposed reimbursable improvements must include elements that qualify as public infrastructure within the meaning of the statute and the Development Plan framework. These are separate inquiries. Satisfaction of the geographic requirement alone does not establish eligibility for DMC reimbursement.

The proposed project satisfies the geographic threshold. The contemplated improvements are located within One Discovery Square and Two Discovery Square, both within the Discovery Square subdistrict of the DMC Development District. Draft leasing materials reviewed by staff confirm the proposed leased premises in One Discovery Square and the proposed expansion and continued occupancy space in Two Discovery Square.

The more substantive eligibility question concerns whether the proposed improvements can reasonably be understood as public infrastructure supporting district development. Historically, many DMC investments have involved conventional public infrastructure such as streets, utilities, and public realm improvements that enable development within the district.

In other cases, DMC investment has supported infrastructure associated with privately developed projects such as housing, hotels, or mixed-use development, often with accompanying pro formas and gap-financing analyses. The present proposal differs from both of those categories. It is not a municipal public-works project, nor is it a conventional private real-estate financing-gap request. Instead, it asks the DMCC and City to determine whether DMC investment may appropriately support permanent, district-serving workforce and learning improvements within Discovery Square.

In this matter, staff conclude that the required statutory connection to the medical business entity's development plans is found through Discovery Square itself. The public record shows that Discovery Square was advanced as a research, commercial, and product-development district associated with Mayo Clinic's Rochester growth and innovation strategy. Mayo publicly described Discovery Square as part of a major Rochester expansion, selected the district developer, and later anchored the first building with Mayo research functions intended to catalyze collaboration with other tenants and partners. Staff therefore evaluate the present proposal not as a stand-alone academic project, but as a workforce-and-learning facility proposed within a district developed to support research, innovation, education, and commercialization activity tied to Rochester's broader medical and health-innovation economy.

For staff's part, the relevant eligibility issue is not whether UMR is a worthy institution. Nor is it whether all costs associated with its proposed expansion can be supported with DMC funds. The relevant issue is whether the permanent improvements proposed for investment may be treated as public infrastructure because they create laboratory, learning, and collaboration environments that support workforce preparation, applied learning, and interaction among academic programs and the Discovery Square innovation ecosystem. In a research-driven medical economy, such environments may function as economic-development infrastructure when they are embedded in the district, designed around compatible innovation uses, and structured to retain long-term value within the district.

At the same time, staff recognize the importance of maintaining a clear limiting principle between district-serving infrastructure and institutional subsidy. For that reason, staff do not treat the full project budget as DMC-eligible. DMC investment, if approved, should be limited to hard construction and fit-out associated with permanent fixtures and integrated building systems, including purpose-built laboratory infrastructure where such elements are essential to the intended function of the space and remain with the building. Movable laboratory equipment, furniture, computers, research instruments, and other programmatic or tenant-specific assets should not be treated as DMC-eligible infrastructure.

Staff's eligibility review is also informed by the proposed lease structure. Draft letters of intent reviewed by staff indicate a landlord-built, tenant-paid fit-out structure, no landlord tenant improvement allowance, lease terms extending through June 30, 2037, broad permitted uses including educational, bioscience, healthcare research, and medical research purposes, and no obligation for UMR to restore the premises to original shell condition at surrender. These details do not resolve final eligibility, but they do support staff's view that at least some of the proposed improvements may be permanent in character and potentially capable of retaining value within the Discovery Square district over time.

With these considerations in mind, staff conclude that the proposed project may satisfy the minimum statutory eligibility requirements of the DMC Act, provided that DMC reimbursement is limited to documented eligible hard costs, that final fit-plan and build-out documentation confirms the permanent scope of the improvements, and that the resulting improvements are governed by enforceable conditions ensuring durable district benefit. Satisfying statutory eligibility, however, is only the threshold step in the DMC evaluation process. Once eligibility is established, the central question becomes not whether the DMC program can invest in a project, but whether it should. The remainder of this report therefore evaluates the proposal against the broader framework that guides DMC investment decisions, including Development Plan alignment, institutional capacity, financial and operational structure, and the opportunity cost of committing limited Strategic Development resources.

3. EVALUATION CRITERIA

The DMC EDA's recommendation for the project outlined herein was formed in consideration of the following criteria:

- 3.1 DMC Vision, Goals and Objectives / Development Plan Strategies
- 3.2 Consistency with Development Plan and Other Planning Documents
- 3.3 Financial Viability
- 3.4 Consistency with Adopted Strategies, Phasing and Capital Improvement Planning
- 3.5 Targeted Business Enterprise Strategies
- 3.6 Compliance with Economic-Fiscal Goals and Objectives
- 3.7 Other Project Policy Considerations

3.1 **DMC VISION, GOALS AND OBJECTIVES / DEVELOPMENT PLAN STRATEGIES**

Does the project include a plan for achieving the DMC vision, goals and objectives and is it critical to driving the strategies included in the Development Plan? Is the project consistent with the stated DMC Goals & Objectives and specifically contributing to job creation?

Does the project meet one or more of the goals and objectives established for the Development Plan?

Yes. Staff find that the proposed project supports several of the core goals and objectives associated with the DMC initiative, particularly those tied to Discovery Square and Rochester's long-term health-innovation economy. Discovery Square was established to support the translation of research and medical discovery into new technologies, companies, and economic activity. Achieving that objective requires more than physical research space alone. It also requires institutional systems that support applied learning, workforce preparation, collaboration, and talent development within the district.

The proposed project responds to that need by expanding laboratory, teaching, and collaboration environments within Discovery Square. In doing so, it may strengthen the educational and workforce pathways that help supply skilled talent to the broader innovation ecosystem. Staff therefore find that the proposal supports multiple Development Plan goals related to job creation, innovation, and long-term economic growth.

Is the project consistent with the DMC Vision?

Is the project part of a bold and aspirational concept for the future?

Yes. Staff find that the proposed project is broadly consistent with the DMC vision of Rochester as a global center for health, discovery, and innovation. Early implementation of Discovery Square focused on establishing the district's physical platform through laboratory, office, and research space. As that platform has matured, the district's continued success increasingly depends on stronger workforce and learning infrastructure capable of supporting research activity, employer engagement, and talent development.

In that respect, the proposed project is consistent with the more aspirational dimensions of the DMC vision. It reflects an understanding that a successful innovation district is not defined only by buildings, but by the systems that connect education, research, industry, and opportunity in one place.

Does the project fit with the principles of the vision?

Yes. Staff find that the proposed project is broadly consistent with several guiding principles that underpin the DMC Development Plan.

First, the project supports the principle of sustaining Rochester and southeast Minnesota as an economic engine for the state and as a premier destination for health-related innovation. The Development Plan emphasizes the importance of leveraging Rochester's strengths in medicine, research, and education to support broader economic growth.

The proposed project contributes to that objective by strengthening the talent-development capacity needed to support research, innovation, and employer growth.

Second, the proposal is consistent with the Development Plan's emphasis on fostering an economic structure that supports medical research, technology development, entrepreneurship, and education. Those activities depend not only on physical infrastructure, but also on a prepared and adaptable workforce.

Third, the project is consistent with the Development Plan's market-responsive framework. The Plan does not prescribe a single fixed list of projects. Rather, it establishes a strategic direction and allows partners to bring forward proposals that respond to evolving district needs. Staff find that the present proposal responds to an identified next-stage need within Discovery Square: stronger learning and workforce infrastructure embedded in the innovation district itself.

Does the project provide a framework for growth in this sub-district?

Yes. Staff find that the proposed project may contribute to Discovery Square by strengthening one of the foundational systems required for a successful innovation district: a durable workforce and talent pipeline aligned with the needs of the health-innovation economy. The proposal would expand the district's capacity to support teaching, laboratory learning, and interaction between students, faculty, and the broader Discovery Square ecosystem.

For that reason, staff view the project not simply as additional institutional space, but as a proposal that may help advance the next stage of Discovery Square's development, provided that the facility is operated in a manner that maintains a meaningful district-serving role.

Does the project build infrastructure to support growth and drive investment?

Would the investment occur without the public infrastructure to be funded?

Unlike many private real-estate projects previously considered for DMC investment, the proposed project is not structured around a revenue-producing development pro forma demonstrating a conventional financing gap. UMR has instead identified a need to expand laboratory and learning space in a location integrated with the Discovery Square ecosystem. From staff's perspective, the strategic value of potential DMC investment is less about enabling a conventional real-estate transaction and more about shaping how and where this workforce-and-learning infrastructure is delivered.

In that respect, DMC investment can influence whether the project is delivered in a form, location, and structure that strengthens Discovery Square's innovation ecosystem. Staff therefore view the potential public role here not as general subsidy, but as a means of helping ensure that any supported improvements function as district-serving infrastructure rather than solely as institutional expansion.

Is the proposed public infrastructure solely for the benefit of the project or does it also support the broader vision of the DMC District?

The proposed investment would support facilities used by UMR, and staff believe the report should acknowledge that directly. At the same time, staff find that the project may also support broader DMC objectives by strengthening the conditions for interaction among education, research, workforce preparation, and innovation activity within Discovery Square.

That broader district value is not automatic. It depends on how the facility is ultimately built, used, and governed. For that reason, staff recommend that any DMC investment be accompanied by conditions addressing eligible cost scope, durable use, reporting, and the project's ongoing relationship to the Discovery Square ecosystem.

Will the public funding accelerate private investment in the Development District or applicable sub district?

Staff find that the relationship between the proposed project and private investment is indirect but potentially meaningful. Innovation districts depend on several enabling conditions, including research capacity, institutional anchors, collaboration opportunities, and workforce availability. Employers and innovation-oriented firms often evaluate the depth and visibility of local talent systems when making location and expansion decisions.

By strengthening workforce and learning infrastructure within Discovery Square, the proposed project may reinforce one of those enabling conditions. Staff therefore view the project less as a direct generator of private investment and more as a measure that may improve the district's long-term competitiveness and attractiveness to employers, researchers, and innovation partners.

Does the project provide a catalyst for/or anchor for an approved strategy?

Can the project reasonably be expected to catalyze or anchor development in one of the six sub districts?

Staff find that the proposed project can contribute to the continued development of Discovery Square. Since adoption of the Development Plan, implementation in Discovery Square has focused first on establishing the district's physical environment through buildings, public improvements, and foundational innovation assets. As the district has matured, attention has increasingly shifted toward the systems needed to support long-term performance, including talent development and stronger institutional connections within the innovation ecosystem.

The proposed project fits within that next-stage logic. It does not solve every remaining need within Discovery Square, and staff recognize that the district continues to face other ecosystem development challenges. Even so, the project may reasonably be viewed as supporting an approved district strategy by strengthening one of the key enabling conditions for sustained innovation growth: the presence of visible, embedded workforce-and-learning infrastructure.

Can the project reasonably be expected to catalyze necessary transportation/transit strategies?

N/A

3.2 CONSISTENCY WITH DEVELOPMENT PLAN, OTHER PLANNING DOCUMENTS

Does the project include a plan for achieving consistency with the Development Plan (and any updates thereto) and other relevant planning documents? Is the project consistent with the DMC Planning Documents?

Is the project consistent with the current DMC Master Plan, Transportation Master Plan, and/or Infrastructure Master Plan?

Yes. Staff find that the proposed project is compatible with the broader infrastructure and urban-development framework supporting Discovery Square. DMC investments in and around the district have emphasized a walkable, connected, higher-intensity urban environment capable of supporting research, employment, educational, and institutional activity in close proximity. The proposed facility would locate additional students, faculty, laboratory users, and related activity within a district already shaped by those investments, reinforcing the concentration of uses that the transportation and infrastructure planning frameworks were intended to support.

Because the project consists of tenant improvements within existing Discovery Square buildings rather than construction of a new stand-alone facility, it fits within an established district form and does not require a new planning concept for the area. Staff therefore find that the project is consistent with the DMC Master Plan and compatible with the transportation and infrastructure frameworks supporting Discovery Square.

Is the project consistent and/or supportive of the Finance Plan, Business Development Plan and other Implementation strategies of the DMC?

Staff find that the proposed project is supportive of DMC implementation strategies related to Discovery Square, business development, and ecosystem strengthening. Discovery Square's long-term competitiveness depends not only on physical innovation space, but also on the presence of institutional and workforce systems that support research, employer engagement, and talent development. A facility designed to support teaching, laboratory learning, and applied workforce preparation within Discovery Square is compatible with that implementation direction.

At the same time, staff note that consistency with DMC implementation strategies does not by itself resolve whether DMC investment should be approved, at what amount, or under what conditions. Those questions are addressed later in this report through financial, policy, and opportunity-cost analysis. This subsection is limited to the finding that the proposal is broadly supportive of DMC's Discovery Square implementation direction.

Is the project consistent with the City/County Planning Documents?

Is the project consistent with the RDMP Plan or City Comprehensive Plan?

Formal findings regarding consistency with the City of Rochester Comprehensive Plan and other municipal planning documents are made through the City's own processes. Accordingly, staff do not present this report as a substitute for City planning review. Staff have, however, considered the proposal in light of the City's stated strategic priorities and economic-development direction. Those priorities emphasize economic resilience, innovation, long-term competitiveness, and stronger coordination among institutions and organizations supporting business growth, research activity, and entrepreneurship in Rochester. The proposed project is broadly supportive of those priorities because it would strengthen workforce and learning capacity within Discovery Square and reinforce connections among higher education, research activity, and innovation-oriented employers in the community. Staff therefore find that the project is generally compatible with the City's broader strategic and economic-development direction.

If a Transit/Transportation project, is the project consistent with the ROCOG long-range Transportation Plan?

N/A.

Does the project support sustainability principles as a core objective in the development and operations of the project?

Yes, in a limited but relevant sense. The proposed project would occupy space within One Discovery Square and Two Discovery Square, which were developed using sustainability measures consistent with DMC expectations and the broader sustainability character of the district. Because this proposal consists of tenant improvements within those existing buildings, it benefits directly from the performance characteristics and building systems already incorporated into them. Staff therefore find that the project is compatible with the sustainability principles embedded in the existing Discovery Square facilities, even though the present proposal is not itself primarily a stand-alone sustainability initiative.

3.3 FINANCIAL VIABILITY

Does the project include a plan that is financially viable?

Is the project supported by current market conditions and comprehensive feasibility studies?

The project is supported by several indicators suggesting demand for expanded workforce and research-adjacent infrastructure within the Discovery Square innovation district. Prior DMC awareness and perception research identified the availability of qualified workforce as an important factor in life-science location decisions, and regional economic analysis has likewise identified workforce availability and skills alignment as ongoing employer constraints in relevant sectors. UMR's own planning materials also anticipate continued growth in health-science education and emphasize the value of proximity to Rochester's research and health-innovation environment. While the project is not supported by a conventional market-feasibility study typical of speculative private development, the available planning and market indicators support staff's conclusion that the underlying workforce and district need is plausible.

Does the project leverage additional private funds, maximizing the use of DMC Funds?

The project is structured as a multi-source capital stack rather than as a stand-alone DMC-funded improvement. UMR's application identifies total project costs of \$10.38 million, supported by a pending request for \$4,697,088 in City of Rochester UMR sales-tax-related funds, \$3.5 million in requested DMC investment, and \$2,182,912 in committed University of Minnesota system funds.

Is the preliminary project finance plan comprehensive and viable based upon Project Team and financial capacity?

At a preliminary level, yes. The project is proposed by UMR and supported by University of Minnesota system funding, and the contemplated build-out would be delivered in buildings owned and managed by established Discovery Square landlords with construction responsibility assigned to the landlord under an approved fit plan and design. Staff therefore find that the project team and basic delivery structure are credible. At the same time, the finance plan is not yet final for DMC purposes because staff have requested additional construction estimates, final test-fit plans, and related documentation necessary to determine the amount of permanent improvements that may properly be treated as DMC-eligible infrastructure.

Is the project inclusive of an Operation and Maintenance pro forma?

Because the project is structured as a public-university-operated workforce and learning facility, it is not supported by a traditional real-estate operating pro forma typical of income-producing private development. Instead, operations and maintenance responsibilities are expected to be incorporated into UMR's broader institutional budget framework. Staff have requested additional information regarding long-term operational responsibility and maintenance obligations associated with the facility to confirm that the proposed operating structure is sustainable over time and does not create an ongoing expectation of DMC operating support.

UMR clarifies that common-area maintenance and operating expenses would be paid through the lease structure, that furniture, fixtures, and equipment replacement would be addressed through the University's annual budget and equipment-replacement planning, and that UMR intends to operate the leased premises in a manner consistent with its existing Rochester operations.

Is there a verifiable gap for funding based upon a reasonable return on private investment?

Not in the conventional sense. The proposed project is not structured as a private real-estate investment seeking a market-rate financial return, and staff therefore do not rely primarily on a traditional “but-for” financing-gap analysis of the type used for housing, hotel, or other revenue-producing developments. Instead, staff evaluate the appropriateness of DMC investment through the public-value underwriting framework described above.

Under that framework, the key financial questions are not whether the project can produce a private return, but whether public investment can be limited to clearly eligible permanent improvements, whether the costs of those improvements appear reasonable, whether they will retain value within the district over time, and whether enforceable district-serving benefit is sufficient to justify use of limited DMC resources. In this context, the requested investment should be understood not as conventional gap financing, but as potential support for the creation of durable district-serving talent infrastructure that may not emerge in the same location, at the same scale, or with the same degree of ecosystem alignment absent targeted public investment.

Staff’s cost review begins with a limiting principle: not all project costs are potentially eligible for DMC investment. UMR’s application includes hard construction, soft costs, furniture, fixtures, equipment, technology, and contingency. Staff do not treat the full project budget as DMC-eligible. Rather, potential DMC investment must be limited to permanent hard-cost improvements integrated into the building, such as structural build-out, fixed laboratory infrastructure, and related mechanical, electrical, plumbing, ventilation, and similar systems where properly documented. Movable laboratory equipment, furnishings, computers, research instruments, and other programmatic assets are not treated as eligible infrastructure.

Construction cost estimates for the contemplated build-out were prepared by the project team, including Mortenson and HDR, and the draft Two Discovery Square leasing materials indicate that landlord and tenant continue to refine design and construction estimates in advance of tenant approvals. Staff have therefore requested final test-fit plans, construction estimates, and related documentation to identify the specific permanent improvements that may qualify for reimbursement. Until those materials are reviewed, staff can comment on the structure of the project and the apparent reasonableness of the approach, but should not yet present a final DMC reimbursement amount as fixed.

Durability is also a central part of financial viability in this case because the project consists of tenant improvements in privately owned buildings. Public investment is more defensible where funded improvements are permanent, integrated into the real property, and capable of retaining value for the district over time. Staff's review of draft leasing materials is relevant here. In both One Discovery Square and Two Discovery Square, the proposed lease terms extend through June 30, 2037; the fit-out is to be landlord-built at tenant cost; and UMR is not obligated to restore the premises to original shell condition at surrender, although specialized equipment, furniture, and cabling may be removed at landlord discretion. These details suggest that at least some improvements may remain in place and continue to benefit the buildings after the initial UMR occupancy period. That said, durability is not self-executing. Any DMC investment should be conditioned on executed lease documents, development-agreement terms, and successor-use protections sufficient to ensure that publicly supported improvements continue to provide district value if UMR's use changes.

Is the proposed operating structure sustainable?

Based on current information, staff find that the proposed operating structure appears sustainable, subject to confirmation of final lease and operating arrangements. UMR would occupy and operate the space as part of its broader academic and facilities management structure, and the University has already demonstrated capacity to manage leased academic and laboratory space in Rochester. Draft leasing materials also confirm a long-term occupancy structure, broad permitted uses including educational, bioscience, healthcare research, and medical research purposes, and 24/7 building access consistent with the contemplated functions of the space.

Does the Project impose any financial obligations on the DMC or City for ongoing operational or maintenance support?

No ongoing operational or maintenance obligations for the City of Rochester or the DMCC are currently contemplated as part of the proposed project. Staff view that as an important condition of viability. Any DMC investment should remain limited to approved capital improvements and should not create an expectation of future operations or maintenance support.

Has the project applicant agreed to execute the DMC Development Agreement?

As with all projects receiving DMC funding, UMR would be required to enter into a Development Agreement. Execution of this agreement is a prerequisite to any disbursement of DMC funds.

Staff evaluate financial viability here in light of DMC’s constrained capital framework. Even if the project is financially and structurally credible on its own terms, the board must still consider whether allocation of Strategic Development resources to this proposal represents a prudent use of limited DMC capital relative to other district-serving opportunities. In that respect, financial viability is not only a question of whether the project can proceed, but also whether the theory of public value supporting DMC investment is strong enough to justify this use of public resources at this stage of Discovery Square’s development.

Taken together, staff find that the project can be evaluated within a financially credible framework, provided that DMC investment is limited to documented eligible hard costs, final fit-plan and cost documentation confirm the permanent scope of the improvements, the lease and operating structure remain consistent with current materials, and the project is governed by enforceable conditions sufficient to protect durable district benefit.

3.4 CONSISTENCY WITH ADOPTED STRATEGIES, PHASING, AND CAPITAL IMPROVEMENT PLANNING

Is the project consistent with adopted strategies and/or one or more projects for the current implementation phase of the DMC initiative?

Is the project part of an approved strategy and current focus?

Yes. Staff find that the proposed project is broadly consistent with the current implementation phase of the DMC initiative, particularly as it relates to the continued maturation of Discovery Square.

Since adoption of the Development Plan, Discovery Square implementation has proceeded in stages. Earlier efforts were focused primarily on establishing the district’s physical environment through new buildings, public improvements, and the foundational infrastructure needed to support research, employment, and innovation activity.

With One Discovery Square, Two Discovery Square, and related public investments now in place, Discovery Square is no longer defined only by the need to create physical space. Increasingly, its long-term performance depends on the systems that activate and sustain that space, including talent development, stronger institutional connections, and workforce pathways aligned with district uses.

Staff evaluate the proposed UMR facility within that context. By expanding teaching, laboratory learning, and related workforce-development functions within Discovery Square, the project may support the district’s transition from early physical buildout toward a more mature innovation ecosystem.

In that respect, the project is consistent with the current strategic focus on strengthening the underlying conditions necessary for long-term innovation growth in Rochester.

Is the project outlined as an approved strategy for the project within the Development Plan?

The Development Plan does not identify this specific project by name. Staff do not present the proposal as implementation of a specifically enumerated project already adopted in the Plan.

Rather, staff find that the proposal is consistent with several strategies reflected in the Development Plan, particularly those related to Discovery Square as a collaborative district supporting research institutions, innovation-oriented businesses, and economic activity linked to education, research, and technology development.

For that reason, staff view the present proposal not as a pre-identified project required by the Plan, but as a project type reasonably responsive to the strategic direction the Plan established for Discovery Square.

Is the project recommended as a focus for the particular phase of the project in the Development Plan?

The Development Plan establishes a long-term implementation framework rather than a rigid sequence of individually prescribed projects. Within that framework, staff find that the proposed project is compatible with the present phase of Discovery Square implementation.

Earlier phases of the district emphasized physical buildout and foundational public improvements. The current phase increasingly raises questions about how that environment is populated, connected, and supported by institutions capable of sustaining research and innovation activity over time. Staff therefore find that a workforce-and-learning facility embedded in Discovery Square may reasonably be understood as aligned with the district's next-stage implementation needs, provided that the facility is governed in a way that preserves a meaningful district-serving role.

Is the project consistent with the DMC CIP?

If public, is the project specifically listed in the DMC CIP? Or is the project necessary to facilitate a DMC related strategy?

N/A

If private, is the project otherwise compatible with the planned public improvements in the DMC CIP?

Yes. Staff find that the proposed project is compatible with the public infrastructure investments already implemented or planned in Discovery Square through the DMC CIP. Prior DMC investments in the district have focused on streetscape, utilities, public-realm improvements, and other physical infrastructure intended to support a walkable, connected, innovation-oriented urban environment. The proposed UMR facility would occupy and build upon that existing investment rather than conflict with it. For that reason, staff find that the project is compatible with the broader capital-improvement context of Discovery Square, even though the project itself is not a separately listed public works item within the CIP.

3.5 TARGETED BUSINESS ENTERPRISE STRATEGIES

Does the project include a plan for achieving Local Business, S/M/WBE Project Requirements and other project requirements, as applicable?

The proposed project is expected to be subject to the City of Rochester's Targeted Business and Workforce Utilization requirements applicable to DMC projects. Final compliance requirements and investment goals would be coordinated as part of the project approval process.

3.6 COMPLIANCE WITH ECONOMIC-FISCAL GOALS AND OBJECTIVES

Does the project include a plan to comply with or support the economic-fiscal goals and objectives of the DMC initiative?

Does the project generate substantial economic-fiscal gain based upon job projections?

Not in the same direct sense as a private development project that creates taxable value, tenant payroll, or immediately measurable permanent employment. Staff do not rely on this project as a primary source of direct economic-fiscal gain of that type. Instead, staff find that the principal economic contribution of the project is expected to occur through workforce development, applied learning, and the preparation for employment in high-demand sectors relevant to Discovery Square and Rochester's health-innovation economy. In that sense, the project's economic effect is indirect but potentially meaningful: by strengthening the workforce pipeline, the project may improve one of the conditions that allow employers to locate, expand, and invest in the district. Construction activity associated with the interior buildout would also generate temporary construction employment and related economic activity, but staff do not treat that temporary effect as the project's primary justification.

Does the project maximize the opportunity for investment by attracting other private capital?

Potentially, yes, though again in an indirect rather than immediate way. Staff find that a visible and durable workforce-and-learning presence within Discovery Square may strengthen one of the conditions that innovation-oriented firms and life-science employers consider when evaluating location and expansion decisions.

The proposal therefore may support future private investment by reinforcing the district's competitiveness, talent depth, and proximity-based collaboration environment. Staff do not suggest that the project alone will attract or unlock private capital in the same way that certain public infrastructure or catalytic private developments might. Rather, staff view it as part of the broader ecosystem conditions that can make Discovery Square more credible and investable over time.

Is the project required (e.g. public works) to continue to seed investment in the DMC District?

The project is not a traditional public works project constructed to serve district development in the manner of streets, utilities, or major public-realm infrastructure. Staff do not characterize it that way.

However, staff do find that the proposed facility may function as a form of enabling infrastructure within Discovery Square by strengthening the educational and workforce systems that support sustained research, innovation, and economic activity in the district. In that more limited sense, the project may help reinforce the conditions under which continued district investment can occur.

Does the project support the economic strategies of the project by providing civic/cultural uses and/or public amenities that support strategic growth in the DMC Development District and/or specific business development and economic development strategies that are adopted as part of the DMC Development Plan?

The primary purpose of the proposed facility is not to provide civic or cultural programming in the traditional sense, and staff do not rely on such a rationale here. Instead, staff find that the project may support DMC business-development and economic-development strategies by strengthening the education and workforce-development components of the Discovery Square innovation district.

The Development Plan and subsequent Discovery Square implementation logic treat research, innovation, education, and collaboration as mutually reinforcing drivers of long-term economic growth.

A facility that supports teaching, laboratory learning, and workforce preparation within that district may therefore support the same broader economic strategy, particularly where it strengthens interaction among academic institutions, researchers, entrepreneurs, and industry participants in proximity.

Taken together, staff find that the project may support the economic-fiscal goals and objectives of the DMC initiative, but in a way that is primarily enabling rather than directly revenue-generating.

For that reason, the strength of the project's economic-fiscal case depends less on immediate measurable return and more on whether the board finds the theory of public value sufficiently concrete, durable, and enforceable to justify DMC investment.

3.7 OTHER PROJECT POLICY CONSIDERATIONS

Is the project inside the DMC Development District?

Yes. The proposed project is located within One Discovery Square and Two Discovery Square in the Discovery Square subdistrict of the DMC Development District. As discussed earlier in this report, location within the district satisfies the geographic threshold for DMC consideration, though it does not by itself determine whether DMC investment is warranted.

If the project is not inside the DMC Development District, are they asking for a boundary change?

N/A

Does the project include any distinctive social and/or community benefits that are not specifically required by the DMC Act?

Yes. The proposed project can provide several broader community and district benefits that extend beyond the specific requirements of the DMC Act. The project strengthens educational and workforce pathways connected to Rochester's health sciences economy. By situating those functions within Discovery Square, the project may create additional opportunities for interaction among students, researchers, entrepreneurs, and industry participants, supporting experiential learning and applied research opportunities that extend beyond traditional classroom settings.

The project can also contribute to Rochester's long-term position as a center for health innovation and education. Expanding the visibility and capacity of health-science teaching and learning within Discovery Square reinforces Rochester's identity as a place where education, research, and innovation occur in close proximity and mutual support.

These broader benefits are also consistent with the framework adopted in the DMC plan update. Most directly, the project may advance Accelerate Health Innovation by strengthening Discovery Square’s workforce and learning environment, and it may support Drive Purposeful Growth by reinforcing district-serving activity within Rochester’s innovation core. Its connection to Design for Well-Being is less direct, but still present through the project’s location in an existing walkable district and its contribution to a more integrated environment for education, research, and daily community activity in America’s City for Health

At the same time, staff believe this question also warrants acknowledgment of several broader policy considerations accompanying those benefits. The proposed project would provide clear institutional benefit to UMR by supporting instructional capacity, laboratory programming, enrollment growth, and long-term presence within Discovery Square. Staff do not view that institutional benefit as disqualifying in itself. However, its presence means the board should remain disciplined in asking whether the project’s broader district-serving benefits are sufficiently concrete, durable, and enforceable to justify DMC investment.

Staff also believe the recommendation should be understood through a clear limiting principle. This report should not be read to suggest that DMC investment is appropriate for ordinary academic expansion or tenant improvements merely because a project is located within the district. Rather, staff’s recommendation is tied to a narrower set of circumstances: the project is located within Discovery Square; it is proposed as workforce-and-learning infrastructure compatible with the district’s research and innovation role; potential DMC investment would be limited to permanent, DMC-eligible improvements; and public support would be conditioned on lease durability, district-serving use, and ongoing compliance and reporting. Those limitations are important to the present recommendation and to the precedent it may set.

Finally, because publicly supported improvements would be made within leased space in privately owned buildings, staff believe the board should place weight on durability, successor-use protections, and the continued district value of publicly supported improvements if occupancy or programming changes over time. The draft leasing materials reviewed by staff provide useful evidence of long-term occupancy and fit-out structure, but those materials should be reinforced through final agreements and conditions if DMC investment is approved.

Taken together, staff find that the project may provide meaningful social, community, and district benefits beyond those specifically required by the DMC Act, but that those benefits support DMC investment only to the extent they are paired with a disciplined, durable, and enforceable theory of public value.

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ___-2026

**A RESOLUTION DESIGNATING A DMC PUBLIC INFRASTRUCTURE PROJECT
AND APPROVING FUNDING
(UNIVERSITY OF MINNESOTA ROCHESTER PROJECT)**

BACKGROUND RECITALS

A. Under Minnesota Statutes, Section 469.41, subdivision 13, a project must be approved by the Destination Medical Center Corporation (“**DMCC**”) before it is proposed to the City of Rochester (the “**City**”). The DMCC must review the proposed project for consistency with the Development Plan, adopted by the DMCC on April 23, 2015, as amended (the “**Development Plan**”).

B. The Development Plan established certain goals and objectives of economic development, which include creating approximately 35,000 – 45,000 new jobs, leveraging the public investment to attract private investment, attracting new business, and expanding existing businesses, as well as implementing strategies to attract, retain, and foster the development of a highly skilled workforce. The Development Plan also directed a comprehensive strategy to address all facets of building and sustaining the development district boundaries as adopted in the Development Plan (the “**Development District**”).

C. The Development Plan further states that the Destination Medical Center (“**DMC**”) funding should provide gap financing to support extraordinary growth in the market.

D. The DMCC approved the 2026-2027 Five Year Capital Improvement Plan (the “**2026-2027 CIP**”) on September 25, 2025 and approved the projects set forth in the first two years of the 2026-2027 CIP as public infrastructure projects within the meaning of Minnesota Statutes Section 469.40, subdivision 11, and consistent with the Development Plan. The 2026-2027 CIP was later approved by the City.

E. The 2026-2027 CIP provided funding for a Strategic Development Fund, which was first approved in the 2021 Five Year Capital Improvement Plan. The Destination Medical Center Economic Development Agency (the “**EDA**”) has informed the DMCC that a portion of the funds from the Strategic Development Fund are available for allocation. As set forth in **Exhibit A**, the EDA requests that the DMC allocate funds in an amount not to exceed \$3,000,000 from the Strategic Development Fund to the Proposed Project (as hereinafter defined), subject to the conditions set forth in this Resolution.

F. The DMCC is charged with evaluating whether a proposed project (i) is consistent with the DMC vision, goals and objectives; (ii) is consistent with the Development Plan and any updates; (iii) is consistent with adopted strategies, phasing and capital improvement planning; (iv) is financially viable; and (v) complies with or support the economic-fiscal goals and objectives of the DMC initiatives (collectively, the “**Evaluation Criteria**”).

G. The University of Minnesota Rochester (the “**Applicant**”) submitted a Joint Funding Application (the “**Request**”) for applied life-science and health-tech workforce development space in One Discovery Square and Two Discovery Square (the “**Proposed Project**”).

H. Staff from the City and the EDA have reviewed the Proposed Project in light of the Evaluation Criteria.

I. The EDA has recommended approval of the Proposed Project based on the summary and recommendations attached hereto as **Exhibit A**. The recommendation of approval is based on the application of the Evaluation Criteria.

J. As set forth on **Exhibit A**, the Proposed Project sufficiently advances the goals of the Development Plan.

K. The DMCC has considered the recommendation of the EDA and based on the materials submitted, has independently evaluated whether the Proposed Project is consistent with the Development Plan and the goals of the DMC.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the DMCC Board of Directors, that the DMCC approves the Request based on the following findings of fact:

1. The Proposed Project meets the definition of a public infrastructure project within the meaning of Minnesota Statutes, Section 469.40, subdivision 11.

2. The Proposed Project lies within the Development District.

3. The Proposed Project is consistent with the goals and priorities set forth in the Development Plan.

4. The Proposed Project may not proceed in Discovery Square at the proposed pace, scale, and alignment without DMC funding, and the requested DMC funding will provide gap financing to support extraordinary growth in the market, as contemplated in the Development Plan.

5. The level of public funding requested is consistent with the economic goals contained in the Development Plan related to public and private investment. The economic development opportunity provided by the Proposed Project will be unique in the region, creating a necessary economic driver and job creator.

6. The Proposed Project aims to locate teaching, laboratory, and workforce-development capacity inside Discovery Square, supporting one of the conditions set for Discovery Square’s long-term success, talent: employers, innovators, and ecosystem partners need a visible workforce and learning pipeline embedded in the district itself.

7. The Proposed Project will serve as an anchor within the subdistrict and achieve the DMC priority to Accelerate Health Innovation, while also supporting Drive Purposeful Growth

through a district-serving investment in Discovery Square, consistent with Rochester's role as America's City for Health.

8. The infrastructure investment included within the Proposed Project has the potential to provide returns at levels in excess of other investments, through workforce and learning capacity generation, which represents one of the most strategic uses of DMC Strategic Development resources within Discovery Square.

9. The Proposed Project will incorporate elements of sustainability in line with goals set forth in the Development Plan, building upon the previous developments within Discovery Square.

10. The Proposed Project will serve as a catalyst development in the subdistrict.

11. The Proposed Project will support Discovery Square and the activation of the area.

12. The Proposed Project has provided sufficient evidence of financial viability.

13. The Proposed Project supports the economic strategies of the Development Plan by providing uses that support strategic growth in the DMC Development District and/or specific business development and economic development strategies that are adopted as part of the Development Plan.

BE IT FURTHER RESOLVED, that the DMCC Board of Directors approves allocating funds reserved for the Strategic Development Fund to the Proposed Project in an amount not to exceed \$3,000,000 subject to the following conditions (collectively, the "**Conditions**"):

1. DMCC's contribution to the Proposed Project shall not exceed the investment approved and expended by the Regents of the University of Minnesota ("System investment") in the Proposed Project. For purposes of this condition, the System investment shall include only documented cash contributions, equity investments, or irrevocable funding commitments specifically allocated to the Proposed Project, and shall not include in-kind contributions, staff time, or indirect costs unless expressly approved in writing by the EDA. The Applicant shall provide satisfactory evidence of its investment to the City prior to disbursement of any DMCC funds.

2. DMCC funding for the Proposed Project shall be limited to documented eligible hard costs associated with permanent improvements. Prior to any disbursement of DMCC funds, the Applicant shall submit to the EDA and City for review and approval: (a) final test-fit plans; (b) itemized construction cost estimates from qualified contractors; and (c) such other documentation as the EDA and City may reasonably require to confirm the scope and eligibility of reimbursable expenditures.

3. Prior to the disbursement of any DMCC funds, the Applicant must provide evidence of financing for the Proposed Project satisfactory to the City and EDA. Such evidence shall include, at a minimum: (a) executed financing commitments or loan agreements from institutional lenders or other funding sources; (b) documentation of available equity or reserves sufficient to cover any funding gap; and (c) a sources and uses statement demonstrating that committed funds

are sufficient to complete the Proposed Project. The City and EDA may require updated evidence of financing at any time prior to final disbursement if material changes to project scope or costs occur.

4. The Proposed Project must meet all City requirements, including, without limitation, execution of a development assistance agreement by and between the Applicant and the City.

5. Applicant must meet all requirements of DMC funded projects, including, without limitation, paying prevailing wage, committing to targeted business and workforce utilization and the use of American-made steel, and energy and sustainability standards.

6. Any DMC-funded improvements within the Proposed Project may not be removed, without the prior written consent of the EDA.

7. Upon reasonable request by the DMCC, EDA, or City, the Applicant shall provide financial and operating progress reports sufficient to demonstrate that the Proposed Project, as constructed, is consistent with the Proposed Project as approved in this Resolution.

8. Such other conditions as set forth on Exhibit A.

9. Any modification to the scope of the Proposed Project, as set forth in Exhibit A, will be subject to subsequent approval by the DMCC.

10. The DMCC Board of Directors shall receive periodic updates from the EDA as to the status of the satisfaction of the conditions set forth in this resolution, the Proposed Project expenditures, and the ongoing status of development of the Proposed Project.

BE IT FURTHER RESOLVED, that the DMCC Board of Directors hereby authorizes the EDA to act as its representative and agent, to negotiate the Development Agreement, and any modification thereto, as may be necessary and appropriate to permit the efficient and collaborative development and operation of the Proposed Project. The EDA is further authorized to negotiate modifications to the conditions set forth in this Resolution; provided, however, that the EDA shall not have authority to (i) waive or materially modify Condition Number 1 (requiring that DMCC's contribution not exceed the System investment), or (ii) agree to any modification that would materially diminish the protections afforded to DMCC or the public interest, without prior approval of the DMCC Board of Directors.

BE IT FURTHER RESOLVED, that the Chair or the Treasurer of the DMCC is authorized to transmit this Resolution to the City, and to take such actions as are necessary and appropriate to effectuate the findings and approvals of this Resolution.

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EXHIBIT A

DOWNTOWN INFRASTRUCTURE ALIGNMENT

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

Authorize expenditure of up to \$3.6 million from the Downtown Infrastructure Alignment program for construction of Utility Power Underground Infrastructure (UPUI) Package B3.

The project is being advanced pursuant to the downtown infrastructure plan and includes: upgrades to sanitary sewer, stormwater, and water infrastructure; street and streetscape reconstruction; completion of remaining utility grades and street improvements not impacted by Mayo Clinic's separate UPUI B3 Package; and coordination with Mayo Clinic to align construction schedules and minimize community impacts.

The project will be funded from the approved 2026–2027 DMC CIP, which includes \$38,371,000 for Downtown Public-Private Infrastructure Investment Alignment.

Why Board Attention Is Needed Now

The City of Rochester and DMC EDA are moving from program-level planning into project-by-project implementation within the geography affected by Bold. Forward. Unbound. in Rochester. The approved 2026 CIP anticipated that this work would require active coordination of public and private infrastructure to achieve “maximum public benefit with minimum public impact.”

That coordination is now especially important because Mayo Clinic's utility and campus-expansion work is moving quickly and is already shaping the sequencing of adjacent public infrastructure. The City and Mayo Clinic have entered, or are preparing, a series of coordination, development, and infrastructure agreements addressing utility plant and underground infrastructure, roadway replacement, stormwater management, site development, and future civil infrastructure work in the public right-of-way.

In the near term, some public infrastructure packages must be advanced on an accelerated basis to stay aligned with adjacent institutional work. Following these initial, time-sensitive projects, staff intend to provide the board with a more consistent and foreseeable approval cadence, including visibility into upcoming construction packages, major dependencies, and anticipated funding requests.

This funding authorization follows the City of Rochester's expenditure of up to \$400,000 for necessary project design under the approved 2026 Capital Improvement Plan (CIP) and would allow the project to advance from design into construction in coordination with adjacent downtown infrastructure work.

Approved Project or Program Baseline

The approved 2026–2027 DMC CIP includes \$38,371,000 for Downtown Public-Private Infrastructure Investment Alignment, approximately \$19,185,500 per year. The project supports street, water, storm sewer, public realm, and sanitary sewer improvements in the geography impacted by *Bold. Forward. Unbound. in Rochester.*

When the board approved the 2026–2027 CIP, it specifically recognized that planning efforts for this set of projects were at a preliminary stage and would shape project scope and funding needs over time. The board further provided that more detailed public realm and infrastructure plans, along with proposed funding, would return to the DMCC for specific approval, while allowing the City to expend a portion of project funds on necessary design and planning in the interim.

The attached Original Funding Matrix substantially defines that approved program baseline. It identifies the corridor and block segments within the impacted geography and distinguishes between Mayo Clinic and City responsibilities (including DMC-funded projects). The overall program is expected to conclude construction in 2029

Current Status

Downtown Infrastructure Alignment is in early implementation. Staff have identified the blocks affected by BFUIR-related work, grouped them into logical project packages for delivery, assigned project managers, and developed preliminary schedules. Kickoff work has occurred, monthly coordination meetings are underway, and individual project meetings are beginning as packages enter active design and delivery.

Several related projects are already advancing. The broader downtown infrastructure effort includes projects already approved separately from the \$38.371 million program, as well as packages that will return to the board as scope, timing, and cost become sufficiently defined. The overall project is expected to proceed by phased, specific approvals rather than through a single blanket release of the entire project budget. The attached “Current and Planned Project Area” map illustrates these projects.

As these projects intersect, the development of the public realm including streets, sidewalks, public and private spaces, and the infrastructure that supports utilities, transportation, wayfinding, and comfort elements such as weather protection and seating must be considered not as isolated segments but as an interconnected system. A Request for Qualifications has been issued to develop a public realm plan. This plan will include a framework and strategy to guide the design and implementation of these projects.

Risks to Scope, Budget, Timeline, or Delivery

- Sequencing interdependency on related Mayo Clinic work. Shifts in schedule or field conditions may require public infrastructure work to be re-sequenced.
- Compressed implementation timing. Some public improvements are being planned and delivered in a context Mayo Clinic work is underway or imminent, creating pressure to move design, approvals, and construction packaging quickly enough to avoid lost windows, rework, or avoidable disruption.
- Continued budget refinement. The 2026 DMC CIP establishes the program budget, and the funding matrix identifies a recommended allocation framework, and individual package costs will continue to mature as design progresses, estimates are refined, and bids are received. Early budgets were prepared to reflect a variety of considerations which can impact costs over time, including construction contingencies and cost escalations related to expected changes in the labor market.
- Downtown access and coordination complexity. Multiple overlapping projects in a constrained urban environment require careful phasing, closure management, business access planning, and communication. The shared City/Mayo/DMC principles expressly commit the partners to optimizing schedules, managing road closures, applying the Business Forward model, improving connectivity, and maintaining timely, actionable communications.

Upcoming Requests or Decision Points

Staff expect additional project-specific design and construction authorizations to come forward as scopes mature and construction schedules are confirmed. Going forward, staff will provide the board with a rolling outlook showing:

- the next packages expected for funding authorization (see “Schedule of Projects”)
- major City or Mayo Clinic dependencies
- and any foreseeable scope, budget, or schedule revisions

DMC Alignment

Downtown Infrastructure Alignment reflects a core DMC responsibility: ensuring that major private investment in Rochester is matched by public infrastructure that converts that investment into broader and longer-lasting community value. The approved 2026–2027 CIP expressly frames this program as a coordinated response to Mayo Clinic’s transformative *Bold. Forward. Unbound. in Rochester* investment, intended to deliver “maximum public benefit with minimum public impact” across the downtown.

In that sense, this approximately \$38 million investment is not merely reactive infrastructure work. It is part of the public-sector work required to shape Rochester’s next phase of growth. As Mayo Clinic’s expansion strengthens Rochester’s role as *America’s City for Health*, the surrounding infrastructure must also function at that level. This investment helps ensure that growth is not simply accommodated, but intentionally organized: in ways that improve connectivity, reduce repeated disruption, support future development, and best protect the experience of patients, visitors, workers, residents, and businesses during a period of major change. That is consistent with the shared

City/Mayo/DMC principles calling for aligned schedules, “dig once” infrastructure investment, improved connectivity, Business Forward construction management, and coordinated communications.

It also aligns with DMC’s broader emphasis on purposeful growth and designing for well-being. Public infrastructure in this setting is not just a technical necessity. It shapes whether downtown remains navigable, safe, legible, accessible, and economically resilient while major institutional growth is occurring around it. By coordinating public and private investment at this scale, DMC helps ensure that Rochester’s physical environment supports not only Mayo’s expansion, but also the broader civic, economic, and human experience that should accompany a leading health-focused city.

Attachments / Exhibits

- Schedule of Projects
- Original Funding Matrix
- Current and Planned Project Areas

Original Funding Matrix

Color code: Blue = Mayo Responsibility, Orange = Approved improvement already funded, Yellow = Option 1, Green = Option 2, Purple = Option 3

Map Number	Location	Condition description	UPUI, Civil, PUP, Traffic Study or Site Plan requirement	Replacement standard	Estimate
1	Intersection at 6th Ave NW & Civic Center Dr	Needs intersection improvements for additional traffic demand	No	Major roadway, greater typology than standard road	\$ 750,000
2	6th Ave NW between 4th St. NW & Civic Center Dr	New major pedestrian corridor, above grade infrastructure only and bike enhancements	No	Major roadway, greater typology than standard road	\$ 1,500,000
3	6th Ave NW between 3rd & 4th St. NW	New major pedestrian corridor, infrastructure upgrades needed (Sanitary 1945, Water 1936)	No	Major roadway, greater typology than standard road	\$ 1,500,000
4	6th Ave NW between 2nd & 3rd St. NW	New major pedestrian corridor, infrastructure upgrades needed (Sanitary 1945, Water 1936)	No	Major roadway, greater typology than standard road	\$ 1,500,000
5	6th Ave NW between 1st & 2nd St. NW	New major pedestrian corridor, infrastructure upgrades needed (Sanitary 1945, Water 1936)	UPUI B3 & Site Plan (50% of block)	Major roadway, greater typology than standard road	\$ 1,500,000
6	6th Ave NW between Center St W & 1st St NW	New major pedestrian corridor, infrastructure upgrades needed (Sanitary 1945, Water 1936)	UPUI B3 & Site Plan	Major roadway, greater typology than standard road	\$ 1,500,000
7	Intersection of 6th Ave NW & Center Street W	New major pedestrian corridor, infrastructure upgrades needed (Sanitary 1952, Stormwater 1984 & 2020, Water 1936)	UPUI B3 & Site Plan	Major roadway, greater typology than standard road	\$ 500,000
8	6th Ave NW between 1st St SW & Center Street W	New major pedestrian corridor, infrastructure upgrades needed (Sanitary 1945 & 1952, Stormwater 1984 & 2020, Water 1936)	Site Plan	Major roadway, greater typology than standard road	
9	6th Ave NW between 2nd St. SW & 1st SW	New major pedestrian corridor, infrastructure upgrades needed (Sanitary 1945 & 1952, Stormwater 1946 & 1980, Water 1936 & 2014)	Site Plan	Major roadway, greater typology than standard road	\$ 1,000,000
10	5th Ave NW between 3rd & 4th St NW	Infrastructure to support future demand (Sanitary 1945, water 1887)	No	Regular standard with increased capacity for development	\$ 750,000
11	5th Ave NW between 2nd & 3rd St NW	Infrastructure to support future demand (Sanitary 1945, water 1887)	UPUI B3	Regular standard with increased capacity for development	\$ 750,000
12	5th Ave NW between 1st & 2nd St NW	Infrastructure to support future demand (Sanitary 1945, water 1887)	UPUI B3 & Site Plan	Regular standard with increased capacity for development	\$ 750,000

Funding request Opt 1	Funding request Opt 2 - Recommended	Funding request Opt 3
	\$ 750,000	\$ 750,000
	\$ 1,500,000	\$ 1,500,000
	\$ 1,500,000	\$ 1,500,000
	\$ 1,500,000	\$ 1,500,000
\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
\$ 500,000	\$ 500,000	\$ 500,000
	\$ 750,000	\$ 750,000
\$ 750,000	\$ 750,000	\$ 750,000
\$ 750,000	\$ 750,000	\$ 750,000

Original Funding Matrix

13	5th Ave NW between Center St W & 1st St NW	Infrastructure to support future demand (Sanitary 1945, Storm water 1946, water 1887)	UPUI B2	Regular standard with increased capacity for development	\$ 500,000
14	4th Ave NW between 3rd St NW & Civic Center Dr	New major pedestrian corridor, infrastructure upgrades needed (Sanitary 1945, Stormwater 1980, Water 1928)	No	Major roadway, greater typology than standard road	\$ 1,000,000
15	4th Ave NW between 2nd & 3rd St NW	New major pedestrian corridor, infrastructure upgrades needed (Sanitary 1945, Water 1928)	No	Major roadway, greater typology than standard road	\$ 1,000,000
16	4th Ave NW between 1st & 2nd St NW	New major pedestrian corridor, infrastructure upgrades needed (Sanitary 1945, Stormwater 1986)	No	Major roadway, greater typology than standard road	\$ 1,000,000
17	4th Ave NW between Center St W & 1st St NW	New major pedestrian corridor, infrastructure upgrades needed (Sanitary 1945, Stormwater 1986)	UPUI B3 & Site Plan	Major roadway, greater typology than standard road	\$ 1,000,000
18	4th Ave NW between Center St W & 1st St SW	New major pedestrian corridor, infrastructure upgrades needed (Sanitary 1945 & 2024, Stormwater 1986, Water 1928 & 1999)	Civil Pkg & Site Plan		
19	4th Ave NW between 1st St SW & 2nd St SW	New major pedestrian corridor, infrastructure upgrades needed (Sanitary 1985, Stormwater 1985 & 2012, Water 1928 & 1986)	Civil Pkg & Site Plan		
20	4th Ave SW between 2nd & 3rd St SW	Infrastructure to support future demand (1/2 block small Stormwater line 1955)	No	Regular standard with increased capacity for development	\$ 500,000
21	3rd Ave NW between 3rd St NW & Civic Center Dr	New major pedestrian corridor and small Sanitary line improvement (1945)	No	Major roadway, greater typology than standard road	\$ 1,000,000
22	3rd Ave NW between 2nd & 3rd St NW	New major pedestrian corridor and small Sanitary line improvement (1945)	No	Major roadway, greater typology than standard road	\$ 1,000,000
23	3rd Ave NW between 1st & 2nd St NW	New major pedestrian corridor, infrastructure upgrades needed (Sanitary 1984, Stormwater 1962, Water 1984)	Civil Pkg D	Major roadway, greater typology than standard road	\$ 1,000,000
24	3rd Ave NW between Center St W & 1st St NW	New major pedestrian corridor, infrastructure upgrades needed (Sanitary 1986, Stormwater 1963 & 1971, Water 1986)	Civil Pkg D	Major roadway, greater typology than standard road	\$ 1,000,000
25	Intersection of 3rd Ave SW & Center St. W	New major pedestrian corridor, infrastructure upgrades needed (Sanitary 1945, Stormwater 1971, Water 1986)	Site plan	Major roadway, greater typology than standard road	

	\$ 1,000,000	\$ 1,000,000
	\$ 1,000,000	\$ 1,000,000
	\$ 1,000,000	\$ 1,000,000
\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
	\$ 500,000	\$ 500,000
	\$ 1,000,000	\$ 1,000,000
	\$ 1,000,000	\$ 1,000,000
\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
	\$ 1,000,000	\$ 1,000,000

Original Funding Matrix

26	3rd Ave SW from 1st SW to Center St. W	New major pedestrian corridor, infrastructure upgrades needed (Sanitary 1945 & 1971, Stormwater 1971, Water 1986)	Civil Pkg & Site Plan	Major roadway, greater typology than standard road	
27	3rd Ave SW from 2nd St SW to 1st SW	New major pedestrian corridor, infrastructure upgrades needed (Sanitary 1954, Stormwater 1954, Water 2004)	Civil Pkg & Site Plan	Major roadway, greater typology than standard road	
28	2nd Ave NW between 2nd St NW & Civic Center Dr	Infrastructure to support future demand (Sanitary 1945, Stormwater 1943, water 1916)	Civil Pkg	Regular standard with increased capacity for development	\$ 750,000
29	2nd Ave SW between 1st St SW & Center St W	Infrastructure to support future demand (Sanitary 1952, Stormwater 1946, water 1999)	No	Regular standard with increased capacity for development, no need to replace water	
30	2nd Ave SW between 1st SW and 2nd St SW	Infrastructure to support future demand (Sanitary 1952, Stormwater 1946, water 1999)	Site Plan		
31	1st Ave NW between 3rd St NW & Civic Center Dr	Enhanced corridor bike lane improvement and infrastructure for future demand (small Stormwater 1945, undersized water 1887)	Traffic study	Major roadway, greater typology than standard road	\$ 750,000
32	1st Ave NW between between 2nd & 3rd St NW	Enhanced corridor bike lane improvement and infrastructure for future demand (small Stormwater 1947, undersized water 1887)	Traffic study	Major roadway, greater typology than standard road	\$ 1,500,000
33	1st Ave NW between 1st & 2nd St NW	Enhanced corridor, primarily above ground improvements (Sanitary 2022, Minor storm replacement, Water replacement & upsizing has sections to 1887)	Traffic study	Major roadway, greater typology than standard road, undersized water 1887	\$ 1,000,000
34	1st Ave NW between Center St W & 1st St NW	Enhanced corridor, above ground improvements only (Water 2022), minor storm and roadway only	Traffic study	Major roadway, greater typology than standard road	\$ 750,000
35	Intersection at 1st Ave NW & Center St W	Enhanced corridor and infrastructure for future demand (Sanitary sewer 1946)	Traffic study	Major roadway, greater typology than standard road	\$ 500,000
36	1st Ave SW between 2nd & 3rd St. SW	Enhanced corridor and infrastructure for future demand (Sanitary sewer 1948, water 1989 upsized to 12")	No	Major roadway, greater typology than standard road	\$ 1,500,000

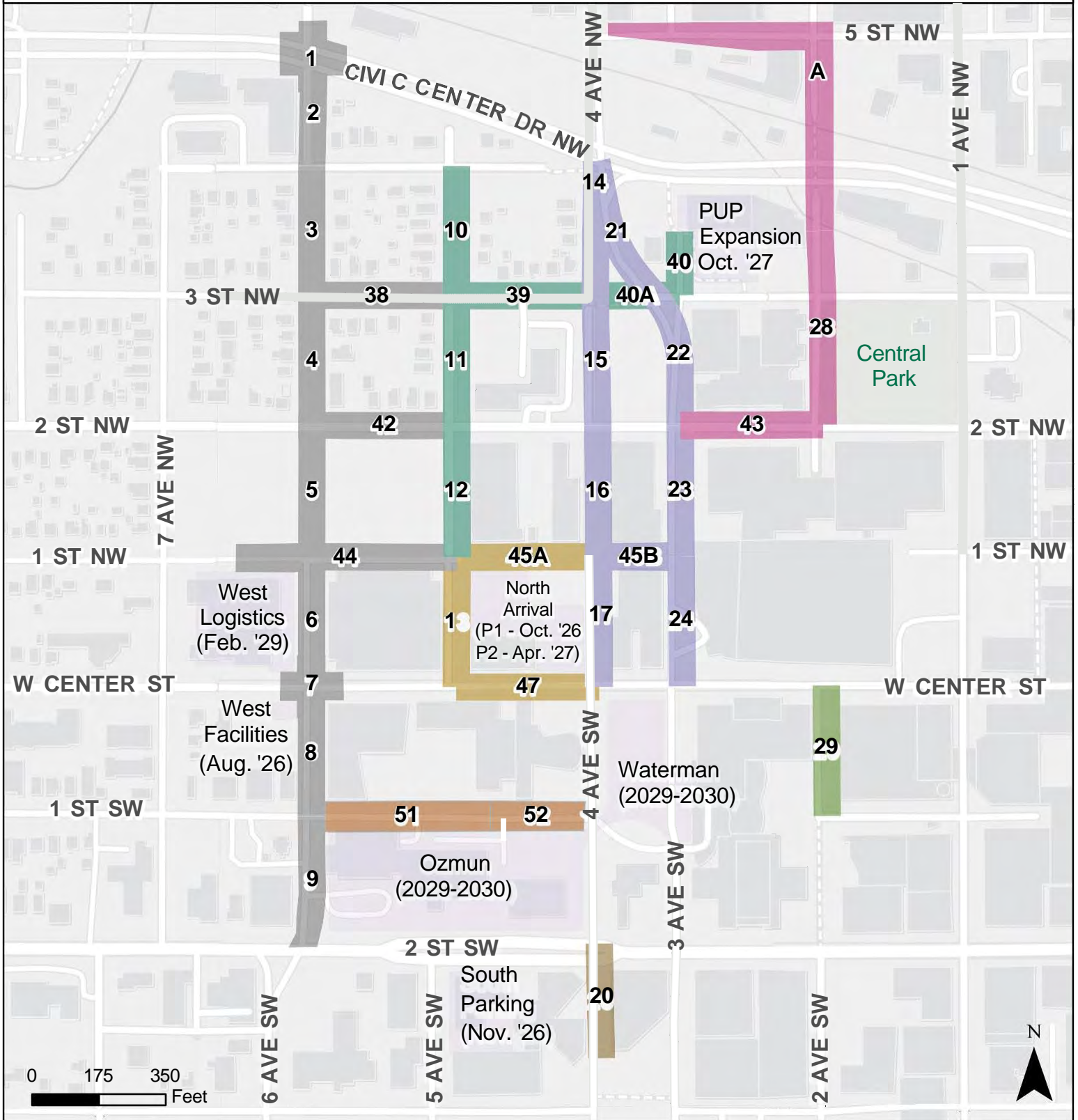
\$ 750,000	\$ 750,000	\$ 750,000
		\$ 750,000
		\$ 1,500,000
		\$ 1,000,000
		\$ 750,000
		\$ 500,000
		\$ 1,500,000

Original Funding Matrix

37	1st Ave SW between 3rd & 4th St. SW	Enhanced corridor and infrastructure for future demand (Sanitary sewer 1948, stormwater 1948, water 1919 3 sections and upsizing)	No	Major roadway, greater typology than standard road	\$ 1,500,000
38	3rd St NW between 5th & 6th Ave NW	Infrastructure to support future demand (Sanitary 1945, Stormwater 1945, water 1887 upsizing)	No	Regular standard with increased capacity for development	\$ 750,000
39	3rd St NW between 4th & 5th Ave NW	Infrastructure to support future demand (Sanitary 1945, water 1887 upsizing)	UPUI B3	Regular standard with increased capacity for development	\$ 750,000
40a	3rd St NW between 3rd & 4th Ave NW	Infrastructure to support future demand (Sanitary 1945, Stormwater 1996 & 2001, water 1887 upsizing)	UPUI B3	Regular standard with increased capacity for development	\$ 500,000
40	3rd St NW between 3rd Ave NW & Civic Center Drive	Infrastructure to support future demand (Sanitary 1945, water upsizing 1999)	No		\$ 500,000
41	3rd St NW between 2nd & 3rd Ave NW	Infrastructure to support future demand (Sanitary 1945, Stormwater 1945, water 1887) Mayo doing some as part of PUP	UPUI B3	Regular standard with increased capacity for development	
42	2nd St NW between 5th & 6th Ave NW	Infrastructure to support future demand (Sanitary 1947, Stormwater 1945, water 1887 need upsizing)	UPUI B3	Regular standard with increased capacity for development	\$ 750,000
43	2nd St NW between 2nd & 3rd Ave NW	Infrastructure to support future demand (Sanitary 1984, Stormwater 1945 & 1983, Water 1999 & 2011)	Civil pkg	Regular standard with increased capacity for development	\$ 1,000,000
44	1st St NW between 5th Ave NW & 6th Ave NW	Infrastructure to support future demand, street is bituminous pavement (water 1990 no replacement 12")	UPUI & Site Plan	Regular standard with increased capacity for development	\$ 750,000
45a	1st St NW between 4th Ave NE & 5th Ave NW	Infrastructure to support future demand, street is bituminous pavement (water 1990)	UPUI & Site Plan	Regular standard with increased capacity for development	\$ 500,000
45b	1st St NW between 3rd Ave NW & 4th Ave NE	Infrastructure to support future demand, street is bituminous pavement (water 1986, storm)	Civil & Site Plan	Regular standard with increased capacity for development	\$ 750,000

		\$ 1,500,000
	\$ 750,000	\$ 750,000
\$ 750,000	\$ 750,000	\$ 750,000
\$ 500,000	\$ 500,000	\$ 500,000
\$ 500,000	\$ 500,000	\$ 500,000
\$ 750,000	\$ 750,000	\$ 750,000
\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
\$ 750,000	\$ 750,000	\$ 750,000
\$ 750,000	\$ 750,000	\$ 750,000

Current and Planned Project Areas



2025 Start

J7858 - 2nd Ave SW

2026 Start

J7857 - North Arrival ROW

J8908 - 6th Ave & Connected UPUI

J8915 - Utility Power Underground Infrastructure (UPUI) Package B3

2027 Start

J8910 - 4th Ave between 2nd St & 3rd St

H - 3rd & 4th Aves from W Center St to Civic Center Dr

I - Mayo Package D & DMC Sanitary Sewer Upsizing

2028 Start

D - 1st St SW to 4th Ave Tie-In

Date Exported: 2/24/2026

Schedule of Projects

	DMC Board Meeting							
Design (Funds are released and no further approval is needed.)	05/21/26	09/24/26	12/10/26	Q3 2027	Q4 2027	Q3 2028	Q4 2028	Total
Kutzky	100,000							100,000
Innovation RFQ	300,000							300,000
J8908 - Reimagine 6th Ave	1,335,388							1,335,388
J8915 UPI Package B3 (5th Ave and 3rd St NW)	400,000							400,000
J8910 4th Ave between 2nd St & 3rd St	75,000							75,000
Project H - 3rd & 4th Ave from Center to Civic Center	412,500			450,000		450,000		1,312,500
J8916 - End of Mayo Package D & DMC Downstream Sanitary Sewer Upsizing	262,500					430,650		693,150
Project D - 1st St SW to 4th Ave Tie in				225,000				225,000
Total Estimated Design Cost	2,885,388	-	-	675,000	-	880,650	-	4,441,038

	DMC Board Meeting							
Construction (DMC approval is required before release of funds.)	05/21/26	09/24/26	12/10/26	Q3 2027	Q4 2027	Q3 2028	Q4 2028	Total
Kutzky				7,780,000				7,780,000
J8908 - Reimagine 6th Ave			9,514,612					9,514,612
J8915 UPI Package B3 (5th Ave and 3rd St NW)	3,600,000							3,600,000
J8910 4th Ave between 2nd St & 3rd St			425,000					425,000
Project H - 3rd & 4th Ave from Center to Civic Center			2,337,500		2,550,000		2,400,000	7,287,500
Project I - End of Mayo Package D & DMC Downstream Sanitary Sewer Upsizing			1,487,500				2,440,350	3,927,850
Project D - 1st St SW to 4th Ave Tie in					1,275,000			1,275,000
Total Estimated Construction Cost	3,600,000	-	13,764,612	7,780,000	3,825,000	-	4,840,350	33,809,962
Total								38,371,000



J8915 - Utility Power Underground Infrastructure Package B3

- | | |
|--|---|
| 10 (2026) | 39 (2026-2027) |
| 11 (2026) | 40 (2027) |
| 12 (2026) | 40A (2027) |

Date Exported: 2/24/2026

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ___ - 2026

**A RESOLUTION APPROVING FINAL APPROVAL OF EXPENDITURE OF FUNDS
FOR PUBLIC INFRASTRUCTURE IMPROVEMENTS**

BACKGROUND RECITALS

A. In the 2026-2027 Five Year Capital Improvement Plan (the “**2026-2027 CIP**”) approved by the Destination Medical Center Corporation (“**DMCC**”) on September 25, 2025 per Resolution No. 178-2025, the DMCC approved the Downtown Public-Private Infrastructure Investment Alignment project (the “**Project**”) in association with Mayo Clinic’s Bold. Forward. Unbound in Rochester initiative (the “**Approval**”).

B. The Approval recognized that planning efforts for the Project were in a preliminary stage and that such planning efforts would shape the project scope and funding needs. Given this, the Approval was conditioned upon the requirement that further detail and information as to public realm and infrastructure plans and proposed findings be presented to the DMCC for specific approval of the project plan and costs prior to proceeding with construction.

C. A portion of the Project, specifically construction of the Utility Power Underground Infrastructure Package B3 (the “**UPUI**”), as further detailed on **Exhibit A**, is ready to advance to construction pending further authorization by the DMCC to expend up to \$3,600,000 from the Approval for construction of the UPUI (the “**UPUI Project**”).

D. Staff of the City of Rochester (“**City**”) and the Destination Medical Center Economic Development Agency (“**EDA**”) now request that the DMCC approve authorization of the UPUI Project.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the DMCC Board of Directors, that the DMCC approves the UPUI Project and that the DMCC hereby approves the UPUI Project as a public infrastructure project within the meaning of Minnesota Statutes Section 469.40, Subdivision 11, and consistent with the Development Plan, adopted on April 23, 2015, as amended; provided that:

1. The scope of approval for the UPUI Project is set forth in the attached **Exhibit A**;
2. Any material deviation from the scope of approval for the UPUI Project will be subject to subsequent approval by the DMCC, which approval shall be based upon review and final determination of scope, costs, and availability of funds; and
3. The EDA and City are directed to provide the DMCC Board of Directors with regular updates with respect to the scope and costs of the UPUI Project.

BE IT FURTHER RESOLVED, that the Chair and Treasurer are hereby authorized and directed to transmit this Resolution to the City and to take such actions as are necessary or convenient to effectuate this Resolution.

EXHIBIT A

HEART OF THE CITY

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

Adopt the recommended amendment of the 2026-2027 DMC Capital Improvement Plan (CIP) to provide up to \$334,000 in DMC General State Infrastructure Aid (GSIA) to support near-term improvements to the 1st Avenue SW pedestrian experience along with undertaking additional technical analysis and a subgrade assessment of the Heart of the City project limits. If approved, the funding required for this expenditure would be reallocated from the \$500,000 funding previously allocated to Saint Marys Place public realm planning and implementation.

In February 2025 the DMCC Board of Directors approved \$175,000 in funding to support increasing the amount of smooth pavers in East Peace Plaza and additional technical analysis of the Heart of the City area.

This funding request addresses recommended next steps based on results of the now complete engineering design and construction work. If approved, DMC funding will be used to execute two simultaneous streams of work:

- Improve the subsurface foundations and reset the pavers immediately adjacent to 64 tree wells along 1st Avenue between W. Center Street and 2nd Street SW. This proposed work will include excavating the tree wells, pouring concrete to raise the height of the tree well walls and installing a horizontal steel plate to provide more durable support of the pavers immediately surrounding the tree well. This improved design has been piloted for over a year, and no noticeable settlement has occurred since its installation. This work will be completed as soon as bid documents can be created and competitive bids can be solicited. Construction work is scheduled to commence in mid-summer 2026.
- Conduct subgrade assessments through physical testing measures to identify sources of soil material loss ultimately resulting in further paver settlement. Testing and engineering measures will be used to inspect for offset pipe joints that may be contributing to continued paver settlement in isolated spots and to look for leaks in the Heart of the City hydronic snow melt system that is allowing glycol to escape from the snowmelt piping network. Release of snowmelt system liquids can saturate subsoils and become the cause of isolated paver settlement. This proposed work is expected to be completed during late summer 2026 and would inform any future capital improvements considered by the DMCC and Rochester City Council.

Approved Project or Program Baseline

The Heart of the City initiative represents a key component of the DMC public realm development program, focused on transforming Peace Plaza and the 1st Avenue corridor into a welcoming civic and commercial space. Originally identified in the 2015 DMC Development Plan and approved by the DMCC Board that year as a priority capital project, the City of Rochester was designated as the implementing entity. Funding commitments were incorporated into the 2016 and 2017 City Capital Improvement Plans, enabling design development and early preconstruction work. Construction began in 2019 after final design approval and funding authorization from the DMCC Board, with substantial completion achieved in 2021.

The project included full reconstruction of East Peace Plaza, 1st Avenue streetscape enhancements, public art installations, upgraded utilities, and improved stormwater management. Following three years of heavy year-round use, a proactive maintenance assessment identified localized paver settling and joint deterioration in East Peace Plaza. To maintain long-term accessibility and durability, the DMC EDA and City recommended, and the DMCC Board approved, a \$175,000 project budget amendment to support targeted paver resetting and surface smoothing treatment work in 2025.

During the summer of 2025 East Peace Plaza underwent modifications to enlarge and improve the walking surface experience for those with impaired mobility and create a more welcoming environment for all users of the space. Specifically, some of the pavers with raised letters were removed and flat surfaced pavers were reinstalled along with adding tree grates to the tree wells in East Peace Plaza. City staff worked with artist Anne Hamilton who created the “A Song for Water” artwork on the plaza pavers. In working with Ann, each row of pavers was analyzed before converting pavers with words into smooth surface pavers to ensure the core meaning of the artwork’s poem remained intact. The City conduct community member interviews after smooth surface paver installation.

Through the modifications to the paver surface and adjustments to the tree wells around the water feature, the City has enhanced the plaza’s environment to provide more confidence for those with impaired mobility to utilize the space when it is activated while also widen the ADA pedestrian access route which improves ease of navigating during hosted events hosted in the plaza.

Current Status

City of Rochester staff have continued to evaluate the functionality and pedestrian experience within Heart of the City. The tree well foundations along 1st Avenue have been slowly settling since their initial installation. This has resulted in creating an

undesirable paver surface adjacent to the tree wells that is becoming a slowly growing trip hazard.

In early 2025 one revised tree well design was installed and has been monitored for the past 12 months and has shown no new paver settlement since installation. In addition, for the past several winter seasons the hydronic snow melt system has needed a measurable volume of fluid upon winter start up each fall. It is clear that the system is leaking and city staff are proposing to undertake non-destructive testing to identify the leak location(s) so that a repair can be completed on the system.

Additionally:

- The initial paver resetting and tree well grates portion of the project has been completed.
- The enhanced wayfinding signage and sound system installation portions of the project will be completed during the summer of 2026.
- Update and amend the Peace Plaza Ordinance to create an ADA Pedestrian Access Route that remains an obstruction free walking zone at all times.

Risks to Scope, Budget, Timeline, or Delivery

None at this time.

Upcoming Requests or Decision Points

Decision to fund, or not, any portion of the repairs of any substantial defects discovered through the subgrade assessment work.

DMC Alignment

This project directly supports DMC strategic priority of designing for well-being by imbedding spaces that promote health and wellness in the downtown through the promotion of social interaction and physical activity. East Peace Plaza is a space where the broader Rochester community can gather, dine outdoors, and play. The City and DMC work in partnership with the Rochester Downtown Alliance to activate and program this space to enhance the experience.

Attachments / Exhibits

- None.

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ____-2026

**A RESOLUTION REVOKING APPROVAL OF THE SAINT MARYS PLACE
SUBDISTRICT PUBLIC REALM PLAN, REALLOCATING FUNDS, AND AMENDING
THE 2026-2027 FIVE YEAR CAPITAL IMPROVEMENT PLAN TO PROVIDE FOR
NEAR TERM IMPROVEMENTS AND TECHNICAL ANALYSIS**

BACKGROUND RECITALS

A. The Development Plan was adopted by the Destination Medical Center Corporation (“**DMCC**”) on April 23, 2015, as amended (the “**Development Plan**”), and includes the “Heart of the City” as a subdistrict.

B. In 2021, construction was substantially completed on Peace Plaza and First Avenue Southwest. This public realm project entailed renovating the eastern elements of the plaza and surrounding areas, including universal design elements, sustainability features, integrated art and improved infrastructure, and a catenary lighting system.

C. Pursuant to Resolution No. 141-2023, on September 28, 2023, the DMCC adopted the 2024 Five Year Capital Improvement Plan (the “**2024 CIP**”).

D. The 2024 CIP included an approval of \$500,000.00 in funding for the implementation of a Saint Marys Place subdistrict public realm plan (the “**Saint Marys Project**”).

E. The Saint Marys Project will not proceed to implementation, and the DMCC hereby determines that it is in the best interests of the DMCC to de-authorize the Saint Marys Project and rescind the prior approval thereof.

F. The DMCC desires to reallocate \$334,000.00 of the \$500,000.00 originally approved for the Saint Marys Project in the 2024 CIP to the 2026-2027 CIP to fund other capital projects.

G. Pursuant to Resolution No. 164-2025, the DMCC approved the request from the DMC EDA to increase the 2025 CIP in the amount of \$175,000 to fund increasing the amount of smooth pavers in East Peace Plaza and provide additional technical analysis of the Heart of the City area.

H. The DMCC adopted the 2026-2027 Five Year Capital Improvement Plan (the “**2026-2027 CIP**”) on September 25, 2025 per Resolution No. 178-2025.

I. Since completion of the construction of Peace Plaza, and the additional authorization pursuant to Resolution No. 164-2025, the Destination Medical Center Economic Development Agency (“**EDA**”) has continued to review the design of certain components of Peace Plaza and has given consideration to improvements that would create a more equitable experience within the plaza, as further detailed in the attached **Exhibit A**, not included within the 2026-2027 CIP (the “**Capital Project**”).

J. The EDA requests that the DMCC amend the 2026-2027 CIP to incorporate the reallocation of \$500,000.00 from the 2024 CIP, to add the Capital Project to the 2026-2027 CIP, and to allocate \$334,000.00 of the \$500,000.00 to the Capital Project.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the DMCC Board of Directors, that the prior approval of the Saint Marys Project as set forth in the 2024 CIP and Resolution No. 141-2023 is hereby de-authorized and rescinded, and the \$500,000.00 originally approved for the Saint Marys Project is hereby reallocated from the 2024 CIP to the 2026-2027 CIP to fund other capital projects as approved by the DMCC.

BE IT FURTHER RESOLVED, that the DMCC approves an amendment to the 2026-2027 CIP to incorporate the addition of the Capital Project and to allocate \$334,000.00 from the \$500,000.00 originally approved for the Saint Marys Project under the 2024 CIP to the Capital Project, and that the DMCC hereby approves the Capital Project as a public infrastructure project within the meaning of Minnesota Statutes Section 469.40, Subdivision 11, and consistent with the Development Plan; provided that:

1. The scope of approval for the Capital Project is set forth in the attached **Exhibit A**;
2. Any material deviation from the scope of approval for the Capital Project will be subject to subsequent approval by the DMCC, which approval shall be based upon final determination and review of scope, costs, and availability of funds; and
3. The EDA and City are directed to provide the DMCC Board of Directors with regular updates with respect to the scope and costs of the Capital Project.

BE IT FURTHER RESOLVED, that the Chair and Treasurer are hereby authorized and directed to transmit this Resolution to the City and to take such actions as are necessary or convenient to effectuate this amendment to the 2026-2027 CIP.

42813114v3

EXHIBIT A

PUBLIC REALM INFRASTRUCTURE

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

Authorize procurement of public realm infrastructure equipment totaling \$155,767.

Approved Project or Program Baseline

- Security Gate System – City, Mayo and DMC Partnership: This system is intended to enhance public safety for large community events in the downtown area. The total system cost is \$467,300, funding by a proposed one-third cost share between the city, Mayo Clinic and DMC (approximately \$155,767). This shared investment in the Meridian deployable security system would allow the city to support a professional-grade, FEMA-compliant solution for events, ensures secure and well-managed perimeters, and gives organizers and attendees confidence in downtown gatherings. During non-festival times this system can be deployed to assist in construction management traffic control in downtown.
- If approved, the funding required for this expenditure would be reallocated from the \$500,000 funding previously allocated to Saint Marys Place public realm planning and implementation.

Current Status

The Meridian GSA quote has been received and reviewed, with pricing secured through a federal contract.

Risks to Scope, Budget, Timeline, or Delivery

- The Meridian quote could go up in price or availability due to high demand.

Upcoming Requests or Decision Points

None at this time.

DMC Alignment

Community Safety: The shared security gate system provides the City with a deployable, professional-grade perimeter management capability for community events, reducing safety risk and enabling more programming with confidence.

Attachments / Exhibits

- None.

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ___ - 2026

**A RESOLUTION APPROVING AMENDMENT TO THE 2026-2027 FIVE YEAR
CAPITAL IMPROVEMENT PLAN TO PROVIDE FOR PUBLIC REALM
INFRASTRUCTURE AND REALLOCATING FUNDS**

BACKGROUND RECITALS

A. On September 25, 2025, the Destination Medical Center Corporation (“**DMCC**”) adopted the 2026-2027 Five Year Capital Improvement Plan (the “**2026-2027 CIP**”) pursuant to Resolution No. 178-2025.

B. Staff of the City of Rochester (the “**City**”) and the Destination Medical Center Economic Development Agency (the “**EDA**”) have identified a need to address community safety concerns within the development district boundaries established under the Development Plan adopted by the DMCC on April 23, 2015, as amended (the “**Development Plan**”).

C. To address these safety concerns, the City and EDA have evaluated acquiring a security gate system, in partnership with Mayo Clinic, to enhance public safety during large community events within the development district. The total cost of the Meridian deployable gate system is \$467,300.00, with the DMCC share proposed at \$155,767.00 through a one-third cost-sharing arrangement among the City, Mayo Clinic, and DMC as further detailed on **Exhibit A** (the “**Capital Project**”), which amount was not included in the 2026-2027 CIP.

D. Pursuant to Resolution No. ___-2026, the DMCC de-authorized and rescinded the prior approval of a Saint Marys Place subdistrict public realm plan (the “**Saint Marys Project**”) and reallocated \$500,000.00 originally approved for the Saint Marys Project in the 2024 Five Year Capital Improvement Plan (the “**2024 CIP**”) to the 2026-2027 CIP to fund other capital projects.

E. The EDA requests that the DMCC amend the 2026-2027 CIP to incorporate the addition of the Capital Project to the 2026-2027 CIP and to allocate \$155,767.00 of the \$500,000.00 to the Capital Project.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the DMCC Board of Directors, that the DMCC approves an amendment to the 2026-2027 CIP to incorporate the addition of the Capital Project and to allocate \$155,767.00 from the \$500,000.00 originally approved for the Saint Marys Project under the 2024 CIP to the Capital Project, and that the DMCC hereby approves the Capital Project as a public infrastructure project within the meaning of Minnesota Statutes Section 469.40, Subdivision 11, and consistent with the Development Plan; provided that:

1. The scope of approval for the Capital Project is set forth in the attached **Exhibit A**;
2. Any material deviation from the scope of approval for the Capital Project will be subject to subsequent approval by the DMCC, which approval shall be based upon final determination and review of scope, costs, and availability of funds; and

3. The EDA and City are directed to provide the DMCC Board of Directors with regular updates with respect to the scope and costs of the Capital Project.

BE IT FURTHER RESOLVED, that the Chair and Treasurer are hereby authorized and directed to transmit this Resolution to the City and to take such actions as are necessary or convenient to effectuate this amendment to the 2026-2027 CIP.

42823670v2

LINK BUS RAPID TRANSIT

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None; this report is intended for information only.

Approved Project or Program Baseline

The DMC multi-modal mobility strategy includes the implementation of Link Bus Rapid Transit (BRT), which is the priority focus of DMC's mobility infrastructure investments. The Link BRT system is a transformative transportation investment designed to enhance mobility, ease congestion, and support the continued growth of Rochester. By providing fast, fare-free, and reliable transit, with 12 stops located along the 2.8 mile long, corridor. Link will serve an estimated 11,000 commuters, residents, and visitors per day, strengthening downtown Rochester's accessibility and economic vitality.

This project is 30.5% complete and is scheduled to open for service in late summer 2027.

Current Status

Vehicle Procurement Highlights

- The City received and is testing the first Link bus from New Flyer, an Xcelsior XE60, 60-foot electric bus with 44 seats, 30 standing spaces, 3 wheelchair securements, and 605 kW battery pack.
- The second bus is expected to be delivered in late May or early June, with a new bus delivered every two weeks after.

Project Bidding Highlights:

- The final bid package, Volume E: West Transit Village Restrooms, has been received and is approximately \$500,000 under budget.
- A contract is expected to go before the City Council in late April with an anticipated start of construction by Summer of 2026.

Emergency Contingency Use

- The City is also expected to expend up to \$783,249 in unallocated contingency funds to relocate two medium voltage electrical duct banks discovered within the footprint of the new elevator shaft at the eastbound Saint Marys Transit Center.
- This work is necessary to keep the project on schedule.

Budget Highlights

Approved Budget

Row	Description	Amount
1	West Transit Village (Volume A)	\$7,687,422
2	Civil Underground and Infrastructure (Volume B)	\$21,284,394
3	Transit Center (Volume C)	\$75,339,925
4	Maintenance Bay Addition (Volume D)	\$4,592,000
5	West Transit Village Bathrooms (Volume E)	\$2,514,114
6	Vehicles	\$21,726,404
7	Real Estate	\$12,256,100
8	Professional Services	\$27,925,000
9	Unallocated Contingency	\$22,752,072
10	Total Funding	\$196,733,908

Use of Contingency *(Detail of Row 9 Above)*

Row	Description	Amount
1	Volume A West Transit Village - Net Change Orders	\$43,082
2	West Transit Village (Volume A)	\$487,592
3	Civil Underground and Infrastructure (Volume B)	\$147,488
4	Transit Center (Volume C)	\$168,414
5	Maintenance Bay Addition (Volume D)	\$0.00
6	West Transit Village Bathrooms (Volume E)	\$0.00
7	Vehicles	\$0.00
8	Real Estate	\$0.00
9	Professional Services	\$0.00
10	Pending/Anticipated Unallocated Contingency Expenditures	\$2,370,000 - \$2,950,000
11	Total Use of Contingency (Actual and Pending)	\$3,216,576- 3,796,576

Risks & Pending/Unanticipated Unallocated Contingency Expenditures *(Detail of Row 10 Above)*

Row	Description	Risk Impact	Cost Impact
1	Due to the unforeseen conflict with the medium voltage electric duct bank at Saint Marys Transit Center, construction was paused while design investigations were completed and design of the duct bank relocation progressed.	Medium	\$785,000 - \$850,000
2	Kimley-Horn construction management contract amendment	Medium	\$1,400,000-\$1,900,00
3	Significant, adjacent, private development construction work is currently happening in four locations along the Link BRT project corridor. Some of these projects have been impacting the Link BRT sequence of operations. To date the impacts of other private projects have been successfully mitigated by Link's construction management team and Link's contractor. Through 2026 it will be important to monitor this work to ensure Link does not incur a schedule delay.	High	\$0
4	Bus on schedule delivery to Rochester and conformance with contract specifications.	Medium	\$0
5	Due to anticipated construction activity, future use of West Transit Village, to achieve City of Rochester standards, the pavement thickness will need to be increased from 7" to 8.5"	Low	\$95,000 - \$100,000
6	The Maintenance Bay had a delegated design requirement that laid the responsibility of connecting the existing precast wall trusses to the new addition trusses. Through redesign the contractor has additional costs to accommodate the changes necessary for the connections	Low	\$90,000 - \$100,000
7	Fuel Escalation – MnDOT Standards have additional provisions that are allowed to contractors for incurring additional cost due to micro-inflationary prices	High	\$0

Risks to Scope, Budget, Timeline, or Delivery

No additional risks to note.

Upcoming Requests or Decision Points

None at this time.

DMC Alignment

DMC EDA Staff are working in collaboration with city staff and the city's design consultant's SRF and Kimley-Horn, to maintain a continued focus on the goal of creating a world-class experience centered on equity of access and securing Link BRT as a desirable consumer choice.

Attachments / Exhibits

- Change order summary
- Detailed project updates

CHANGE ORDER SUMMARY

Table 1: Status Of Project Funding Including Any Use of the Contingency Funding Allocated to Specific Project Elements:

SCC#	SCC Description	Budget	Expenditures to Date
10	Guideway & Track Elements	\$4,356,995	\$1,076,193.17
20	Stations, Stops, Terminals, Intermodal	\$62,173,134	\$3,833,475.82
30	Support Facilities: Yards, Shops, Admin. Bldgs	\$8,335,074	\$399,147.00
40	Sitework & Special Conditions	\$31,525,214	\$9,238,329.86
50	Systems	\$4,775,199	\$470,757.30
	<i>Subtotal 10-50</i>	<i>\$111,165,616</i>	
60	ROW, Land, Existing Improvements	\$12,244,300	\$12,202,925.20
70	Vehicles	\$22,646,920	\$910,884.11
80	Professional Services	\$27,925,000	\$23,069,240.70
	<i>Subtotal 10-80</i>	<i>\$173,981,836</i>	
90	Unallocated contingency	\$22,752,072	\$705,242.00
	Total	\$196,733,908	\$51,906,195.16

Table 2: Remaining Contingency Balance

	Cost
Original Unallocated Contingency Balance	\$22,752,072
Volume A West Transit Village - Net Change Orders	\$43,082
Volume B Civil Underground and Infrastructure – Net Change Orders	\$487,592
Volume C Transit Center – Net Change Orders	\$147,488
Volume D Maintenance Bay Addition – Net Change Orders	\$168,414
Volume E West Transit Village Bathrooms – Net Change Orders	\$0.00
Pending Future Change Orders	\$2,370,000 - \$2,950,000
Unallocated Contingency Remaining Balance	\$ 19,535,496 - \$18,955,496

Table 3: West Transit Village Change Order Status

Change Order Name	Description & Action Steps	Impact to Cost
Tree Clearing	Additional Clearing and Grubbing added from Volume B and C to complete removals according to federal regulations in month of March. Contract Change Executed	\$131,238.00
Storm Sewer Revisions	Utility Updates and Plan Revisions for Storm Sewer. Contract Change Executed. Updated Pricing	(\$65,487.98)
WTV Charger Updates	The on-route chargers require updated foundations and configuration to meet the manufactures recommendations. Contractor to supply back up documentation.	(\$118.00)
Delete Camera	Time lapse camera. Contract Change Executed	(\$22,550.00)
	Total	\$43,082.02

Table 4: Civil Underground and Infrastructure (Volume B) Change Order Status

Change Order Name	Description & Action Steps	Impact to Cost
Sanitary and Water Updates – 14 th Ave Redesign in progress	Drawings changes as spelled out on page 1 of the change order backup sheets. These are the true 'extras', meaning there is no unit pricing in the contract to capture the costs for tracking.	Pending

Revised Field Office	Modified Specifications of Line Items 4 Field Office (\$220,018) bid to owner provided facility and upgrades required.	(\$97,505.00)
Subcut and Breaker Run	Subgrade Excavation and sub-cut replacement recommendations for 11th - 12th Ave. Contract	\$36,400.00
Missing Bid Items	Add missing bid items: W200.552 1" Corp Stops, Hay Bales, Cat 30 Blanket, Culvert End Protection, 3" minus stabilization rock, PCMS, Ultra High Early Concrete, Aggregate Surfacing.	\$11,550.00
Contaminated Soil	Contaminated Soil Testing, Hauling, Disposal, Acceptance by SKB, etc. Cost to date (\$3,591.60)	\$75,000.00
Revised Traffic Signal System E	Revised signal pole location due to existing RPU vault.	\$2,253.15
Connection to 6-1/2 Street	Connect to 6 1/2 Street SE.	\$9,780.00
J-Barrier with Fence	Additional Barricades 11th Ave to 12th Ave	\$95,000.00
Electrical Conduit/Conductors	Traffic Signal adjustments for City Standards	\$72,153.92
Storm Structure 680 Restocking	Net cost savings, Item will not be installed.	\$5,518.00
6th Street Changes	Design Changes to multi-use trail and sidewalks for driveway access to adjacent properties	\$15,392.03
Retaining Wall Cap Blocks	Modify Designed Retaining Wall for Cap Stone Blocks Per City Standards	\$28,823.60
Lower Watermain	Remove Installed Watermain, Lower to elevation under Pedestrian Tunnel	\$60,000.00
Seal Coal Chutes	Discovered abandoned coal chutes to existing business between 11 th Ave and 13 th Ave. Blocked and mortar openings.	\$2,816.00
Surplus Pavers	Owner directed change to brick pavers. Updated Pricing	\$64,504.98
Storm Sewer VE	Contractor proposed Value Engineering to revise Storm Sewer Structures (Net savings to project of \$15834.70) 50% retained by contractor	\$15,834.70
Weld Split Casing	Paid under existing bid item, no cost change order	\$0
Temporary Lighting	Temporary Lighting supplied for replaced existing lighting in Parking Lot areas. Updated Pricing	\$23,512.50
Paint Signal Poles	Paint Traffic Signal Poles per City Standards.	\$56,000
MnDOT Signal Pole Changes	Design changes requested by MnDOT Signal Review	Pending
MnDOT Signage Changes	Design changes requested by MnDOT during submittal review	Pending
Additional Sanitary Revisions	Revised Sanitary Design. No cost CO anticipated	Pending
Signal M Mast Arm Change	Plan error during shop drawing review	\$8,324.00
Retaining Wall Deduct	Installation of missing material not approved in submittals.	Pending
Additional Sanitary Manhole	Adjacent Project to supplement cost for post bidding request for added MH	Pending
Casting Revisions	Field Adjustments to castings at driveway location on 6 th Street	\$2,233.90
Total		\$487,591.78

Table 5: Transit Center (Volume C) Change Order Status

Change Order Name	Description & Action Steps	Impact to Cost
Owner Supplied Materials	Owner supplied Materials will not be provided	(CANCELLED) \$0
6 th Street Station Changes	No Cost Change Order	\$0
SMTC Building Permit Changes	Plan revisions include items such as plumbing, radon system additions.	Pending
SMTC Radon Gas System	Achieving the B3 certification requires radon gas system to be installed	\$77,000
Asbestos in Building Demo	Additional Vermiculite in debris of building removal and hauling per RAP.	\$10,757.82
Snowmelt Junction Boxes	Plan revisions for the stations to add additional Jbox .	\$46,109.00
Station Slab Crown	Plan revisions, no cost or schedule change	\$0
Heater Access Panels	Plan revisions for modifications of stations to include for systems controls for snow melt	Pending
Conduit Sizing	Resized conduit to stations, have not received pricing from contractor.	Pending
Heater Access Panels	Adjust access points in roof of stations. Have not received pricing from contractor.	Pending
RFI C58 Clarifications	Clarification with a change in specifications. No cost change order	\$0
Storm Sewer VE	Value Engineering Eliminating Storm Sewer Structure	(\$11,887.25)
Modify Saint Marys Pump Size	Revisions to the sump pumps at Saint Marys Transit Center	Pending
Gutter Angle Connection Change	No Cost Change Order	\$0
2 nd Ave Stations Foundation Modifications	Contractor requested change with shop drawing review approval	(\$10,092.00)
Time Lapse Camera	Temporary public safety camera rental for construction activities monitoring	\$35,600.40
Total		\$147,488

Table 6: Maintenance Bay (Volume D) Change Order Status

Change Order Name	Description & Action Steps	Impact to Cost
Owner Supplied Materials	These items are being procured using the Volume D budget and are in process.	\$146,953
Building Permit Revisions	No Anticipated Changes	\$0
Roof Warranty	Specifications lacked identifying roof warranty upon submittal review, meet City Standard.	\$4,428.00
Roof Joist Design	Delegated Design of the Existing Pre-Cast Wall modifications.	\$17,033
Total		\$168,414

Table 7: Bus Procurement Contract Change Order Status

Change Order Name	Description & Action Steps	Impact to Cost
Tariff Increases	Tariff cost increase implemented by New Flyer	\$200,000
TOTAL SPENT		\$200,000

Detailed Project Updates

Business Forward Construction Mitigation: The project team is implementing the Business Forward strategy as they continue construction of Link BRT. Project team members meet with stakeholders impacted by the construction on a regular basis. The majority of the current disruption is located adjacent to the St. Marys Campus, West Transit Village, 19th Ave SW, 6th Ave SW, the Civic Center Stations and 6th Street SE.

Multiple tools are in place in response to feedback from local business owners including:

- A weekly Link BRT Newsletter
- Integrating travel information into <https://www.downtownrochesterconstruction.org/>
- Dynamic pedestrian scale wayfinding

Example Wayfinding Detour Route Map:

Downtownrochesterconstruction.org Way Finding



Construction Updates:

- General Road Closures
 - The closure of 2nd Street SE from 1st Avenue SE to Civic Center Drive (until mid-May).
 - The closure of 6th Avenue SW will expand to West Center Street and to 3rd Street SW (until late August).
 - The closure of 6th Street SE from 3rd Ave SE to 4th Ave SE for traffic signal installation (April 13-April 20).
 - Traffic lane closures on 2nd Street SW at 19th Ave SW – October 2025 until June 2026.

- 2nd Street SW (Saint Marys area)
 - Saint Marys Transit Center
 - Pedestrian tunnel excavation initiated and progressing, drainage/plumbing basins installed underground conduits including radon mediation system.
 - Footings and foundations completed on north vertical circulator with vertical wall stems started.
 - Elevator structure construction underway (mat slab, foundation walls).
 - The DMCC Board authorized a pedestrian tunnel related change order of \$975,000 in December 2025 that approved for the payment of winter conditions to the contractor that helped keep the project on scheduled. This action mitigated the risk of a delay to the August 2027 completion schedule for the project.
 - The City is also expected to expend unallocated contingency funds to relocate two medium voltage electrical duct banks discovered within the footprint of the elevator shaft at the eastbound Saint Marys Transit Center.
 - One duct bank is owned by Rochester Public Utilities (RPU), which will bear the costs of its own relocation; the other is a privately owned electrical feeder for which the City is responsible.
 - Design for both relocations is complete, and the project team is working with the Link BRT contractor to execute a change order in accordance with city policy and applicable contingency criteria, with City Council approval anticipated on April 20, 2026 and work commencing shortly thereafter.
 - The total estimated cost of the change order is \$1,214,523, of which \$431,274 will be paid for by RPU to cover the RPU feeder relocation and \$783,249 in Link unallocated contingency funds will be applied under the emergency contingency criteria to cover the cost of relocating the privately owned feeder.

- Roadway & Utilities
 - 11th Ave to 12th Ave all work has been completed, including curb & gutter, sidewalks and driveways aprons, and the road has reopened to traffic,
 - Sanitary sewer, storm sewer and watermain upgrades and service connections were mostly completed between 11th–13th Avenues.
 - Drilled foundation piers, earth excavation, and wood planking were completed as part the Earth Retention System (ERS) which is now fully installed for the north half of the Transit Center.
 - On going coordination and planning with Mayo Clinic and Saint Marys Hospital to provide access to the emergency room on 14th Avenue SW off of 2nd Street during upcoming work phases.

- Pedestrian Access: Temporary and permanent paving, striping, and pedestrian crossings are being maintained and remain open for people to use at convenient intervals. Temporary Traffic Management has been supported by flaggers, Rochester Police, remote cameras, and drones for real-time construction monitoring.

- Schools & Businesses
 - Continue maintaining communications for coordinated access to Folwell & Riverside Elementary Schools for the upcoming construction season.
 - Businesses remain open and accessible near St. Marys including: Uni Uni Bubble Tea, Thai-riffic, Canadian Honker, Francisco's, Anderson Wheelchair and the newly opened Café Steam.
 - Wayfinding signage and food pick-up temporary parking spots installed; new business temporary wayfinding signage coming in May.

- 6th Street SE & 3rd Avenue SE (East Terminus)
 - Current Status: Roadway and Utilities 90% complete, station is 25% complete.
 - Road Closure & Traffic Signal Install: Upcoming closure of 6th Street SE from 3rd Ave SE to 4th Ave SE for traffic signal installation (April 13-April 20).
 - Station Progress: Footings, walls, platform slab completed, installing structural steel framing including some roof decking.
 - Completed submittals review for the snowmelt system and installation began in early April.

- 19th Avenue SW (Station Area) West Bound
 - Current Status: Roadway and Utilities 50% complete, transitioning to vertical construction.
 - Station Progress: Footings, walls, platform slab completed, installing structural steel framing including some roof decking.
 - Underground electrical supply will begin this spring.
 - Installing electrical supply and snowmelt system in April.
 - Finishing bike lane and full station completion by June 2026.
 - Begin working on east bound station June – November 2026.

- 23rd Avenue SW Local Transit Stop (Completed)
 - Utilities & Streetscape: Storm sewer installation completed, followed by curb, gutter, sidewalk, pavers, and landscape restoration.
 - Transit Stop Reopening: Intersection and bus shelter reopened by November 2025, with traffic control removed and RPT bus service restored by December 2025.

- West Transit Village
 - Utility installation between 31st Ave NW–1st St NW completed.
 - Site secured for winter with remaining underground utilities and charger infrastructure scheduled to restart by the beginning of April.
 - West entrance: Storm sewer and pond construction is ongoing.
 - Infrastructure: Grading, sanitary sewer gravity line, storm sewer, watermain, and initial electrical work on future roadway alignments for 28st Ave NW and half of 1st Street NW to be completed by May 15. Beginning roadway pavement at this intersection to align with adjacent private development project's construction phasing.

- Coordination: City, Elcor, and site development private partners aligned; work on track for (Volume A) to be completed by November 2026.
- Maintenance Bay – Volume D
 - Construction broke ground on March 10th and have completed the foundation and footings with precast walls to be installed in April.
 - Progress is on schedule with an estimated September 2026 completion date.
- Additional Project Elements
 - Volume E: West Transit Village bathrooms are out for bid, will be sent to City Council for award in April.
 - Interactive Construction Map: An online tool updated weekly to display closures, pedestrian walking routes, and bike routes sees over 1000 unique views per week. Kiosk map displays and new pedestrian wayfinding signage along 2nd St SW.
- Community Engagement
 - Hosted guided construction tours for Rochester Area Builders, Olmsted County, and Sustainability Day. During each tour local businesses are spotlighted to promote public support of them while construction work is on-going.
 - Kutzky Neighborhood Association: Project Teammates meet monthly at the neighborhood association meetings to discuss project updates and hear community member's feedback.

Upcoming Project Milestones

- 2nd Street SW – Continue underground utility infrastructure work from 13th Ave to 14th Ave in May.
- 2nd Street SW – 14th Ave to 15th Ave is scheduled to close temporarily while emergency room access maintained starting from the middle of May to beginning of June.
- Complete BRT Stations at 19th Ave, 6th Street SE and Civic Center/Library by August 2026.
- Begin work on 6th Ave Stations and complete by August 2026.
- Begin work on 2nd Ave Stations in the summer of 2026.
- Substantially complete Maintenance Bay Addition by winter 2026.
- Receive all remaining buses by Fall of 2026.

2027 DMC WORK PLAN AND BUDGET PRIORITIES

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None; this report is intended for information only.

Highlights & Key Considerations

With the adoption of a biennial budget, staff are evaluating the ways in which the DMC EDA board of directors, DMCC board of directors, and Rochester City Council might more efficiently receive and consider proposed amendments to the work plan, operating budget and capital plan during the second year of each biennial term.

Staff will return to the board at its next regular meeting with a proposed process and, if appropriate, budget and work plan amendments for board consideration.

Attachments / Exhibits

- None.

6TH STREET BRIDGE, NEIGHBORHOOD SAFETY & RIVERFRONT IMPROVEMENTS

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None; this report is intended for information only.

Approved Project or Program Baseline

The 6th Street Bridge, Neighborhood Safety & Riverfront Improvements project is intended to improve riverfront access, neighborhood connectivity, and safe east-west circulation while maintaining essential flood protection. The project has long been identified as a key link in providing continuous access and activation along the downtown Zumbro River corridor. It was also a key component of the city-led Downtown Waterfront Southeast Small Area Plan, through which a preferred bridge concept was identified and advanced towards a more detailed design.

Once complete in early 2028, the project will reconnect street networks bisected by earlier flood-control infrastructure, establish separated and protected pedestrian and bicycle facilities, extend the downtown trail network, and create public space supporting river-oriented recreation and gathering. The bridge will feature traffic lanes separated from dedicated non-motorized paths, and trail connections to the existing Zumbro River Trail underpass, and expand safe river access. Public seating will be adjacent to landscape areas that draw on native plant species to maintain ecological integrity and support habitat for river wildlife. Enhanced river-edge access and park amenities are planned for future phases as additional funding becomes available.

The total project budget is \$36.8 million, funded by \$19.9 million from the U.S. Department of Transportation, \$11 million in DMC funds, and \$5.9 million from MnDOT.

Current Status

- Advancing the project to the 100% final design milestone.
- Awaiting U.S. Army Corps of Engineers Section-408 permit approval, expected in August.
- Awaiting U.S. Army Corps of Engineers Section-404 permit approval, expected in early May.
- Awaiting FEMA Conditional Letter of Map Revision permit approval, expected in August.

- Awaiting IDNR Work in Public Waters permit approval, expect in April.
- Negotiating Crossing, Construction, and Maintenance Agreement, Utility Permit, and Easement and Multi-use Trail License with the Canadian Pacific Kansas City Southern Railroad (CPKC).
- Submitted 100% final plans will be submitted to MnDOT for review on April 15, 2026.
- Construction expected to begin in Fall 2026 and continue through Spring 2028.

Risks to Scope, Budget, Timeline, or Delivery

- Environmental permit approvals needed by September 30, 2026 to meet grant obligation timeline.
- CPKC agreements needed by September 30, 2026 to meet grant obligation timeline.

Upcoming Requests or Decision Points

- No upcoming requests.
- Decision point: When bids are received on the project in late Summer 2026, depending on the bid results not all bid alternates may be able to be elected in order for the project to remain within budget.

DMC Alignment

This project directly supports DMC goals related to mobility, riverfront connectivity, downtown livability, and public infrastructure improvement. As the source memo notes, it complements DMC's broader focus on equitable and accessible design, riverfront reinvestment, and coordinated infrastructure alongside Link BRT and West Transit Village improvements.

Attachments / Exhibits

- None.

CHATEAU THEATER

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None; this report is intended for information only.

Approved Project or Program Baseline

Since opening in 1927, the Chateau Theatre has been a cornerstone for arts and entertainment in Rochester. Today, under Threshold Arts, it continues to operate as an active community venue in the heart of downtown. Building on this legacy, and following direction from the January 2026 City Council Study Session, the City is advancing a focused phase of work to evaluate capital investment needs and future operating models.

This phase is centered on cost validation, facility assessment, and operating model evaluation, with the goal of defining the appropriate level of investment and establishing a sustainable long-term approach for the theater as a community arts and activation hub.

Current Status

Following the January 2026 Study Session, staff have been advancing work in alignment with Council direction. Key progress to date includes:

- Initiated early-phase work (February–March) to define programming/operating goals.
- Began coordination with Experience Rochester on an operating strategy.
- Refined next steps to align cost validation, facility assessment, and partnership.
- Identified priority infrastructure improvements (mezzanine access, sound system, liquor licensing) to inform cost analysis.

Over the next several months, multiple workstreams will move forward in parallel to inform key decisions:

- Continued cost validation and facility assessment
- Technical analysis, including sound, roof load capacity, and stage/acoustics improvements
- Ongoing development of an operating strategy with Experience Rochester, including City Council feedback
- Monitoring the State Legislature’s decision on liquor licensing
- Evaluation of alternative operating models, capital scope, and activation goals

Legislation authorizing a liquor license for the Chateau Theater was signed into law by Governor Tim Walz as part of Chapter 48 and received local approval from the Rochester City Council at its May 4, 2026 meeting. The liquor license will help the Chateau maximize its flexibility as a community and cultural venue, support a broader range of events and visitor experiences, and strengthen the facility's long-term revenue potential and operational sustainability.

Risks to Scope, Budget, Timeline, or Delivery

- Sharing early cost estimates could create misaligned expectations before numbers are fully validated.
- The compressed timeline requires coordination across several parallel efforts (cost, technical analysis, operations, and stakeholder engagement).
- The current operator does not intend to continue beyond the existing contract, increasing the importance of aligning operator selection with the project timeline.
- Balancing community access and arts programming with long-term financial sustainability will be critical.

Upcoming Requests or Decision Points

- June 2026: City Council direction on preferred operating model and project scope
- Late 2026: Final design, bidding, and Council approval
- Early 2027: Bid award and transition to construction
- Board input is anticipated on:
 - Preferred operating model
 - Project scope and level of capital investment
 - Support may also be requested to advance priority infrastructure improvements to maintain project momentum.

DMC Alignment

The Chateau Theater supports DMC goals by activating a key downtown asset with strong community use (113,184 visitors and 519 events over 3.5 years). Continued investment advances priorities around placemaking, arts and culture, and a vibrant downtown experience.

The operating model and capital improvements under evaluation will help position the theater as a sustainable, long-term asset.

Attachments / Exhibits

- None.

DISCOVERY SQUARE INFRASTRUCTURE: BIOLABS ROCHESTER

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None; this report is intended for information only.

Approved Project or Program Baseline

BioLabs Rochester was announced October 15, 2025, as BioLabs' first Midwest location. The facility will occupy the third floor of Two Discovery Square in Rochester, Minnesota, providing wet laboratories and shared amenity space for early-stage life sciences companies. The project is a partnership between BioLabs, DMC, and Mayo Clinic, designed to anchor Rochester's emerging biomedical innovation ecosystem.

The total project budget is \$16,510,000. Of this, up to \$8 million in GSIA Strategic Redevelopment funding has been approved to support public infrastructure construction costs. Additional funding is being provided by Mortenson Properties, Mayo Clinic, and BioLabs through a combination of capital investment, equipment purchases, and operational support.

Approved scope, budget, and timeline are under active management by Mortenson Construction. The facility is scheduled to open September 2026, with a target Temporary Certificate of Occupancy (TCO) of July 31, 2026.

Current Status

Construction has transitioned from planning into active execution, with the project firmly in the interior buildout phase and on track for a September 2026 opening. Core rough-in work is largely complete, and crews are now advancing through interior framing, MEP in-wall rough-ins, in-wall blocking, and drywall installation.

The project is transitioning into finishes and systems installation, with a primary focus on Lab Area A. Key upcoming milestones include:

- **April 10:** Painting completion
- **April 13:** Ceiling grid installation begins
- **April 22:** VAV installation complete, enabling subsequent finish work
- **April 30:** Ceiling tile installation anticipated
- **May 6:** Resilient flooring installation begins

Looking Ahead: The project will transition into final systems activation and occupancy readiness over the summer:

- **July 10:** MEP startup
- **July 20:** Lab equipment move-in begins
- **July 31:** Substantial completion target

Beyond construction, operational readiness efforts are also underway. Operational planning is advancing in parallel with construction.

- **Site Director Recruitment:** The BioLabs-Rochester Site Director role remains open and is a critical leadership position for launch. This role will lead tenant recruitment, ecosystem engagement, and day-to-day operations.
- **Lab Operations Manager Recruitment:** BioLabs has initiated recruitment for a Lab Operations Manager, a key on-site role responsible for laboratory operations, safety, equipment management, and resident onboarding. This position is essential to ensuring day-to-day functionality of the shared lab environment and supporting early-stage companies operating within the facility.
- **Mayo Clinic Business Development – DMC shared position:** Mayo Clinic has hired Geof Hannigan as Senior Manager of Business Development to support BioLabs Rochester. Geof brings experience in life sciences business development and ecosystem engagement and will play a key role in aligning DMC's lead generation efforts with Mayo Clinic. His work will focus on identifying collaboration pathways between BioLabs companies and Mayo Clinic's clinical and research capabilities, strengthening the integration between the innovation district and clinical enterprise.

Marketing: Market activation efforts are underway and aligned with DMC's broader business development strategy.

- Coordinated through DMC's 2026 Business Development Calendar and BioLabs Marketing Committee
 - Marketing Committee meets regularly to align outreach and pipeline development
 - Discovery Exchange at the JPMorgan Healthcare Conference in January served as an initial activation initiative
 - Ongoing efforts include targeted outreach, storytelling, and partner-driven referrals
- These activities are focused on building a qualified tenant pipeline and increasing visibility within national and international HealthTech networks.

Risks to Scope, Budget, Timeline, or Delivery

- **Staffing:** The Site Director position remains open. A delayed hire could affect tenant pipeline development and opening-day readiness.
- **Tenant Pipeline:** Qualified prospect volume ahead of September 2026 opening is in early stages and remains a key watch item.

Upcoming Requests or Decision Points

- Talent pipeline status update anticipated closer to the September 2026 opening.

DMC Alignment

BioLabs Rochester directly advances DMC's priority of establishing Rochester as a nationally competitive life sciences destination. The facility provides the physical infrastructure necessary to attract and grow early-stage biomedical companies, deepens the innovation ecosystem anchored by Mayo Clinic, and supports long-term talent retention and economic development goals.

Attachments / Exhibits

- Project Progress Report

2DS BIOLABS PROJECT UPDATE

04/06/2026 | REPORT PREPARED BY: KAYLEEN OSTROUSHKO AND SPENCER KAJER



▶▶ SAFETY HIGHLIGHT

We held our first safety lunch on 3/24 for the crew on site. We have worked the first 3 months without injury and recognized everyone for their continued focus on working safely!



We have begun applying first coats of paint in the Lab areas. The above ceiling mechanical work is nearing completion, and we are looking forward to starting ceiling finishes next week. We've also started layout and fabrication for the mechanical shaft and penthouse work. Please see next pages to see how things are progressing on site.

▶▶ SCHEDULE

Completed Tasks

- Wall Framing
- MEP In-Wall Rough Ins
- In-Wall Blocking
- Drywall

6 Week Look Ahead

- 4/10/26 – Paint Complete Lab Area A
- 4/13/26 – Install Ceiling Grid in Lab Area A
- 4/22/26 – VAV Install Complete
- 4/30/26 – Ceiling Tile Lab Area A
- 5/6/26 – Resilient Flooring Lab Area A

Milestones

- 7/10/26 – MEP Start Up
- 7/20/26 – Lab Equipment Move-in
- 7/31/26 – Substantial Completion

2DS BIOLABS PROJECT UPDATE

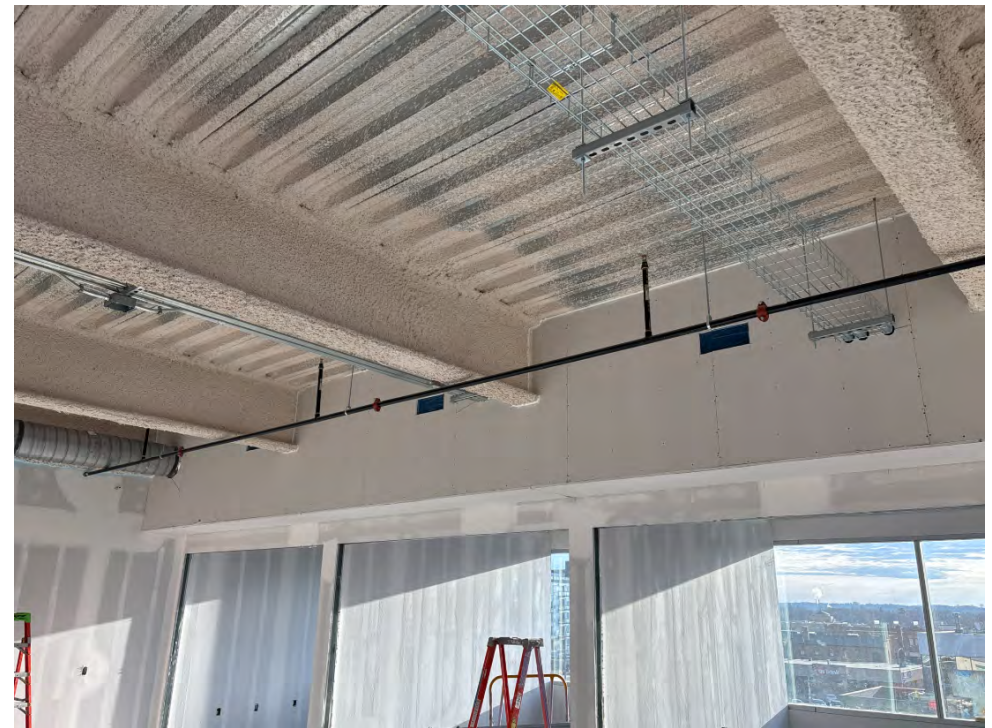
3/6/2026 | REPORT PREPARED BY: KAYLEEN OSTROUSHKO AND SPENCER KAJER



▶▶ PROGRESS PHOTOS



Medium Private Lab Primed Walls



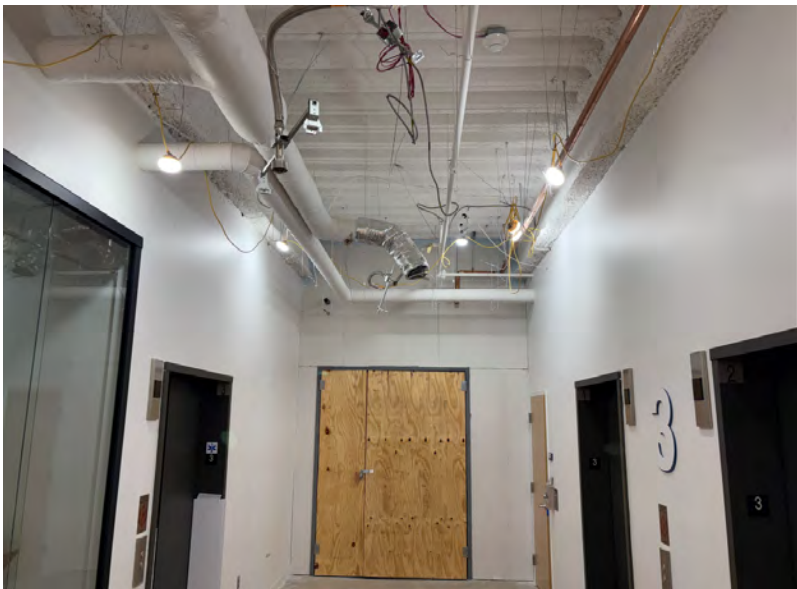
Office Area Soffit Drywall



Medium Private Lab Overhead Rough in



Layout of pads in Penthouse for steel and roof penetrations



Entry at Elevator Lobby



Private Lab Overhead MEP

DISCOVERY WALK

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None; this report is intended for information only.

Approved Project or Program Baseline

Discovery Walk is a linear parkway along 2nd Avenue SW in downtown Rochester that will serve pedestrians as well as vehicle access. Discovery Walk connects Heart of the City to Soldiers Memorial Field and will create a high amenity pedestrian experience while also maintaining flexibility for bike and vehicular access, civic events, and future development. Discovery Walk was funded through Destination Medical Center (DMC)-aligned investments supporting infrastructure and future private development.

Timeline:

- Planning and Coordination: 2019 - 2021 Including Co-Designers, Community Artists and Completing Construction Documents and bidding
- Construction: Construction began in summer of 2022 with an initial substantial completion date of winter 2023, through rebidding and ultimately significant redesign, this project did not start until fall of 2022.
- Construction was completed on the 400 and 500 blocks in 2023, with construction starting on the 300 block in 2024. There were many components that were redesigned and delayed due to ongoing adjacent construction to the Franklin Heating Station, and substantial completion of the remaining construction was completed in November of 2024. The two-year warranty period started with minimal re-work needed.

Current Status

All construction activities related to this project have now been completed. The project team and construction partners completed the project while using a Business Forward strategy to mitigate the impact of construction on businesses and stakeholders. The project budget was \$19,093,803 and additional \$1,977,745 million in contingency for a total project budget of \$21,071,548.81. The total cost including design, construction, activation and close out is \$18,789,261.70, with a remaining unallocated budget of \$2,280,668.81.

Risks to Scope, Budget, Timeline, or Delivery

No further risks to scope, budget or timeline are anticipated. This project will be closed out as a part of the next CIP reconciliation.

Upcoming Requests or Decision Points

None.

DMC Alignment

Design for Well-being: Discovery Walk has transitioned the corridor from a heavy transit stationary location to a vibrant walkable street, with activation and safe path to the leading hospital in the country while also maintaining traffic access.

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

Accelerate Health Innovation: This Project connects key innovation districts, physically links Mayo Clinic, Discovery Square (innovation hub), and other destinations by facilitating collaboration. It also encourages informal interaction and idea exchange. Social spaces (e.g., seating areas, food truck zones) create opportunities for "chance encounters," which are essential for innovation. It enhances the innovation ecosystem experience by improving the public realm, it makes the district more attractive to talent, researchers, and entrepreneurs. This intern supports a live-work-play innovation district, integrates lifestyle amenities with research and healthcare infrastructure, reinforcing the innovation environment,

Attachments / Exhibits



Farmers Market at Discovery Walk

DOWNTOWN RIVERFRONT

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS

FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None; this report is intended for information only.

Approved Project or Program Baseline

The Riverfront Investments initiative is a multi-phase effort to transform and activate Rochester's downtown Zumbro River corridor into a connected, destination-oriented public amenity. The program includes planning, land acquisition, pre-development, infrastructure, and public realm improvements designed to strengthen connectivity between downtown and the riverfront while catalyzing private redevelopment.

Overall Riverfront Program Scope:

- Planning, design, and engineering for riverfront redevelopment
- Site preparation and public realm improvements
- Development of trail connections and riverfront amenities
- Coordination with future vertical development opportunities

MPCA Zumbro Trailhead: A key early implementation project within the broader riverfront program, the Zumbro Plaza Trailhead Project focuses on creating a riverfront access point and enhancing pedestrian and bicycle connectivity. Improvements include a trailhead, adjacent public spaces, and potential enhancements along 3rd Street SE (if additional funding is secured).

Budget and Funding:

- Riverfront Investments (DMC CIP):
 - \$1 million (2021) + \$1 million (2023) approved = \$2 million total
 - Approximately \$1.1 million expended to date
 - Additional \$1 million (2024) approved contingent on future state bonding
- MPCA Zumbro Trailhead:
 - Total construction budget: \$500,000
 - Funded through an MPCA grant (~\$500,000) supported by a \$50,000 DMC local match (reallocated from Riverfront Phase 1 funds)

Timeline:

- Riverfront Program: Ongoing multi-phase effort aligned with funding, redevelopment timing, and potential future state investment

- MPCA Trailhead Subproject:
 - Design: Spring–early summer 2026
 - Construction: Fall 2026

This timeline allows early implementation of visible public improvements while advancing longer-term redevelopment readiness along the riverfront.

Current Status

- Riverfront Program:
 - Planning, acquisition, and pre-development activities are ongoing.
 - Approximately \$1.1 million in riverfront-related expenditures have been incurred, with additional design and site work anticipated.
- MPCA Zumbro Trailhead:
 - Mini-design charrette completed to confirm design direction for the trailhead, riverfront, and 3rd Street SE.
 - Initial Community Sustainability Taskforce meeting completed; follow-up session scheduled.
 - Design consultant advancing concepts toward preliminary plans.
 - The MPCA subproject remains on schedule and on budget.
- Near-Term Activities:
 - Taskforce review of initial design concepts (May 2026).
 - Coordination to accelerate installation of bike/ped Eco-Counter infrastructure.
 - Ongoing coordination with CPKC on ADA-compliant rail crossing improvements.

Risks to Scope, Budget, Timeline, or Delivery

At this time, no material risks are expected to impact the overall budget or delivery timeline.

- Funding Risk: Expansion of improvements to 3rd Street SE is dependent on securing additional local funding
- Program Coordination Risk: Alignment between the trailhead project and future west riverfront redevelopment remains an active consideration to avoid conflicts or rework
- Permitting Risk: Rail crossing improvements require coordination with CPKC and may affect timing
- Strategic Funding Risk: Advancement of later-phase riverfront investments remains tied to potential future state bonding and broader redevelopment interest

Upcoming Requests or Decision Points

Potential request for additional local funding to expand the MPCA subproject scope (3rd Street SE improvements).

Future board actions related to:

- Advancing additional riverfront phases
- Allocation of remaining DMC riverfront funds
- Coordination with potential redevelopment opportunities or future funding sources

DMC Alignment

Riverfront investments directly advance DMC priorities by:

- Transforming the riverfront into a connected, activated destination.
- Improving multimodal connectivity between downtown and the river.
- Supporting redevelopment readiness and private investment along the corridor.
- Leveraging DMC funding to secure additional state and grant resources.

The MPCA Zumbro Trailhead subproject represents an early, visible implementation activity that builds momentum toward the broader vision, enhances public access, and demonstrates progress on long-term riverfront activation goals.

Attachment / Exhibits

- None.

HEALTH-TECH ENABLED AGING-IN-PLACE HOUSING

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None; this report is intended for information only.

Approved Project or Program Baseline

A Tech-Enabled Housing Initiative is a possible part of DMC's broader effort to address Rochester's housing supply and aging demographics through innovation at the intersection of health, housing, and technology.

The Home Innovation Lab would be designed to transform how residential environments support health, independence, and quality of life for older adults. The initiative integrates human-centered design, environmental and health technologies, and research to evaluate how living environments can predict, prevent, and protect against adverse health outcomes.

The Home Innovation Lab has evolved into a multi-component platform:

- A central research and demonstration home near Discovery Square
- A network of living lab environments across existing and planned senior housing locations
- A research and innovation platform to evaluate integrated residential technologies and design strategies

The initiative is focused on integrating physical and digital systems within the home, including environmental monitoring, connected devices, and adaptive design, to support early detection of health changes and improved resident outcomes.

A core output of this work is the development of Tech-Enabled Aging-in-Place (TE-AIP) Guidelines, intended to provide a scalable framework for residential design aligned with health and wellness outcomes and complementary to International Well Building Institute WELL for Residential Standard.

Led by Urbaneer and the Well Living Lab, with UMR as an educational partner and Mayo Clinic and DMC serving in advisory roles, the project would be intended to establish a research and demonstration platform that informs residential design standards and scalable housing solutions.

Current Status

- Project advancing with defined site and implementation pathway: Urbaneer has agreed to terms on a conditional ground lease with the University of Minnesota Rochester for a site at 724 1st Ave SW, establishing a path forward for development near Discovery Square. The lease term is three years, aligning with the Home Innovation Lab's role as a time-bound research and demonstration platform. Construction is anticipated to begin in Q4 2026, with operations expected to commence in Q2 2027.
- Partnership, workforce, and market traction progressing: UMR is advancing a partnership including an internship program, and DMC business development activity has resulted in six Korean companies entering collaboration agreements with Mayo Clinic through its Innovation Exchange Waypoints Program to evaluate a variety of Tech Enabled Housing technologies.
- Emerging as a scalable innovation platform: The initiative is evolving into a research, validation, and industry collaboration platform, with a focus on developing residential guidelines, integrated technologies, and commercialization pathways for tech-enabled housing.
- Partnerships, Workforce, and Business Development:
 - **University of Minnesota Rochester (UMR):** UMR is advancing a formal partnership, including development of an internship program that will provide students with hands-on experience at the Home Innovation Lab.
 - **Industry and Ecosystem Engagement:** The project is establishing a coalition of industry collaborators to support construction, research, and commercialization activities, connecting building systems, health technologies, and consumer products companies.
 - **International Business Development Activity:** As part of DMC's December 2025 Korea lead generation mission conducted in partnership with Mayo Clinic, targeted outreach was conducted to high-growth technology companies aligned with tech-enabled housing.
 - To date, six companies have entered into collaboration agreements with the Mayo Clinic Innovation Exchange through its Waypoints Program, creating a pathway for engagement with Mayo Clinic and potential future connection to the Home Innovation Lab.
- Organizational and Technology Development:
 - Urbaneer is planning to relocate its headquarters to Rochester by Q3 2026, signaling long-term commitment to the initiative.
 - The initiative includes development of a Health and Wellness data platform, designed to integrate and analyze data from multiple in-home technologies to generate actionable insights supporting resident health, wellness, and independence.

- The Well Living Lab will lead research activities and co-develop both the TE-AIP Guidelines and data platform, ensuring alignment with scientific evidence and translational outcomes.

Upcoming Requests or Decision Points

- Advance design and development planning
- Initiate construction of the Home Innovation Lab (target Q4 2026)

DMC Alignment

The Home Innovation Lab positions DMC as a catalyst for integrating health, housing, and innovation to address the needs of an aging population.

The initiative:

- Supports development of scalable housing models aligned with health outcomes
- Strengthens connections between research, education, and industry
- Expands the Discovery Square ecosystem into adjacent applications of HealthTech
- Contributes to long-term housing, workforce, and economic development objectives

As the project advances, it may represent a future opportunity for DMC to support a scalable model aligned with its economic development and placemaking goals.

Attachments / Exhibits

- None.

HISTORIC DISTRICT

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None; this report is intended for information only.

Approved Project or Program Baseline

The Downtown Commercial Historic District property preservation program was launched on July 1, 2024, following approval by the DMCC Board and Rochester City Council. DMC and City staff developed funding applications, marketing materials, and shared administrative processes in partnership with the City of Rochester. The program supports capital improvements to contributing properties within the downtown commercial historic district, with DMC funding covering up to 50% of eligible expenditures, capped at \$500,000 per property for a total of up to \$5 million. Program funding is available through December 31, 2029, or until rescinded by the DMCC.

Current Status

There are no new requests for Historic District funding. Staff have been working with existing projects through compliance, invoicing, and coordination.

Active project updates:

- 212 1st Ave SW (City Market Building): The second-floor interior has been demoed to the studs and is awaiting engineering reports for ceiling and load capacities before tenant spaces are built back. This project is an example of the broader difficulty some owners are experiencing procuring contractors and engineers with experience in older historic building renovations.
- 317 S. Broadway: Rear wall stabilization has been completed. The building is now structurally secure.
- 224 1st Ave SW (Old City Hall): Electrical and safety improvements are complete.
- 326–328 S. Broadway: Tuck pointing is complete.
- 319 S. Broadway: Mechanical replacements are complete.
- 324 and 330 Broadway Ave S: Second floor renovations are underway

Staff are planning another effort to promote the program to Historic District property owners and tenants in the spring regarding current funding windows.

Risks to Scope, Budget, Timeline, or Delivery

Some projects are experiencing difficulty procuring qualified contractors and engineers for older historic building renovations. This challenge is causing delays in project timelines and may affect funding disbursement schedules. The City Market Building at 212 1st Ave SW is a current example, where construction is stalled pending required engineering reports.

Upcoming Requests or Decision Points

Staff will continue monitoring active projects for compliance and invoicing milestones. Future funding requests are anticipated as projects in the pipeline complete engineering and procurement steps. No new intake applications are anticipated in the immediate term.

DMC Alignment

The Historic District Incentives program directly advances DMC's goals of revitalizing and preserving Rochester's downtown commercial core. By co-funding preservation, safety, and adaptive reuse improvements alongside City of Rochester loan and grant programs, DMC EDA catalyzes private reinvestment in historic contributing properties. This supports the DMC Development Plan's objectives of creating a vibrant, economically active, and physically attractive downtown that complements broader investments, including Link BRT and Bold. Forward. Unbound. in Rochester.

Attachments / Exhibits

- None.

INTERIM WAYFINDING

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None; this report is intended for information only.

Project or Program Baseline

The interim wayfinding program is a coordinated initiative designed to support safe, intuitive navigation for residents, patients, visitors, and employees during an extended period of construction associated with Mayo Clinic and Destination Medical Center (DMC) investments. The program focuses on maintaining clear access to local businesses, healthcare facilities, parking, and cultural destinations while minimizing disruption and confusion in a rapidly changing environment.

Interim wayfinding efforts to date have included temporary pedestrian wayfinding signage, branded installations at key transit locations, updated access maps, and digital tools to communicate real-time conditions. Scope also includes the design, production, and installation of signage across high-impact areas, along with ongoing coordination with construction partners and business support efforts to ensure responsiveness to evolving conditions and continued visibility for impacted businesses.

The interim wayfinding program is funded through a combination of local project funding and Destination Medical Center (DMC)-aligned investments supporting construction mitigation and downtown accessibility. Annual budgets of \$100,000 were established for 2025, 2026 (including approximately \$80,000 in carryover), and 2027, for a total program budget of \$300,000.

Timeline

- Planning and Coordination: 2025 (aligned with early Link BRT construction activities).
- Initial Deployment: Early 2026 (30+ signs installed in key downtown and Saint Marys construction zones).
- Ongoing Implementation: 2026–2027 (phased updates and expansions aligned with construction sequencing)
- Future Enhancements: Spring 2026 (planned expansion into skyway systems and additional high-traffic areas).

The interim wayfinding program has evolved from basic construction mitigation signage into a more comprehensive system with branded elements and expanded coverage. Scope adjustments have been made in response to real-time user needs, business feedback, and construction impacts.

Current Status

The City hosted a site visit with design firm Gigantic on February 11 to evaluate existing wayfinding efforts and identify opportunities for expansion, with a focus on improving navigation in key downtown parking ramps and enhancing pedestrian confidence and access. Near-term improvements include number-based signage, elevator identifiers, and 2D map decals with QR codes linking to monthly events on the Rochester Downtown Alliance (RDA) website. Opportunities within the downtown skyway system were also assessed; a design concept is under review, with installation anticipated in late-spring to early-summer.

In February 2026, the City was awarded a \$33,000 1:1 matching grant from the National Endowment for the Arts (NEA) to support arts-based wayfinding enhancements, integrating artist-led elements into the existing system to strengthen navigation and enhance the downtown experience. A project kickoff with key partners, including the RDA, is forthcoming late-April.

In March, the City deployed targeted signage to support business access and public navigation during construction, including business-specific signage and route mapping to promote visibility and foot traffic, as well as signage for upcoming closures at the Rochester Public Library.

The City continues to coordinate with the RDA and Mayo Clinic to align wayfinding efforts, with regular meetings supporting ongoing identification of needs and maintenance priorities. The City is also partnering with Mayo Clinic on wayfinding installations within a select subway corridor to support patient navigation during construction beginning in May, extending the “Detours Lead to Discoveries” brand.

Risks to Scope, Budget, Timeline, or Delivery

Due to the complexity of ongoing construction in downtown Rochester, unanticipated wayfinding needs have emerged, though impacts to the overall budget have remained minimal to date. As construction progresses demand for additional wayfinding, particularly to support local businesses, may increase. This could require incremental adjustments to scope, budget, or deployment timelines to remain responsive to changing conditions.

Upcoming Requests or Decision Points

Temporary wayfinding is currently funded through 2027, with early discussions underway regarding the possible transition to a permanent wayfinding system. While baseline funding is in place, additional targeted requests may be brought forward if significant construction activity or business impacts require expanded wayfinding support.

DMC Alignment

Wayfinding advances Destination Medical Center (DMC) goals by maintaining safe, intuitive access to healthcare, businesses, and public spaces during a period of significant construction. By improving navigation, supporting business visibility, and enhancing the overall visitor experience, the program helps sustain economic activity and reinforces a welcoming, accessible downtown environment. These efforts directly support DMC priorities related to accessibility, placemaking, and a high-quality public realm.

Attachments / Exhibits



Wayfinding installation on 2nd Street SW bus terminal.

SHERMAN (CIVIC CENTER NORTH)

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS

FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

No action is requested at this time. This is an informational update as the project advances toward financial closing and construction start.

Approved Project or Program Baseline

The Civic Center North site, located between 1st Avenue SE and the Zumbro River, has long been identified as a priority redevelopment opportunity within the DMC district. The 2015 DMC Development Plan envisioned this area as a “northern gateway” connecting the Mayo Civic Center, riverfront, and surrounding neighborhoods through a mix of housing, lodging, and civic amenities. The 2020 Development Plan Update reaffirmed the site’s importance as a catalyst for residential density, improved pedestrian access to the riverfront, and activation of underutilized land. Following a competitive selection process in 2022, Sherman Associates was selected as the preferred developer. The project concept includes a mix of market-rate and affordable housing, structured parking to support residents and event activity, and high-quality public realm improvements.

The total estimated project cost is approximately \$138.5 million. The capital stack includes tax increment financing, housing revenue bonds, and \$500,000 in DMC/City GSIA participation to support public realm and infrastructure improvements. These tools are intended to address feasibility gaps while maintaining strong design and sustainability standards. The current development agreement anticipates property closing by May 2026 and construction commencement by the end of June 2026.

Current Status

City staff have resumed weekly coordination meetings with the Sherman team as the project approaches key milestones. Sherman is actively working to secure an equity partner for the high-rise tower component, which remains a critical step toward finalizing the capital stack. In parallel, the project is awaiting release of the 2026 Area Median Income (AMI) rates from HUD. These rates, originally expected April 1, have been delayed due to the federal government shutdown and are now anticipated by May 1. Updated AMI levels are an important input for underwriting the affordable housing component and could impact final financing assumptions. Sherman is currently planning to close on the property at the end of May, consistent with the development agreement timeline.

Risks to Scope, Budget, Timeline, or Delivery

- AMI Rate Delay: The postponed release of HUD AMI data introduces uncertainty into affordable housing financing and may require adjustments to project assumptions.
- Schedule Constraint: The development agreement requires construction to begin by the end of June 2026. While the team is tracking toward this milestone, any delays in financing or closing could put pressure on this deadline.

Upcoming Requests or Decision Points

None at this time.

DMC Alignment

This project directly advances DMC priorities by delivering high-density mixed-income housing in the downtown core, activating a key riverfront site, and strengthening connections between the Mayo Civic Center, surrounding neighborhoods, and the Zumbro River corridor. The inclusion of public realm improvements and structured parking also supports broader downtown vitality and event activity.

Attachments / Exhibits

- None.

LOOM APARTMENTS

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None; this report is intended for information only.

Approved Project or Program Baseline

The Loom Apartments project is a proposed 100% affordable housing development at 515 4th Street NW (Civic Center Drive), a key Gateway corridor into the DMC District. The project was planned to deliver 141 deeply affordable housing units serving households at or below 50% of Area Median Income (AMI), representing Phase I of a broader two-phase housing initiative.

The project also includes sustainability and placemaking elements, such as on-site geothermal wells for heating and cooling, positioning it as the first private development of its kind in the region, along with ground floor space intended for community oriented commercial uses and bicycle amenities.

Approved funding and scope: A \$4 million GSIA allocation was approved in May 2025, contingent on project commencement before year-end 2025. The developer requested \$5.5 million in local support to leverage over \$4.5 million in enhanced LIHTC equity. The broader financing plan included \$24.7 million in Multifamily Housing Revenue Bonds and approximately \$24 million in tax credit equity (LIHTC, investment tax credits, and solar credits), in addition to other local and state gap funding.

Timeline of material changes: In December 2025, DMCC approved an extension of the \$4 million GSIA allocation through August 15, 2026, maintaining the original project scope and conditions. On January 5, 2026, Rochester City Council approved a Land Swap Purchase Agreement with the developer. Shortly thereafter, the developer elected not to pursue State bonding that had been assumed in the project's financing.

Current Status

The developer, Onward, has confirmed it will not re-apply for State bonds. This decision follows additional due diligence related to Qualified Census Tract (QCT) eligibility, including discussions with fund investors, which indicated the designation is either uncertain or unlikely for the project site.

As a result, the developer determined it could not justify the financial risk associated with additional bond-related deposits.

Onward is now evaluating alternative development scenarios, including options both with and without an affordability component. The development team has reaffirmed that the property remains under contract and that it intends to meet its contractual obligations. The developer also noted significant pursuit costs invested to date and has expressed a desire to continue working with DMC staff through 2026.

Risks to Scope, Budget, Timeline, or Delivery

- GSIA Deadline: The \$4 million GSIA allocation expires August 15, 2026. Absent a viable financing plan and project start, the allocation is at risk to the developer.
- Affordability: The developer is evaluating alternatives that may not include income-restricted housing. A change in scope would require reassessment of GSIA eligibility and alignment.
- QCT Eligibility: Current due diligence suggests QCT designation is unlikely, significantly reducing potential tax credit equity and weakening project feasibility.
- Capital Stack: Funding gaps remain unresolved, and no updated financing strategy has been presented to date.

Upcoming Requests or Decision Points

None at this time.

DMC Alignment

As originally proposed, the Loom Apartments project strongly advances DMC priorities related to housing, sustainability, and corridor activation. The addition of 141 deeply affordable units supports downtown residential growth and housing accessibility. Planned geothermal systems align with long-term sustainability goals, while ground-floor uses contribute to activation and community-oriented Gateway corridors.

Attachments / Exhibits

- None.

MAYFLOWER (2ND STREET SW PUBLIC REALM ENHANCEMENTS) MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None; this report is intended for information only

Approved Project or Program Baseline

On February 6, 2025, the DMCC approved \$2.3725 million of GSIA to support the Mayflower project. In December 2025, the DMCC authorized an extension of the GSIA allocation to the project until May 31, 2026 for the project to commence construction.

Public Realm Acquisition, Design, and Construction: The project involves acquiring and improving approximately 10,700 square feet of land for a mid-block public connection and plaza space. The City will own the land, and the market-rate housing developer will construct and maintain the plaza for the life of the building, with any potential future owners continuing this responsibility.

Four-Unit Affordable Condo Construction: The condo project will include four 2-bedroom, 2-bathroom units for workforce housing, with a construction cost of \$324,500 per unit. In partnership with the City and Rochester First Homes, Rochester First Homes will provide affordability gap funding of \$124,500 per unit through a Minnesota Housing and Finance Authority (MHFA) grant. The condos will be sold to income-qualified buyers who qualify for \$200,000 mortgages. To ensure long-term affordability, the units will be placed in the Community Land Trust managed by First Homes that manages future resales and preserves affordability for future buyers.

133-Unit Market Rate Housing: The developer will also build +133 market-rate housing units with no direct funding from this request. The project will include neighborhood-focused retail, enhancing amenities for the Kutzky Park Neighborhood and neighboring properties like the Ronald McDonald House.

Current Status

- City staff continue to work with the developer on the terms of the Development Assistance Agreement.
- Demo permits have been issued for the dwellings needed to be removed along 1st Street SW for this project.

Risks to Scope, Budget, Timeline, or Delivery

- Budget: \$2,372,500
 - Land Acquisition: \$1,442,672
 - Construction of Public Improvements: \$929,828
- Timeline:
 - Construction commenced no later than July 1, 2026.
 - 4-unit affordable condo project needs to be completed in time such that it can be placed in service to comply with First Homes other financing from the state of Minnesota.

Upcoming Requests or Decision Points

No further action by the DMCC is anticipated for this project. The City Council will need to take action on the Development Assistance Agreement related to the GSIA funding allocated to the project. Approval of the DAA is anticipated to occur in Q2 of 2026.

DMC Alignment

The 2nd Street corridor is a key East-West link to the Destination Medical Center (DMC) District and the future home of the LINK Bus Rapid Transit (BRT) service. To optimize this transportation investment, it is essential to create public spaces that connect neighborhoods to the corridor, as outlined in the DMC Development Plan. A key strategy for achieving this is the creation of mid-block pedestrian passageways, which will break up the long “superblocks” along 2nd Street, improving both human-scale design and neighborhood connectivity.

These passageways have been a central element in City and community planning since the 2009 “Rochester 2nd Street Corridor Plan,” and their development will significantly benefit the corridor and the neighborhoods within the BRT line's walkshed.

Attachments / Exhibits

- None.

WEST TRANSIT VILLAGE LINER HOUSING (AEON)

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS

FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None; this item is presented for informational purposes only.

Approved Project or Program Baseline

The West Transit Village (WTV) is a master planned, mixed-use, transit-oriented district designed to transform a key site near downtown Rochester into a vibrant, equitable neighborhood supporting housing, mobility, and economic development. The initiative is led by the City of Rochester, Destination Medical Center (DMC), and Mayo Clinic, in partnership with Kraus Anderson (master developer) and Aeon (affordable housing developer).

Aeon Phase I is a central project within this vision, delivering deeply affordable, age-restricted housing that supports aging in place and expands access to transit, healthcare, and services. The project reflects over two years of coordinated planning and aligns with Federal Transit Administration (FTA) timelines for the LINK Bus Rapid Transit (BRT) system.

Project Scope:

- 75-unit, 4-story affordable housing development for residents age 55+
- 61 one-bedroom and 14 two-bedroom units.
- Affordability at or below 60% AMI, including 16 units at or below 30% AMI serving high-priority and long-term homeless populations.
- Community amenities including fitness space, community room, and outdoor plaza.
- Wraparound design integrating and screening the adjacent Mayo Clinic parking ramp on the south and west sides, with a public-facing courtyard.
- Approximately 122,000 SF with ~55 underground parking stalls

Sustainability & Infrastructure:

- Over \$2.8 million in green infrastructure, including geothermal heating/cooling and on-site solar.
- Designed to support long-term affordability, energy efficiency, and resident health.

Budget & Funding:

- On December 18, 2025, Aeon received \$17.5M+ from MHFA to support the project.
- Financing includes LIHTC, Clean Electricity Investment Tax Credits, HOME funds, and other sources
- \$3.9 million in GSIA was authorized in May 2024 to support the initial application
- Additional TIF support may be critical to closing the remaining funding gap

Timeline:

- Development application: within 60 days of April 2026 NIM
- Parking ramp completion: end of 2026
- LINK BRT opening: Q1 2027
- The broader WTV development includes over 40 coordinated components, requiring continued alignment across infrastructure, transit, and vertical development.

Current Status

- Aeon successfully secured \$17.5M+ in MHFA funding (December 18, 2025) following the prior year's unsuccessful application.
- The project has advanced into the formal entitlement phase, including completion of the Neighborhood Information Meeting on April 1, 2026.
- Detailed plans (site, landscape, elevations, photometric) have been completed.
- Construction of the adjacent Mayo Clinic parking ramp remains underway and on track for completion by the end of 2026.
- Coordination continues with BRT infrastructure, including planned traffic signal improvements.
- The project has progressed from funding uncertainty to secured financing and active development review.

Risks to Scope, Budget, Timeline, or Delivery

- Funding gap: Remaining gap due to deep affordability levels and infrastructure costs; existing GSIA and TIF support remain critical.
- Complex coordination: Integration with parking ramp, BRT infrastructure, and broader WTV phasing.
- Entitlement timing: Potential delays in approvals or permitting.
- Market conditions: Construction cost escalation and financing environment.

Upcoming Requests or Decision Points

City staff are reviewing updated pro formas and construction cost estimates to determine the appropriate level of gap assistance. Based on this analysis, a Development Assistance Agreement will be prepared for City Council consideration.

DMC Alignment

This project advances DMC goals by:

- Delivering deeply affordable, age-friendly housing, including units serving extremely low-income and formerly homeless populations.
- Supporting transit-oriented development at the terminus of the LINK BRT system.
- Enhancing access to healthcare, employment, and services.
- Advancing sustainability goals through geothermal and solar systems.
- Aligning with the Downtown Master Plan and Comprehensive Plan.
- Strengthening Rochester's position as a health-focused, equitable community.

Attachments / Exhibits

- None.

REIMAGINING 6th AVENUE WEST

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None; this report is intended for information only.

Approved Project or Program Baseline

The Reimagining 6th Avenue West Project will enhance the 6th Avenue corridor between 2nd St SW and Civic Center Drive. This capital improvement project, which is a component and funded as a part of the larger “Downtown Infrastructure Alignment DMC capital program, facilitates the comprehensive modernization of utility and transportation infrastructure along the 6th Avenue corridor and four primary cross streets. The scope centers on a 'Complete Streets' framework to ensure multi-modal safety and full ADA compliance, addressing the demands of a high-density urban area. This project seeks to integrate advanced technology, sustainable design, and enhance urban livability while prioritizing the strategic renewal of aging utilities to ensure long-term structural durability. The project will be funded from the approved 2026–2027 DMC CIP, which includes \$38,371,000 for Downtown Public-Private Infrastructure Investment Alignment, approximately \$19,185,500 per year.

This project facilitates the comprehensive reconstruction of the 6th Avenue West corridor, transitioning the area into a high-priority, pedestrian-focused mobility connector transitioning from the urban core to the neighborhoods to the North, West, and South of downtown. Per the City Council action on March 2, 2026, the corridor concept plan has been adopted, and staff are authorized to work toward final design specifications.

Beyond the primary 6th Avenue corridor, the project scope was strategically expanded to include four adjacent east/west cross-street blocks. This expansion allows for the integrated delivery of critical Underground Public Utility Infrastructure (UPUI) upgrades. By replacing utility assets that have reached the end of their functional lifecycle during this construction phase, the City ensures long-term fiscal responsibility and minimizes future corridor disruption.

Defined Project Limits

Segment	Infrastructure Scope
6th Ave W (W. Center St to Civic Center Dr)	Full Reconstruction (Sub-surface & Surface)
6th Ave W (2nd St SW to W. Center St)	Surface Improvements (Paving, Bike Lanes, Sidewalks)
W. Center St (6th Ave to Mid-block 5th Ave)	Targeted Utility & Surface Alignment
1st, 2nd, & 3rd St NW (6th Ave to 5th Ave)	Utility Replacement & Surface Restoration

The project includes the full reconstruction of 6th Avenue and four intersecting streets, encompassing utility mains, surface paving, and high-tech streetscape elements.

Category	Details
Current Budget	\$11,310,884.64
Funding Source(s)	DMC Funding
Project Kickoff	Final design amendment approved on March 16, 2026
Estimated Completion	Design Completion estimated December 2026. Construction completion still to be determined.

Current Status

Significant milestones have been achieved since the January update, most notably the City Council's formal approval of the corridor concept design. To facilitate the transition from concept to execution, a contract amendment was executed with Toole Design Group to advance the project into the full design phase. Throughout this period, staff have maintained consistent coordination with the Mayo Clinic and nearby private development partners to ensure the project remains aligned with the evolving needs of the surrounding area.

Looking ahead, staff are currently finalizing a comprehensive communications plan that will govern public engagement and feedback opportunities through the project's completion. Key activities scheduled for the immediate future include a design charrette during the month of April, alongside the organization of public outreach events and additional City Council progress briefings. Coordination with the Mayo Clinic and adjacent construction projects will remain a continuous priority as the team works toward the next major technical milestone: the completion of the 30% design phase, which is expected by June 2026.

Risks to Scope, Budget, Timeline, or Delivery

While there are currently no budgetary concerns to report, the project team is actively managing several strategic risks related to timeline coordination and site-specific logistics. The primary risk factor involves the complex phasing of design and construction alongside adjacent City and private developments; specifically, the Mayo Clinic project is currently on a more accelerated timeline, requiring continuous synchronization to ensure both projects remain aligned. Additionally, staff are working through stakeholder concerns regarding the reduction of on-street parking and impacts that the proposed turn lanes have on greenspace.

Despite these coordination challenges, no significant delays have been identified at this time, and integration efforts remain ongoing.

Upcoming Requests or Decision Points

There are no formal requests or action items requiring a decision at this time. As the project advances, the City will conduct scheduled presentations of the 30% and 100% design specifications to the City Council; these milestones are designed to maintain institutional alignment and ensure community confidence in the project's technical trajectory. The next critical decision point for the DMCC board will involve a formal request for the approval of final plans and the authorization to release construction funds, which will be presented for consideration upon the successful completion of the design and review phases.

DMC Alignment

The Reimagining 6th Avenue West Project serves as a physical manifestation of DMC's goals and strategy, translating high-level goals into tangible infrastructure. By integrating subsurface utility renewal with surface-level "Complete Streets" design, the project directly supports the following strategic pillars:

Design for Well-being: This project treats the built environment as a primary driver of public health. By implementing "Complete Streets" standards and ADA-compliant accessibility, the City is embedding wellness into the daily commute.

- **Mobility as Health:** Transitioning the corridor into a pedestrian-focused connector encourages active transportation (walking and cycling), which aligns with the goal of making health a "daily experience" for residents.
- **Climate & Sustainability:** The inclusion of sustainable design features and green technology ensures that the corridor is resilient and contributes to a healthier urban climate.

Drive Purposeful Growth: The reconstruction of 6th Avenue is a response to high-density urban area demands, ensuring that growth is supported by high-quality infrastructure.

- **Intentional Infrastructure:** Accommodating all modes of transportation along this corridor will benefit adjacent businesses and residents and is in alignment with the City's long-term shift goals.
- **Connecting Neighborhoods:** Acting as a "mobility connector" between the urban core and surrounding neighborhoods ensures that prosperity and accessibility are not siloed but are shared across the community.

Accelerate Health Innovation: While the project involves traditional construction, it acts as the "connective tissue" for Rochester's broader health-innovation economy.

- **Supporting the Health Ecosystem:** By modernizing the corridor that sits adjacent to world-class institutions like Mayo Clinic, the project provides the high-tech, reliable infrastructure necessary for research and technology startups to thrive.
- **Technology Integration:** The commitment to "integrated advanced technology" within the streetscape aligns with Rochester's identity as a leader in health discovery and smart city innovation.

Summary of Alignment: The 6th Avenue West Project leverages "Health" by moving beyond simple road repair. It uses the reconstruction process to enhance livability (Design for Well-being), protect long-term public funds (Drive Purposeful Growth), and reinforce the infrastructure surrounding the world's premier medical destination (Accelerate Health Innovation).

Attachments / Exhibits

- Project map

Path: B:\Restricted Access\PW_GIS_Working\kg\Requests\2025\6AveBike_DowntownParking\6AveBike_DowntownParking.aprx





0 150 300 Feet

Reimagine 6th Avenue W (J8908)

Map Created
Feb 13, 2026



- Responsibility**
-  City of Rochester
 -  Mayo

Data contained has not been field verified and should be used as reference only. It is the user's responsibility for field verifying elevations, locations, dimensions, etc. to conduct detailed design.

The City of Rochester specifically disclaims all warranties, express or implied, including but not limited to implied warranties of fitness for a particular purpose, with respect to the information contained on this map. The City of Rochester shall have no liability with respect to any loss of damage directly or indirectly arising out of the use of this data.

DOWNTOWN BUILDING ENERGY TRANSITION PHASE 2 (THERMAL ENERGY NETWORK)

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None; this report is intended for information only.

Approved Project or Program Baseline

This project converted five City facilities to sustainable electrified geothermal systems for their central heating and cooling plants. The pertinent portion of this project to the update is the construction of the first operational Thermal Energy Network (TEN) in the state of Minnesota. A TEN is a district energy system utilizing geothermal assets and connecting four City-owned facilities allowing for sharing of energy between these facilities and creating a connection point to future private developments.

Current Status

Construction is complete, the Thermal Energy Network is operational, serving the four City Facilities with heating and cooling and contractors are completing project commissioning, punch list items and training.

Risks to Scope, Budget, Timeline, or Delivery

The downtown building transition project was completed on budget in December 2025.

DMC District Energy Funding Approvals

- \$100,000 in 2020 DMC CIP for District Energy Evaluation and Implementation
 - Evaluation of two potential district energy plant possibilities; Discovery Walk subdistrict and replacement of existing steam line to downtown City facilities
 - *This was returned to DMC in 2021 via the annual budget reconciliation*
- \$200,000 in GSIA in 2021 DMC CIP for Downtown District Energy System
- \$1.8M in GSIA for 2022 DMC CIP
- \$7.2M in GSIA for 2024 DMC CIP
 - The City is pursuing IRA funding to enhance the DES for its own buildings
 - This proposed project could support a scalable public-private system
 - The enhancement platform cost is \$2.2M, and the cost to provide for private connections to the DES is \$5M

Total CIP approvals to date (minus 2021 reconciliation): \$9.2M

In December 2024, City Council adjusted the project scope, pausing further system enhancement until there was “better understanding of potential Federal changes that might impact the viability of a private Thermal Energy Network or to identify alternative sources of funding that might fill the gaps needed for project to be viable.”

The \$2M DBET Phase II project funded in the 2021 and 2022 DMC CIP moved forward with evaluation and design for system enhancement to accommodate private connection. \$2.2M in 2024 DMC CIP funds were used for upsizing wells and piping extension in DBET Phase II to accommodate private connection (Sherman project). \$5M of the 2024 DMC CIP funds remain.

Upcoming Requests or Decision Points

None at this time.

DMC Alignment

The DBET Project overall significantly reduces City greenhouse gas emissions and converted 5 of our largest facilities to fully electrified heating and cooling plants aligning with the City and DMC’s sustainability goals.

This project also created a future connection point to support private development with this system. Overall, across the five connected facilities, this system is projected to lead to a 60% reduction in energy usage, \$640k reduction in utility costs and a reduction on 2.2M lbs of CO2 emission reductions annually

Attachments / Exhibits

- None.

WEST TRANSIT VILLAGE INFRASTRUCTURE ALIGNMENT

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS

FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

No action requested; report provided for information only.

Approved Project or Program Baseline

Mayo Clinic, the City of Rochester, DMC, and the master development team (Kraus Anderson and Aeon) are partnering to develop the West Transit Village. Timely development of the site remains a priority, as the transit-related elements of the site plan must be constructed in time to serve the users of the LINK rapid transit system.

There are more than 42 different major plan components that need to align to realize the complete vision for the site. As the development team advances toward construction, the DMC EDA and City of Rochester will coordinate public infrastructure improvements to ensure maximum public benefit with minimum public impact. The 2025 DMC CIP budget included \$1,000,000 to evaluate infrastructure needs, develop a proposed construction and responsibility matrix, and make recommendations to optimize project schedules. These funds are not intended to support specific physical improvement, and any future capital requests in the affected area will be informed by these coordinating activities.

Current Status

Construction of the 2,500 stall Mayo Ramp is underway and is expected to be completed in November 2026. BRT work at the West Transit Village is also progressing, and coordination between the two projects remains a strong, collaborative effort.

Risks to Scope, Budget, Timeline, or Delivery

At this time, no funds have been spent to date. Development of the site is still ongoing, with the Mayo Clinic parking ramp and Link BRT project serving as the primary schedule drivers toward completion.

Upcoming Requests or Decision Points

None at this time.

DMC Alignment

The DMC vision for the West Transit Village is to provide an authentic place for living, shopping and recreating (the “village”) in addition to the transit infrastructure that forms the western terminus of the BRT LINK corridor, which will leverage the opportunity to make the BRT journey better than a trip in a private single occupant vehicle.

Attachments / Exhibits

- None.

2026 REAL ESTATE AND INVESTMENT SUMMIT

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None; this report is intended for information only.

Highlights & Key Considerations

The *Real Estate and Investment Summit* is DMC's signature annual event to promote development opportunities and showcase Rochester's continued growth to developers and investors.

For 2026, DMC has partnered with REJournals to expand the Summit's reach and attract a broader audience of regional and national real estate professionals. This partnership allows DMC staff to focus on content strategy, ensuring alignment with current development priorities and market opportunities.

The Summit is designed to position Rochester as a stable, growing market supported by strong institutional anchors, coordinated public-private investment, and a clear pipeline of development opportunities.

- Strategic platform to drive investment and development activity: The Real Estate and Investment Summit serves as DMC's primary opportunity to position Rochester to regional and national developers, investors, and partners, highlighting the district's growth and near-term opportunities.
- Content aligned to demand drivers and ecosystem growth: The 2026 agenda is structured to demonstrate the underlying drivers of real estate demand, including Mayo Clinic investments, University of Minnesota Rochester expansion, City infrastructure projects, Discovery Square growth, and DMC's business attraction efforts.
- Integration of innovation and housing strategy: The Summit incorporates emerging priorities such as innovative homeownership models and tech-enabled aging-in-place housing, connecting real estate development with long-term community, workforce, and health outcomes.

Attachments / Exhibits

- Event Program Overview.

Event Program Overview

The 2026 Summit agenda is structured to guide attendees through a clear narrative, from macro-level district progress to specific development opportunities and emerging market trends.

9:00-9:20 *State of the District*

- Overview of district-wide progress, investment activity, and development momentum

9:20-10:20 *Demand Drivers: Projects Fueling Downtown Rochester's Growth*

- Highlights key factors shaping real estate demand, including:
 - Mayo Clinic campus investments and development activities related to Bold.Forward.Unbound. in Rochester
 - University of Minnesota Rochester expansion and student growth
 - Infrastructure investments in the City of Rochester
 - DMC business attraction efforts and company pipeline
 - BioLabs Rochester and the growth of our local innovation economy

10:35-11:50 *Innovation Panel: New Models for Home Ownership*

- Exploring innovative housing models that are expanding pathways to homeownership while supporting healthy, connected communities.
- Emerging approaches including multi-family for-sale housing, rent-to-own models, build-to-rent communities, and senior cooperatives
- Strategies for increasing access to housing while supporting stability, affordability, and long-term community vitality
- How these models can support healthy communities, resilient residents, and more diverse housing opportunities in growing downtown districts.

11:50-12:05 *Innovation Update: Tech Enabled Housing and the Home Innovation Lab*

- An update on the Tech-Enabled Age-in-Place Housing Initiative, including a progress report on the proposed Home Innovation Lab
- New industry and education partnerships in Rochester
- Development of a new housing standard designed to guide clinically relevant technology integration in future residential projects.

12:05-1:00 *Networking Lunch*

1:00-2:30 *Various Downtown Rochester Site Tours*

- Major redevelopment efforts, including Mayo Clinic initiatives
- Incremental and retail development opportunities
- Transit-oriented development
- Innovation and housing-related projects

BUSINESS DEVELOPMENT: 2026 Q1 REVIEW & Q2 PREVIEW

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None, report is intended for information only.

Highlights & Key Considerations

Q1 activities reflect a continued shift from awareness-building to pipeline conversion and ecosystem integration, aligning with long-term goals of company attraction, partnership development, and commercialization.

- Early pipeline conversion demonstrating traction: Q1 activity has generated a growing pipeline of companies progressing from initial engagement to active collaboration with Mayo Clinic, indicating improved conversion from outreach to validated opportunities.
- International ecosystem relationships expanding: DMC is establishing repeatable global sourcing channels through partnerships with organizations such as BioInnovate Ireland, Pioneer Group, and NLC, creating pathways to attract high-growth HealthTech companies to Rochester.
- Disciplined shift toward quality and outcomes: The 2026 strategy emphasizes fewer, higher-value engagements while maintaining opportunity targets, improving alignment with BioLabs Rochester tenant recruitment and broader ecosystem development goals.

2026 Goals and Metrics

Awareness Metric	Goal	Actual
Prospects	800	128
Opportunities	200	48
Wins	20	15
Locate	5	0

Ecosystem Metric	Goal	Actual
Ecosystem Partner Connects	200	98
Ecosystem Opportunities Advanced	200	75

Summary of Q1 Activities

Global Pipeline Development

- J.P. Morgan Healthcare Conference: DMC partnered with Mayo Clinic Business Development to engage more than 240 companies and investors at a leading global healthcare conference, generating high-value connections and advancing early-stage pipeline development.
- DxPx Europe: Targeted outreach to diagnostics and digital health companies aligned with BioLabs Rochester, generating qualified leads and strengthening connections to companies seeking U.S. market entry and clinical collaboration.
- BIO Europe Spring: Participated in a global life sciences partnering event focused on biotech, pharma, and investment, supporting relationship development and advancing opportunities for strategic collaboration and company attraction.

Target Market/Sector Engagement: Tech.Med (Muenster/Enschede): A cross-border conference highlighting innovations in medical technology, particularly from academia, startups, and industry in the Netherlands and Germany.

Ecosystem Immersion and Engagement: World Upstart: Hosted a delegation of 10 European companies in Rochester, providing direct exposure to Discovery Square and multiple Mayo Clinic innovation platforms, advancing ecosystem awareness and early-stage partnership opportunities.

Preview of Q2 Activities

Global Pipeline Development

- BIO Conference: Global biotech event supporting partnership development and company attraction across life sciences.
- SelectUSA: U.S. government-led event targeting foreign direct investment, connecting DMC with international companies across HealthTech sectors.
- AACR Oncology Industry Partnering Event: Focused on oncology therapeutics, diagnostics, and research platforms, engaging biotech and pharma innovators.
- HLTH Europe: Engagement with digital health, AI, and care delivery platforms, expanding connections in health IT and innovation.
- Cardiology & Radiology Innovation Summit: Focused on cardiovascular and imaging technologies, including diagnostics and AI-enabled clinical decision tools.

Target Market/Sector Engagement: AusMedTech (organized by AusBioTech): Targeted engagement with medical device and biotech companies, including implants, surgical technologies, and hardware innovation.

Ecosystem Immersion and Engagement

- Mayo Clinic Military Medicine Summit: Engagement with companies focused on trauma care, remote monitoring, and rehabilitation, with direct relevance to clinical collaboration pathways.
- Student Immersion Day at Discovery Square: Workforce development initiative connecting students to HealthTech innovation and career pathways.
- Angel Fest (Groove Capital): Participation in investor-focused programming to support early-stage company visibility and ecosystem connectivity.
- MedTech MVP: Partnership supporting early-stage medtech companies through pitch competition and investor engagement opportunities.

Background

DMC's business development strategy is focused on building a scalable HealthTech ecosystem anchored by Discovery Square. This includes generating a consistent pipeline of companies, strengthening connections to Mayo Clinic, and expanding global awareness of Rochester as a destination for innovation and growth.

Attachments / Exhibits

- Quarterly Business Development Report

Business Development

Q1 2026



Photo: Johannes Fruehauf, PhD, MD, BioLabs and Dr. Clark Otley, Mayo Clinic speak to high-impact start-up founders at JP Morgan Healthcare Conference.

Q1 Activities

- **JP Morgan Healthcare Conference**, San Francisco, CA
- **DxPx Europe**, Munich
- **BIO Europe**, Portugal
- **Friends of MN**, Ireland
- **Tech.Land**, Münster
- **Friends of MN**, Netherlands
- **SxSW**, Austin, TX
- **Chicago Home Builder**, Chicago, IL
- **WorldUpstart**, Rochester, MN

Discovery Square Exchange at JP Morgan Healthcare Conference

The 2026 Discovery Square Exchange at JPM, the J.P. Morgan Healthcare Conference, marked a step forward in how we engage on a global stage. As the largest annual gathering of healthcare and life sciences leaders, JPM concentrates the world's top founders, investors, and strategic partners into one week of high-value meetings and deal flow.

Building on lessons from 2025, the team introduced a purpose-built strategy anchored by a private meeting venue just minutes from the conference. This approach unified partner presence, elevated the experience, and clearly communicated the value of Rochester's HealthTech ecosystem.

The Exchange created a high-quality environment for focused conversations between Destination Medical Center, Mayo Clinic, and global founders, investors, and strategic partners. The space showcased the Discovery Square ecosystem, including BioLabs Rochester, offering a tangible preview of what it means to build and scale 495 steps from Mayo Clinic, the #1 hospital in the world.

The result was strong engagement and measurable outcomes. The team met with 64 prospective companies, generating 11 qualified opportunities through partner referrals. More than 150 attendees participated in curated programming, creating over 200 high-value impressions and expanding Discovery Square's visibility within the global HealthTech market.

As one participant noted, the experience elevated the tone beyond a typical conference setting, reinforcing Discovery Square's position as a serious, globally competitive innovation destination. Building on this momentum, DMC will return to JPM in 2027 to host the Discovery Square Exchange in partnership with Mayo Clinic and BioLabs Rochester, further strengthening Rochester's position as the southern anchor of the Medical Alley corridor and a growing hub for global HealthTech innovation.

WorldUpstart's Visit to Minnesota: Sharing the value of Minnesota's HealthTech ecosystem through experience.



Photo: WorldUpstart alumni stand in front of The Plummer Building for a group photo.

In March, DMC partnered with WorldUpstart, a global market entry platform for high-growth health and life science companies, and GreaterMSP to host a targeted engagement program connecting international startups directly with Mayo Clinic and the Rochester HealthTech ecosystem. The program was designed to showcase not only Discovery Square, but the full strength of the Medical Alley corridor, offering participants a comprehensive view of how the region supports companies from initial entry through scale.

Participants engaged in structured, in-depth meetings with Mayo Clinic departments and pre-identified physician collaborators, creating a level of access and specificity not typically achieved in traditional conference settings. This coordinated approach reinforced how the Rochester-Minneapolis region operates as a seamless, integrated ecosystem for companies looking to expand in the U.S. The outcomes reflect both the quality of the companies and the strength of the ecosystem. Of the 10 participating companies, 7 are now in active discussions with Mayo Clinic Platform, with one accepted into the Platform Accelerate program.

The Department of Surgery advanced deeper engagement with two companies, while additional partners across the ecosystem have initiated follow-on conversations for potential collaboration.

This model directly addresses key findings from the 2022 Awareness and Perception Study, which identified a significant awareness gap and emphasized the importance of demonstrating a connected, accessible ecosystem anchored by Mayo Clinic. By facilitating curated, high-value interactions with clinicians and platform leaders, the WorldUpstart program moves beyond awareness to active consideration, reinforcing Discovery Square as the southern anchor of the Medical Alley corridor and a place where global companies can engage, validate, and scale alongside Mayo Clinic, the #1 hospital in the world.

Progress to Goals

Q1 2026 Metrics

Metric	Q1 2026 Actual	2026 Annual Goal
Prospects	128	800
Opportunities	48	200
Wins	15	20
Locates	0	5
Partner Connects	98	200
Events - Higher Education	0	3
Events - Investment Groups	0	3
Events - Local Startups	0	2
Research Project	0	1
Ecosystem Opportunities	75	200

Looking Forward

Q2 Highlights

- April 10 – Student Immersion Day
- May 4 – SelectUSA
- May 6 – Angel Fest
- May 28 – Real Estate Summit
- June 1 – MedTech MVP
- June 11 – Mayo Clinic Cardiology and Radiology Summit
- June 15 – HLTH EU
- June 22 – BIO

Quarterly Wins

Company	Description	Connection	Potential to Locate
Amadix	Amadix is a biotech company that develops blood tests to detect cancer early, often before symptoms appear. They use advanced data analysis and AI to find subtle signs of cancer from a simple blood sample. Their goal is to make cancer screening easier and more effective by catching it sooner.	Mayo Clinic Berg Innovation Exchange Mayo Clinic Platform	Yes
Amara Therapeutics	Amara Therapeutics is a digital health company that creates app-based treatments for bladder and pelvic health conditions. They use clinically proven, non-drug therapies delivered through a smartphone to make care more accessible and convenient. Their goal is to help people manage these conditions effectively from home.	Mayo Clinic Department of Obstetrics & Gynecology	Yes
ARC Medical	ARC Medical is a medical device company that develops solutions to improve recovery after surgery. They create liquid-based products that form a temporary barrier inside the body to prevent scar tissue from forming and causing complications. Their goal is to help patients heal better and reduce common surgical issues.	Mayo Clinic Department of Obstetrics & Gynecology	Yes
Balgrist University Hospital	Balgrist University Hospital is a specialized hospital in Switzerland focused on treating bone, joint, and muscle conditions. It provides advanced care, surgery, and rehabilitation for musculoskeletal injuries and diseases. The hospital also conducts research and trains medical professionals to improve orthopedic care.	Mayo Clinic Department of Orthopedic Surgery	No
BA TechGroup	BA TechGroup is a French technology company that develops software and data solutions for healthcare and life sciences. They help organizations manage, analyze, and use complex data to improve decision-making and operations. Their goal is to make healthcare systems more efficient and data-driven.	Mayo Clinic Bold. Forward. Unbound.	No
Bewe	Bewe is a Swiss digital health company that uses neuroscience and AI to help people reduce cravings and build healthier habits. Their app-based programs retrain how the brain responds to things like food through interactive exercises. The goal is to make behavior change easier and more sustainable over time.	Mayo Clinic Surgical Innovation	Yes
InnovoXL	InnovoXL is a technology development company that helps turn new ideas into real products and businesses. They provide funding, technical expertise, and support to move innovations from concept to market. Their goal is to bring promising technologies to life and make them commercially successful.	Mayo Clinic Surgical Innovation	Yes
Maman Biomedical	Maman Biomedical is a health-tech company developing new ways to deliver fertility treatments without needles. They create patches and microneedle devices that replace frequent injections with a simpler, less painful approach. Their goal is to make fertility care more comfortable, convenient, and effective for patients.	Mayo Clinic Berg Innovation Exchange	Yes
MedicQuant	MedicQuant is a medtech company developing rapid blood tests that help doctors make faster decisions in emergency care. Their technology can measure drug levels, like blood thinners, directly from a patient's blood in about 10 minutes. The goal is to speed up treatment, especially in critical situations like stroke where every minute matters.	Mayo Clinic Surgical Innovation	Yes
Millipore	Millipore is a life sciences company that provides tools, chemicals, and equipment used in research, drug development, and manufacturing. Their products help scientists study biology and produce medicines more efficiently. Today, they are part of Merck KGaA and support labs and biotech companies around the world.	One Discovery Square - Suite 160	Yes
MiMARK	MiMARK is a biotech company focused on improving women's health through better diagnostic tests. They develop new ways to detect diseases like endometrial cancer using biomarkers found in gynecological fluids, making diagnosis more accurate and less invasive.	Mayo Clinic Advanced Diagnostics Lab Mayo Clinic Berg Innovation Exchange	Maybe
New Phase	New Phase is a biotech company developing a new type of cancer treatment using nanoparticles and controlled heat. Their technology targets tumors and destroys cancer cells while minimizing damage to healthy tissue. The goal is to improve outcomes and quality of life for patients with advanced cancer.	Various Rochester Ecosystem Partners and Service Providers	Yes

Quarterly Wins (cont.)

Company	Description	Connection	Likelihood to Locate
Nutromics	Nutromics is a medtech company developing a wearable patch that continuously monitors a patient's health in real time. The patch uses advanced sensors and microneedles to track things like drug levels and biomarkers without repeated blood tests. Their goal is to give doctors faster, more accurate data to improve treatment and save lives.	Mayo Clinic Business Development	Yes
Syntra Health	Syntra Health is a healthcare technology company that uses AI to help medical clinics manage billing, documentation, and administrative work more efficiently. Their platform turns clinical data into insights that improve revenue, compliance, and care quality. The goal is to reduce paperwork so doctors can focus more on patients.	Various Rochester Ecosystem Partners and Service Providers	Yes
VoxCell BioInnovation	VoxCell BioInnovation is a biotech company that uses 3D bioprinting to create human-like tissue models for drug testing. These models help researchers study diseases and test new treatments more accurately than traditional methods. The goal is to speed up drug development and improve how new therapies are brought to patients.	Mayo Clinic Berg Innovation Exchange	Yes

DISCOVERY SQUARE ECOSYSTEM AND AWARENESS 2026 AWARENESS & PERCEPTION STUDY

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS

FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None, this report is intended for information only.

Highlights & Key Considerations

Discovery Square is aligned with global HealthTech ecosystem requirements, but growth is constrained by capital, awareness, and commercialization support.

- Capital and commercialization are the primary constraints: Access to capital is the most critical ecosystem need, alongside demand for regulatory, reimbursement, and go-to-market support to move innovations from validation to scale.
- Awareness remains the key barrier to growth: Familiarity with Discovery Square is low despite strong perceptions among those aware, indicating a persistent gap between capability and market visibility.
- Execution now requires ecosystem coordination: Advancing competitiveness will depend on strengthening coordination, aligning partners, and building integrated pathways across capital, talent, and commercialization.

The study validates the current direction of DMC's strategy while identifying areas requiring focused execution in the next phase of development.

Develop a capital curation strategy

- Prioritize structured capital pathways aligned with early-stage and growth-stage company needs
- Expand investor engagement and presence within Discovery Square
- Leverage platforms such as BioLabs Rochester to connect companies with capital networks

Expand and formalize ecosystem partnerships

- Strengthen partnerships across clinical validation, commercialization, talent, and market access
- Expand relationships to increase visibility and engagement
- Align institutional, academic, and industry partners to support end-to-end company growth

Establish an ecosystem coordination framework

- Create a representative ecosystem operating model that includes industry, investors, academic, and clinical stakeholders
- Define clear roles in capital strategy, partnership alignment, and infrastructure prioritization
- Improve coordination, decision-making, and accountability across the ecosystem

Strengthen commercialization capabilities

- Expand support in regulatory, reimbursement, and go-to-market strategy
- Position Discovery Square as a platform for both validation and commercialization
- Enhance connections between research, clinical care, and industry

Continue to amplify global awareness and positioning

- Continue to prioritize Discovery Square's visibility within targeted HealthTech and investment markets
- Leverage Mayo Clinic's global brand and Rochester's position as its headquarters
- Expand presence at national and international industry events and through targeted outreach

Align workforce development with industry demand

- Expand talent pipelines in regulatory science, clinical research, and healthcare AI
- Strengthen connections across Rochester Public Schools, RCTC, UMR, and industry
- Support long-term talent sustainability aligned with HealthTech growth

Background

The 2026 Ecosystem Awareness and Perception Study was commissioned to evaluate the characteristics of a successful HealthTech ecosystem and assess awareness and perceptions of Discovery Square among global stakeholders.

This work builds on the 2022 Awareness and Perception Study and aligns with the Discovery Square Master Plan, reinforcing DMC's 20-year initiative to position Rochester as a leading destination for health innovation. Discovery Square serves as the keystone of this strategy, located 495 steps from Mayo Clinic and anchoring Rochester's role as an anchor of the Medical Alley corridor.

Attachments / Exhibits

- None.

ENERGY AND SUSTAINABILITY

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None; report is intended for information only.

Highlights & Key Considerations

Sustainability Integration Across Projects:

- The Energy Integration Committee (EIC) completed its draft action plan update. A draft plan was received April 2 and is currently under review by EIC partners and respective organizational leadership. A final plan is expected by April 30. A webinar highlighting the previous plan's accomplishments and introducing the new action plan is under consideration for May. The action plan will align adopted sustainability plans and goals across each organization to identify strategies for implementation over the next five years, 2026-2030.
- In March DMC and the City of Rochester completed a communications and outreach campaign for businesses along the LINK BRT corridor. This campaign was in partnership with BikeMN and provided resources and technical assistance to support businesses in accommodating multi-modal customers. This work supports our adopted mode shift goals and introduces businesses to programs like Bicycle Benefits and Bicycle Friendly Business certification to support alternative transportation options.
- In Quarter 1, the DMC-supported Historic District funding programs were updated to include Sustainability requirements related to energy efficiency. In partnership with Rochester Public Utilities (RPU), applicants will need to meet with RPU to review opportunity for a building audit, commissioning, or energy efficiency rebates.
- Staff continue to support downtown and CIP projects with sustainability recommendations as well as applications for private projects seeking DMC support. Recently this has included 6th Ave Re-Design, UMR, West Transit Village, Downtown Riverfront, and the RFQ for design assistance on the \$38 million approved for downtown.

2026 DMC EDA Work Plan Alignment:

- The Healthy Home Helpers program (previously Healthy Air & Homes Initiative) has hired two community navigators who will begin training in late April. Navigators will engage with homeowners and renters to provide Healthy Homes kits, share resources on energy efficiency, and perform energy audits. This program supports DMC workforce development goals as well as adopted greenhouse gas (GHG) emissions and energy use reduction goals.

- Upon completion of the United States Green Building Council (USGBC) Green Building Policy cohort in February 2026, staff is now drafting an update to the DMC Sustainable Building Guidelines. Updated guidelines will aim to align with State funding requirements as well as incorporate guidelines beyond buildings, to include landscape and public realm projects as well. The update will also be in alignment with City of Rochester staff working on updates to the Tax Increment Financing (TIF) policy and Unified Development Code (UDC).

Background

Since its adoption in 2015, the DMC Development Plan has identified sustainability and energy efficiency as central to Rochester’s economic and environmental future. The plan and its subsequent 2020 Update established goals to reduce greenhouse gas emissions, expand multimodal access, and promote compact, resource-efficient development patterns. Over the past decade, DMC’s energy and sustainability program has advanced these goals through a series of public and private investments that integrate environmental stewardship into downtown growth. Key achievements include:

- **District Infrastructure:** Planning and implementation of energy-efficient district systems, including ongoing work toward a district-energy network and storm-water reuse infrastructure designed to serve future development zones.
- **Sustainable Mobility:** Major commitments to electrified public transit through the Link Bus Rapid Transit project, coordinated bike and pedestrian connectivity improvements, and parking management strategies that support mode shift.
- **Public Realm and Resilience:** Incorporation of sustainable design features in projects such as Discovery Walk, Heart of the City, and Riverfront planning, emphasizing storm-water filtration, native plantings, and high-efficiency lighting.
- **Private Development Leadership:** Encouragement of LEED-certified and energy-efficient construction within DMC districts, including One and Two Discovery Square, and mixed-use projects that meet or exceed state energy-code standards.
- **Collaborative Innovation:** Partnership with Mayo Clinic, Rochester Public Utilities, and the City of Rochester to evaluate renewable-energy and carbon-reduction opportunities, including building-performance benchmarking.

Together, these initiatives demonstrate the DMC EDA’s ongoing role in embedding sustainability and energy performance into the fabric of Rochester’s growth. Looking ahead, future work will continue emphasizing measurable outcomes—reductions in energy use, emissions, and vehicle dependence—while supporting innovation that enhances Rochester’s livability and competitiveness as a global destination for health and wellness.

Attachments / Exhibits

- None.

EQUITABLE ECONOMIC DEVELOPMENT

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None; this report is intended for information only.

Highlights & Key Considerations

Thursdays on First Pop-Up & Emerging Business Pipeline

Launching a DMC-sponsored booth at Thursdays on First with RDA to provide low-barrier opportunities for emerging small businesses. The program will sponsor 4–6 market days, covering vendor fees to support testing, exposure, and readiness. This initiative strengthens the small business pipeline and supports transition toward permanent retail.

Community Co-Design Toolkit 2.0 & Youth Leadership: Developing Community Co-Design Toolkit 2.0, a comprehensive guide with case studies, the full co-design process, and comparisons to other engagement approaches, launching Summer 2026. Alongside this, the Youth Co-Design Lab will engage RPS and UMR students in a paid program to address real community challenges.

Minnesota Young Leaders Program (MYALP) – Regional Engagement: Continuing DMC’s role as the Greater Rochester regional partner for MYALP, we are hosting a pre-program Lunch & Learn to connect the 2026 cohort with key community priorities and projects. This effort strengthens early leadership engagement and connects participants to DMC initiatives ahead of the statewide program in May.

2026 DMC EDA Work Plan Alignment: The 2026 DMC EDA Work Plan embeds equity by expanding engagement, strengthening leadership, and supporting inclusive economic practices. Recent efforts include advancing the Community Co-Design Toolkit 2.0 (launching Summer 2026), piloting the Youth Co-Design Lab, hosting the MYALP Lunch & Learn for emerging leaders, and launching a Thursdays on First pop-up to support small business growth.

The plan continues collaboration with the Coalition for Rochester Area Housing to address housing disparities for underserved residents, including BIPOC communities and seniors, while applying equitable economic development principles across infrastructure, real estate, and workforce initiatives.

Background

Equitable Economic Development remains at the heart of DMC's commitment to inclusive prosperity and shared growth. Building on earlier efforts supported by external grants, DMC EDA has continued to integrate equity and inclusion across all operations and project planning processes.

Our current work focuses on four key priorities:

- Expanding access to opportunity: DMC supports local entrepreneurship, small business growth, and developer readiness programs that help more people participate in Rochester's evolving economy.
- Continuing our partnership with the Coalition for Rochester Area Housing: Together, we are advancing projects that help close housing disparities for underserved and underrepresented communities, including BIPOC residents and seniors.
- Integrating equitable engagement and lived experience approaches: DMC's equitable engagement framework ensures that residents, workers, and community members most affected by projects are directly involved in shaping outcomes, from concept development through design and evaluation.
- Strengthening partnerships to advance equity learning and practice: Through the Equity Alliance Equity Series, DMC continues to partner with the City of Rochester to build community-wide best practices that contribute to a more vibrant Rochester.

In recent years, this work has grown from a grant-supported initiative into a core part of how DMC operates. Equitable engagement, inclusive procurement, and workforce diversity goals are now part of project management, communications, and capital investment planning. For example, the 2025 Development Plan Update engaged residents, students, and employers in conversations about how health, accessibility, and belonging can be reflected in future public spaces and mixed-use development. Looking ahead, the 2026 Work Plan will continue to build on this foundation by:

- Expanding developer readiness programs and outreach to increase participation in DMC-related development.
- Working closely with housing, workforce, and mobility partners to align investments with equitable access goals.
- Applying equitable engagement methods early in project planning to ensure community voices guide priorities and design.
- Tracking measurable outcomes such as workforce and business participation, developer diversity, and community satisfaction to evaluate progress toward our equity goals.

Equitable Economic Development is also a central focus of the 2025 Development Plan Update, which defines equity as both a guiding value and a measurable result, reflected in workforce participation, ownership diversity, and community satisfaction.

Through this ongoing work, DMC EDA continues to build a development model that connects economic growth with health, inclusion, and long-term community well-being, ensuring Rochester's transformation benefits everyone who lives and works here.

Attachments / Exhibits

- None.

MODE SHIFT / TRANSPORTATION DEMAND MANAGEMENT (TDM)

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS
FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None; this report is intended for information only.

Highlights & Key Considerations

Since the last update, staff developed a draft TDM pre-development checklist and GIS viewer to support earlier multimodal consideration in development review. Staff also advanced the multimodal count program by inventorying equipment, procuring additional counters, and beginning startup activities. A GIS-based multimodal parking inventory app was also developed for future auditing.

MnDOT awarded the City Active Transportation Planning Assistance, which will support a coordinated, implementation-focused framework that integrates existing guidance and uses TDM strategies to support active transportation outcomes.

Staff also advanced policy review and draft updates related to the Unified Development Code, Tax Increment Finance policy, fee schedule, developer parking agreements, and multimodal maintenance. In partnership with Strategic Transformation Partnership, Public Works, Communications, Community Development, and DMC, staff also advanced 2026 shared micromobility program planning, including identification of high-impact No Parking Zones on shared use paths, Mandatory Parking Zones in high trip-end areas including many within the DMC district, and opportunities for clustering devices to support group trips. Year-over-year growth in shared micromobility ridership continues to indicate increasing demand and supports mode shift objectives. In addition, City Communications, Community Development, and DMC collaborated on shared-space messaging to promote predictable and accessible behavior norms.

On April 8, 2026 DMC Energy and Sustainability Manager, Lauren Jensen, and City of Rochester Mode Shift Coordinator, Matt Lynch, co-presented “When Transportation Choice Expands, What Becomes Possible?” for the DMC and City of Rochester Equity Alliance Equity Series. The presentation focused on the financial, health, and climate impacts of car-centric communities and what local planning processes and programs have been developed to provide transportation choice and implement TDM strategies. When posted, the recording of the presentation can be found on DMC’s Youtube page, <https://www.youtube.com/@DestinationMedicalCenter/videos>.

Background

This work is intended to advance Rochester's adopted mode shift objectives through coordinated action in development review, policy alignment, data and performance measurement, active transportation planning, and shared mobility program improvements. The program supports safer and more practical access to destinations by walking, rolling, biking, transit, and shared micromobility, while helping reduce drive-alone demand and pressure on parking and street capacity.

This work advances DMC goals related to access, district connectivity, public realm quality, and reduced reliance on single-occupancy vehicle travel. It supports multimodal access to, from, and within the DMC district through improved planning tools, infrastructure prioritization, parking and mobility management, and support for walking, rolling, biking, transit, and shared micromobility.

This effort also aligns with DMC's "America's City for Health" framework, particularly the focus on Design for Well-Being, through infrastructure and public spaces that create safe, healthy, and sustainable places for all. Mode shift and TDM implementation help translate that vision into practical actions that improve access, support active living, and strengthen the comfort and accessibility of the DMC district.

Current work elements include a TDM pre-development review checklist and GIS (Geographic Information System) viewer, a multimodal count program, a multimodal parking inventory app, policy and ordinance alignment work, quick-build project prioritization, and shared micromobility program enhancements. Since October 2025, the City has invested more than \$35,000 in incremental multimodal count equipment and data transmission services, and DMC Active Transportation funds have supported nearly \$15,000 in additional count equipment. Rochester Downtown Alliance also contributed previously owned equipment and support for data transmission services. MnDOT also awarded Active Transportation Planning Assistance, with consultant support expected to begin by May 2026 and plan completion anticipated by the end of 2026, followed by supplemental technical assistance into spring 2027.

Some project risks exist:

- The primary risk is not a single project delay, but the complexity of moving several related efforts from concept into implementation at the same time. Progress depends on sustained coordination across City departments and partners, especially for program ownership, operations, communications, and policy sequencing.
- A second risk is the near-term gap between adopted mode shift goals and the analytical tools currently available to answer multimodal planning questions with sufficient sensitivity. While ROCOG's travel demand model update is an important long-term opportunity, active transportation sensitivity appears to remain a later-phase consideration. This creates some uncertainty for near-term planning, prioritization, and policy decisions.

Likely future board touchpoints may include updates related to implementation priorities emerging from MnDOT Active Transportation Planning Assistance, quick-build project prioritization supporting transportation options in and around the DMC district, and future policy or program recommendations tied to TDM implementation, multimodal access, and shared micromobility improvements.

Attachments / Exhibits

- None.

TARGETED BUSINESS AND WORKFORCE UTILIZATION

MAY 2026

TO: DMC CORPORATION BOARD OF DIRECTORS

FROM: DMC ECONOMIC DEVELOPMENT AGENCY

Request of the Board

None; this report is intended for information only.

Highlights & Key Considerations

Q1 2026 Reporting

- Q1 reflects a transition period between compliance systems, resulting in limited Workforce Participation (WFP) data.
- Reported workforce data primarily reflects previously validated Q4 2025 data due to minimal winter construction activity.
- Women participation: **3.35%** (goal: 9%); Minority participation: **2.44%** (goal: 15%).
- Targeted Business (TB) participation: **11.47%**, exceeding the 8.8% average goal.
- TB utilization is being tracked manually; system reporting is in implementation.

System Transition & Reporting Limitations

- Temporary disruption in workforce reporting due to system transition and wage configuration delays.
- Contractors are actively entering and reconciling data; verified WFP reporting expected in Q2.
- The City is prioritizing accurate, validated data over incomplete reporting

Project Notes

- 6th Avenue: Onboarding in progress; WFP data not yet available.
- 6th Street Bridge (Design): Strong women participation (18.98%); minority participation below goal.
- J1037 (DBET Phase 2): No updated submission; prior data reflected.

Reporting Timeline Consideration

- Current reporting timelines limit the ability to fully validate contractor data.
- System implementation is expected to improve accuracy and reduce reporting constraints.

Background

DMC continues to integrate workforce and targeted business participation into its development framework to support inclusive economic growth. Q1 2026 reflects a transitional reporting period due to system implementation and seasonal construction slowdowns. While workforce data is incomplete, targeted business participation remains strong. DMC EDA and the City are actively working to stabilize reporting systems and ensure accurate compliance tracking moving forward

DMC Workforce and Targeted Business Participation Quarter 1 2026:

- Current Goals
 - Workforce Participation – Women: **9%**
 - Workforce Participation – Minorities: **15%**
 - Targeted Business – Commercial: **7%**
 - Targeted Business – Heavy/Highway: **4%**
- Projects Reported
 - J1037 – Downtown Building Energy Transition (DBET) Phase 1
 - J8707 – Volume A (BRT West Transit Village Sewer Improvement)
 - J8707 – Volume B (BRT Civil Underground Utilities)
 - J8707 – Volume C (BRT St. Mary's Transit Area)
 - J8707 – Volume C (St. Mary's Transit Area – Heavy Highway / Station Stops)
 - J7919 – 6th Street Bridge
 - Link Land Acquisition
- Anticipated Projects – 2026
 - Biolabs (onboarding)
 - Lowertown (onboarding)
 - CityWalk
 - Civic Center North
 - Lincoln Avenue Communities
 - Aeon
 - 6th Street Bridge (Construction)
 - Link Volumes D + E
- Project Notes / Data Limitations
 - System transition impacted WFP data; reporting reflects prior validated periods.
 - TB reporting is currently manual, system implementation underway.
 - Limited construction activity in Q1 impacted on new reporting data.
 - Verified data will be incorporated in Q2

Highlights

- TB participation exceeded overall goals despite interim reporting limitations.
- Women and minority workforce participation remain below goals.
- System transition impacted Q1 reporting; full data expected in Q2.
- Upcoming projects will expand reporting scope and participation opportunities

Attachments

- Q1 2026 Targeted Business and Workforce Utilization Reporting

DMC COMPLIANCE REPORT - Q1 2026

Summary of workforce participation and targeted business utilization for active construction projects.

Workforce Participation (WFP)										Comments
Women and Minority Workforce Participation on Project Hours										
Project Name	Total Work Hours	Women Hours	Women %	Women Goal	Variance	Minority Hours	Minority %	Minority Goal	Variance	
Downtown Building Energy Transition	12,411.15	9.75	0.08%	9.00%	-8.92%	128.75	1.04%	15.00%	-13.96%	
West Transit Village Sewer Improvement	926	13.75	1.48%	9.00%	-7.52%	26.75	2.89%	15.00%	-12.11%	
Civil Underground Utilities and Infrastructure	18,271.43	1011.5	5.54%	9.00%	-3.46%	650	3.56%	15.00%	-11.44%	
St Marys Transit Center	1,849.50	110.5	5.97%	9.00%	-3.03%	28.5	1.54%	15.00%	-13.46%	
Station Stops	748	0	0.00%	9.00%	-9.00%	0	0.00%	15.00%	-15.00%	
Total	34,206.08	1145.50	3.35%	9.00%	-5.65%	834	2.44%	15.00%	-12.56%	

Due to a transition between compliance systems, workforce data for Q1 is not fully complete. Reported figures reflect the most recent available data (primarily Q4 2025) while contractors continue onboarding into the new system.

Targeted Business (TB) / Disadvantaged Business Enterprise (DBE)						Comments
Projects are grouped by type: Road & Infrastructure or Building						
Road & Infrastructure Projts	Total Paid to Date	Amount Paid to Targeted / DBE Firms	Actual Participation %	Goal	Variance	
Downtown Building Energy Transition	\$3,229,370.71	\$16,283.75	0.50%	4.00%	-3.50%	
West Transit Village Sewer Improvement	\$ 154,753.37	\$0.00	0.00%	12.00%	-12.00%	
Civil Underground Utilities and Infrastructure	\$ 7,376,915.75	\$ 1,374,125.58	18.63%	12.00%	6.63%	
Link Land Acquisition			0.00%	4.00%	-4.00%	
Highway Subtotal (w/Average of Goals)	\$ 10,761,039.83	\$1,390,409.33	12.92%	8.00%	4.92%	
Building Projects	Total Paid to Date	Amount Paid to Targeted / DBE Firms	Actual Participation %	Goal	Variance	
St Marys Transit Center	\$ 7,223,380.02	\$672,149.81	9.31%	12.00%	-2.69%	
Commercial Subtotal	\$ 7,223,380.02	\$672,149.81	9.31%	12.00%	-2.69%	
Total (w/Average of Goals)	\$ 17,984,419.85	\$2,062,559.14	11.47%	8.80%	2.67%	

Downtown Building Energy Transition - Reporting for this project was not submitted by the deadline. Values shown reflect the most recent available data from the previous reporting period

Professional Technical Services										Comments
Design & Engineering Projects										
Workforce Participation	Total Work Hours	Women Hours	Women %	Woman Goal	Variance	Minority Hours	Minority %	Minority Goal	Variance	
6th Street Bridge (Design)	4,936.70	936.75	18.98%	9.00%	9.98%	441.5	8.94%	15.00%	-6.06%	
6th Avenue (Connecting Downtown Rochester)										
Total	4,936.70	936.75	18.98%	9.00%	9.98%	441.5	8.94%	15.00%	-6.06%	
Targeted Business / Disadvantaged Business Enterprise	Total Paid	TB Paid to Date	Actual TB %	Comments						
6th Street Bridge (Design)	\$3,211,994.00	\$221,778.42	6.90%	6th Street - Contractor reported contract value vs. paid to date.						
6th Avenue (Connecting Downtown Rochester)	\$307,478.00	\$27,441.49	8.92%							
Total	\$3,519,472.00	\$249,219.91	7.08%							

See WFP comment above.
6th Avenue - Onboarding in progress; data pending.

Anticipated Projects - 2026
Biolabs - Currently Onboarding
Lowertown - Currently Onboarding
Citywalk
Civic Center North
Lincoln Avenue Communities
Aeon
6th Street Bridge (Construction)
Link Volume D
Link Volume E