# Destination Medical Center Corporation

# Board of Directors Meeting

Thursday, September 24, 2026
9:30 A.M.

DESTINATION MEDICAL CENTER CORPORATION (DMCC)

BOARD MEETING

Thursday, September 24, 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

AGENDA

DESTINATION MEDICAL CENTER CORPORATION (DMCC)
BOARD OF DIRECTORS MEETING

Thursday, May 21, 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. Due to virtual participation, votes were taken by roll call.

III. Approval of Agenda. Mayor Norton moved approval of the agenda. Council President Schubring seconded the motion.

Ayes: 7, Nays: 0. Motion approved.

IV. Approval of Minutes: February 5, 2026. Commissioner Thein moved approval of the minutes. Mayor Norton seconded the motion.

Ayes: 7, Nays: 0. Motion approved.

V. Public Comment. Dr. Geoff Johnson and Daniel Glenn, Nucleus RadioPharma, spoke regarding the company's growth in Discovery Square and the need for specialized workforce space and programs.

VI. Chair's Report. Chair Wheelock reported that the DMCC Executive Committee met in March to approve the annual private investment report for submission to the Minnesota Department of Employment and Economic Development (DEED). Chair Wheelock also noted that, following the meeting, the Board would convene with the Olmsted County Board of Commissioners, Rochester City Council, and DMC EDA Board for the annual joint meeting.

VII. Election of Officers and Appointments. DMCC General Counsel Tami Diehm reviewed officer requirements under state law and DMCC governing documents. Mr. Williams moved approval of the following officer slate: Pamela Wheelock, Chair; Mayor Kim Norton, Vice Chair through the end of her mayoral term; Council President Randy Schubring, Vice Chair effective January 1, 2027 through the next scheduled officer election; and Commissioner Mark Thein, Treasurer. Ms. Beckmann seconded the motion.

Ayes: 7, Nays: 0. Motion approved.

Chair Wheelock appointed Ms. Beckmann as Secretary and City of Rochester Finance Director Brian Anderson as Assistant Treasurer.

VIII. Consent Agenda. Council President Schubring moved approval of the consent agenda. Commissioner Thein 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, commented on the agenda items. Dr. Otley described the EDA Board recommendations and noted reservations and expectations related to certain requests, including future repair requests and DMC funding of public-space operations, maintenance, and equipment. Additionally, Dr. Katie Arendt was introduced as the incoming President of the DMC EDA Board.

X. Commendation: Dr. Clark C. Otley. Chair Wheelock read the proposed resolution commending Dr. Otley. Board members expressed appreciation for Dr. Otley's leadership, commitment to Rochester, support for staff, collaborative approach, and role in advancing the DMC initiative.

Resolution: Commending Dr. Clark C. Otley and Expressing Gratitude and Appreciation for His Service to the Destination Medical Center Initiative. Commissioner Thein moved approval of the resolution. Mayor Norton seconded the motion.

Ayes: 7, Nays: 0. Motion approved.

Chair Wheelock also acknowledged retiring DMC EDA Director of Business Development Chris Schad and thanked him for his service to the DMC initiative.

XI. Strategic Development Proposal: Discovery Square Talent Recruitment, Retention, and Training Infrastructure. Patrick Seeb, DMC EDA Executive Director, and Michael Flynn, DMC EDA Senior Director of Economic Development, presented the University of Minnesota Rochester (UMR) workforce development request for Discovery Square. UMR Chancellor Lori Carrell and University of Minnesota Regent Dr. Ruth Johnson joined the discussion. Chancellor Carrell described UMR's commitment to tailoring academic programs to the needs of the innovation district and noted that UMR does not anticipate seeking direct DMC funding for residential and recreation development.

Resolution: Designating a DMC Public Infrastructure Project and Approving Funding (University of Minnesota Rochester Project). Ms. Beckmann moved approval of the resolution. Mayor Norton seconded the motion.

Ayes: 7, Nays: 0. Motion approved.

XII. Action Items.

A. Downtown Infrastructure Alignment. Chair Wheelock noted that updated resolutions reflected cancellation of a previously approved, lower-priority project to keep the proposed action items within the adopted two-year budget.

Mr. Seeb, City of Rochester Deputy Administrator Cindy Steinhauser, and DMC EDA Director of Public Experience for Strategic Infrastructure Brooke Carlson presented the Downtown Infrastructure Alignment request. Ms. Carlson described the project as part of the previously approved $38 million investment to align underground infrastructure and public realm improvements around Mayo Clinic’s *Bold. Forward. Unbound. in Rochester* initiative.

Ms. Steinhauser requested release of $3.6 million for time-sensitive and necessary infrastructure work aligned with Mayo Clinic’s schedule and the shared “dig once” or “build once” principle. Staff noted that future packages would return over the next several meetings, with discussion expected in September and further approvals anticipated in December.

Board members discussed construction cost uncertainty, contingency, and the need to understand the overall budget and schedule implications. Chair Wheelock requested regular reporting on project budget, contingency, percent completion, and anticipated exposure. Board members emphasized the importance of substantive discussions on design, pedestrian experience, and public realm expectations before additional approvals are requested.

Resolution: Approving Final Approval of Expenditure of Funds for Public Infrastructure Improvements. Mr. Williams moved approval of the resolution. Commissioner Thein seconded the motion.

Ayes: 7, Nays: 0. Motion approved.

B. Heart of the City. Mr. Seeb and Ms. Steinhauser presented a new request for up to $334,000 for work along First Avenue and technical analysis related to paver settlement. Ms. Steinhauser explained that the analysis would examine underlying conditions and identify appropriate remediation. Board members supported addressing public realm experience and safety issues but raised concerns about using DMC funds to correct persistent project shortcomings. Board members also noted the need to receive additional analysis before entertaining any future funding requests.

Resolution: Approving Amendment to the 2026-2027 Five Year Capital Improvement Plan to Provide for Near-Term Improvements and Technical Analysis. Ms. Beckmann moved approval of the resolution. Mr. Williams seconded the motion.

Ayes: 7, Nays: 0. Motion approved.

C. Public Realm Infrastructure. Mr. Seeb and Ms. Steinhauser presented a request for DMC investment in public safety gates. Some Board members acknowledged the usefulness of the gates but questioned whether they were properly a DMC expense.

Resolution: Approving Amendment to the 2026-2027 Five Year Capital Improvement Plan to Provide for Public Realm Infrastructure. Council President Schubring moved approval of the resolution. Mr. Baker seconded the motion. The motion was amended to prioritize use of the gates within the DMC District while preserving flexibility for other appropriate City uses.

Ayes: Baker, Beckmann, Norton, Schubring, Wheelock. Nays: Thein, Williams.

Motion approved.

XIII. Discussion Items.

A. Link Bus Rapid Transit. Mr. Seeb and Ms. Steinhauser provided an update on Link BRT, including that the project remains scheduled for completion in 2027. Ms. Steinhauser reported on use of unallocated contingency under the emergency contingency process. Staff indicated that a future contingency use is anticipated.

B. 2027 DMC Work Plan and Budget Priorities. Mr. Seeb noted that the Board adopted a two-year budget and had indicated that it may consider modest updates or modifications in the second year if appropriate. Board members also discussed the need for greater clarity when cancelling a previously approved project and using that budget capacity for a new project.

XIV. Information Items.

A. Capital Project Reports. Staff provided updates on capital projects, including housing, BioLabs Rochester, and the Chateau Theatre.

XV. Meeting Schedule. Chair Wheelock noted that the next regular meeting of the DMCC Board is scheduled for September 24, 2026 at the Mayo Civic Center.

XVI. Adjournment. Mayor Norton moved to adjourn the meeting. Mr. Williams seconded.

Ayes: 7, Nays: 0. Motion approved.

DESTINATION MEDICAL CENTER (DMC)
ANNUAL COLLABORATIVE SESSION
Thursday, May 21, 2026
12:30 P.M.

MINUTES

I. Call to Order and Purpose. Chair Pamela Wheelock convened the DMC collaborative session and welcomed members of the DMCC Board of Directors, Olmsted County Board of Commissioners, Rochester City Council, and DMC EDA Board of Directors. Chair Wheelock noted that the purpose of the gathering was to think collectively about Rochester's future and build shared understanding around the Link Bus Rapid Transit (BRT) investment and the opportunities it may create beyond transportation. The session was intended for information and discussion rather than formal decisions or conclusions.

Patrick Seeb, DMC EDA Executive Director, noted that an earlier DMC joint session had similarly focused on the future of transit and transportation in the DMC District. He encouraged participants to consider how the Link investment could influence future development, housing, connectivity, and community vitality.

II. Link BRT Corridor Tour. Following introductory remarks, participants departed the Mayo Civic Center for a guided bus tour of the Link BRT corridor. DMC EDA Director of Public Experience for Strategic Infrastructure Brooke Carlson and City of Rochester Assistant Administrator Ryan Yetzer provided information regarding Link construction, planned station areas, existing and anticipated development, and opportunities for additional investment along the corridor. Following the tour, participants returned to the Mayo Civic Center.

III. Presentations and Discussion. Catherine Malmberg, DMC EDA Director of Public Infrastructure & Development Strategy, facilitated presentations and discussion regarding transit-oriented development along the Link corridor.

Heather Worthington of Urban3, presented analysis examining the relationship between land use, development density, infrastructure costs, and municipal fiscal productivity. The analysis illustrated how the economic productivity of land can vary by development pattern. Worthington also discussed examples from other transit corridors and the potential for station-area development.

Michael Johnson of SmithGroup discussed transit-oriented development and urban design principles and examples from other communities. Johnson emphasized the importance of aligning land use regulations, public investments, housing and essential services, parking policy, development incentives, and approval processes around transit investments. He also noted the importance of considering housing affordability, anti-displacement strategies, and targeted catalytic investments.

Malmberg facilitated a discussion to identify opportunities associated with the Link investment, potential barriers to realizing those opportunities, and ways in which the tour and presentations had influenced their thinking.

Discussion included the following themes:

- Housing & Density: Participants identified opportunities for additional housing along the corridor, including affordable and workforce housing. Discussion also recognized the relationship between density, transit use, neighborhood amenities, economic activity, and tax base growth.
- Transit-Oriented Growth: Participants discussed Link as an opportunity to catalyze development beyond the transportation investment itself.
- Walkability & Public Realm: Participants emphasized that successful transit-oriented neighborhoods require more than transit infrastructure; for example, sidewalks, safe crossings, public spaces, and neighborhood amenities.
- Economic & Fiscal Opportunity: Participants discussed opportunities to convert underutilized land, including surface parking, to more economically productive uses; support storefronts and small businesses; encourage additional private investment; and strengthen the City and County tax bases. Discussion highlighted the potential for public infrastructure investment to create conditions that encourage complementary private investment.
- Implementation & Development Barriers: Participants recognized that development along the corridor will occur over time and will depend substantially on private-sector decisions. Challenges discussed included assembling sites for redevelopment, development economics, zoning and entitlement processes, aligning private development with public goals, and establishing realistic expectations regarding the pace of development.
- Affordability & Inclusive Growth: Participants discussed the need to ensure that increased investment and land values do not undermine housing affordability or economic diversity. Considerations included housing at a range of income levels, amenities that remain accessible to residents, opportunities for small businesses, and strategies to minimize displacement as development occurs.
- Transit Use & Community Adoption: Participants discussed the opportunity for Link to broaden the role of public transportation in Rochester, including use by residents, visitors, and employees. Participants also recognized that encouraging people accustomed to automobile travel to use transit will require education, engagement, convenient connections, and a high-quality user experience.
- Coordination & Long-Term Opportunity: Participants cited Rochester's institutional strengths, collaborative relationships among public and private partners, and ability to coordinate across organizations as important advantages in realizing development opportunities associated with Link. Discussion emphasized the importance of continued coordination and intentional policy decisions to maximize the long-term value of the investment.

IV. Closing. Chair Wheelock thanked the presenters, staff, and attendees for their engagement and concluded the collaborative session.

**Destination Medical Center Corporation**
**Board of Directors Annual Work Plan**

The items below, which are listed by quarter, comprise the routine governance actions the DMC Corporation board of directors must address each year:

- **Q1**
  - Required Action Items:
    - **Annual Report to the Legislature**
      *Due by February 15, must also be approved by City Council*
    - **April 1 Report to DEED**
      *Due by April 1, usually presented to the four-member DMCC Executive Committee*

- **Q2**
  - Required Action Items:
    - **Election and Appointment of Officers**
    - **Presentation and approval of financial audit**
  - Other regular board activities:
    - **Annual Collaborative Session following the regular DMCC board meeting**

- **Q3**
  - Required Action Items:
    - **Tax return (IRS Form 990) and MN Charitable Organization Report**
    - **Meeting schedule approval**
    - **League of MN Cities Insurance Trust coverage renewal**

- **Q4**
  - Required Action Items: None

September 24, 2026

Re: DMCC Budget Summary as of July 31, 2026

Dear Mr. Mark Thein, DMC Treasurer,

The attached Financial Budget Summary is through July 31, 2026. The Financial Budget Summary reflects the DMCC operating expenditures in the amount of $2,484,502 of the $5,008,197 budget for 2026. The remaining amount unspent is approximately 50% of the total budget.

The total operating expenditures consist of the following three entities:

- **DMC Corporation**: Expenditures total $108,232, representing 53% of the $229,566 budget as of July 31, 2026. Spending remains below budget across all categories.

- **DMC EDA**: Expenditures total $1,629,811, representing 50% of the $3,239,019 budget. Overall, expenditures are consistent with budget expectations.

- **City of Rochester Project Management**: Expenditures total $746,460, representing 52% 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 July 31, 2026, as managed by the City of Rochester and organized by program budgets. The total project expenditures were approximately $47,462,493 as of July 31, 2026.

Expenditures by major category are as follows:

- Administration: $2,589,771 (5%)
- Capital Projects: $44,872,722 (95%)

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

July 31, 2026

| BUDGET ENTITY | 2026 YTD | APPROVED BUDGET | AMOUNT REMAINING | % REMAINING |
|---|---|---|---|---|
| **DMCC Corporation** | 108,232 | 229,566 | 121,334 | 53% |
| **DMC EDA** | 1,629,811 | 3,239,019 | 1,609,208 | 50% |
| **City Project Management** | 746,460 | 1,539,612 | 793,152 | 52% |
| **Total DMC Administration** | **$ 2,484,502** | **$ 5,008,197** | **$ 2,523,695** | **50%** |

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

| PROJECT | JANUARY EXPENSES | FEBRUARY EXPENSES | MARCH EXPENSES | APRIL EXPENSES | MAY EXPENSES | JUNE EXPENSES | JULY EXPENSES | YTD EXPENSES | LTD EXPENSES |
|---|---|---|---|---|---|---|---|---|---|
| **Administration** | | | | | | | | | |
| C.8601 - COR Administrative Costs-DMCC | | | | 256,615 | | | 557,817 | 814,432 | $ 4,222,963 |
| C.8602 - Contributions to DMC Corporatn | 119,532 | 175,593 | 238,389 | 352,205 | 150,846 | 344,200 | 230,213 | 1,610,978 | 36,561,555 |
| C.8606 - City Staff Costs-DMCC | | 250 | 349 | 3,148 | | 3,844 | 2,328 | 9,918 | 478,370 |
| C.8629 - Development Plan Update | | | 11,004 | 3,643 | 125,638 | 4,976 | 9,182 | 154,443 | 791,138 |
| **Total Administration** | **119,532** | **175,843** | **249,742** | **615,611** | **276,484** | **353,019** | **799,540** | **2,589,771** | **42,054,025** |
| **Econ Development/Public Realm** | | | | | | | | | |
| C.8624 - Chateau Theatre Building Improvement Purchase | | | | 7,000 | | | | 7,000 | 12,277,565 |
| C.8625 - Heart of the City | | | | 18,167 | | | 2,473 | 20,640 | 22,047,884 |
| C.8633 - Strategic Development | | 52,218 | | 14,021 | 40 | 23,742 | 6,207 | 96,228 | 2,464,468 |
| C.8634 - Riverfront Reimagined | | 5,000 | 14,255 | 718 | 8,558 | 9,125 | | 37,656 | 1,172,990 |
| C.8637 - DMC Interim Wayfinding | | 1,604 | 12,718 | 474 | 14,331 | 20,669 | 68,543 | 118,340 | 137,109 |
| C.8638 - Plan Enhanced Public Realm Deliver | | | | | | | 113,500 | 113,500 | 113,500 |
| C.8904 - Discovery Walk | | | | | 40 | | | 40 | 18,539,262 |
| C.8905 - CnstrctSnSwCpBys3AveSWfr2StSW | | | | | | | | - | 27,132 |
| **Total Econ Development/Public Realm** | **-** | **58,823** | **26,972** | **40,380** | **22,969** | **53,537** | **190,723** | **393,403** | **56,779,910** |
| **Infrastructure** | | | | | | | | | |
| C.1037 - Steam Replace/District Energy | 1,345 | 6,881 | 473,469 | | | | | 481,695 | 24,841,215 |
| 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.8908 - Recon 6th Ave W < 2nd St SW > Civic Center Dr NW | | 25,521 | 24,693 | 49,115 | 2,086 | 103,954 | 5,460 | 210,828 | 494,644 |
| C.8909 - Recon Downtown Mobility Network | | | | 2,800 | | | | 2,800 | 2,800 |
| C.8910 - Recon 4th Ave SW < 2nd St SW > 3rd St SW | | | | | | 978 | 1,311 | 2,289 | 2,289 |
| C.8915 - ReconVarBlks5AveNW3StNW3AveNW | | 6,011 | 7,115 | 11,609 | 11,174 | 16,717 | 10,500 | 63,125 | 63,125 |
| C.8916 - DMC Downstream San. Sewer Upsize | | | | 439 | 100 | | | 538 | 538 |
| C.8920 - Recon 3rd 7 4th Ave < Center St W > Civic Center Dr N | | | | | | | 1,696 | 1,696 | 1,696 |
| C.8711 - Private District Energy Pilot | | | | 67,296 | | | | 67,296 | 161,043 |
| 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** | **993,407** | **131,259** | **13,359** | **121,648** | **18,966** | **1,607,900** | **30,400,063** |
| **Transit** | | | | | | | | | |
| C.8707 - Rapid Transit Projects | 1,433,962 | 3,192,440 | 2,203,168 | 3,470,659 | 6,417,944 | 7,993,454 | 18,119,895 | 42,831,521 | 89,976,187 |
| C.8712 - Reconnect Active Transport | | | | 4,983 | 17,332 | 3,122 | 14,460 | 39,897 | 68,000 |
| **Total Transit** | **1,433,962** | **3,192,440** | **2,203,168** | **3,475,642** | **6,435,276** | **7,996,576** | **18,134,355** | **42,871,419** | **90,044,187** |
| **Total Project Costs** | **$ 1,791,588** | **$ 3,518,272** | **$ 3,473,289** | **$ 4,262,891** | **$ 6,748,088** | **$ 8,524,780** | **$ 19,143,585** | **$ 47,462,493** | **$ 219,278,185** |

**DESTINATION MEDICAL CENTER CORPORATION**

**RESOLUTION NO. ___-2026**

**A RESOLUTION APPROVING THE 2027-2028 DMCC BOARD REGULAR MEETING SCHEDULE**

## BACKGROUND RECITALS

The Minnesota Open Meeting Law provides that a schedule of the regular meetings of a public body shall be kept on file at its primary office. If a public body decides to hold a regular meeting at a time or place different from the time or place stated in its schedule of regular meetings, it shall give the same notice of the meeting that is provided for a special meeting.

## RESOLUTION

**NOW, THEREFORE, BE IT RESOLVED,** by the Destination Medical Center Corporation ("**DMCC**") Board of Directors that the schedule of regular meetings for 2027 is set forth below. The Secretary is directed to post the schedule on the website and to post notification by such other means as he determines necessary and appropriate. The schedule of regular meetings for 2028 is being provided for informational purposes only and is subject to further modification.

| Date | Time | Location |
|---|---|---|
| 2027 | | |
| Thursday, February 4, 2027 | 9:30 a.m. | Mayo Civic Center<br>Suite 102<br>30 Civic Center Drive SE<br>Rochester, MN 55902 |
| Thursday, May 20, 2027 | 9:30 a.m. | Two Discovery Square<br>Conference Center<br>(First Floor)<br>415 2nd Ave SW<br>Rochester, MN 55902 |
| Wednesday, September 22, 2027 | 9:30 a.m. | Mayo Civic Center<br>Suite 102<br>30 Civic Center Drive SE<br>Rochester, MN 55902 |
| Thursday, December 9, 2027 | 9:30 a.m. | Mayo Civic Center<br>Suite 102<br>30 Civic Center Drive SE<br>Rochester, MN 55902 |
| 2028 | | |
| Thursday, February 3, 2028 | 9:30 a.m. | To be determined. |
| Thursday, May 25, 2028 | 9:30 a.m. | To be determined. |
| Thursday, September 28, 2028 | 9:30 a.m. | To be determined. |
| Thursday, December 14, 2028 | 9:30 a.m. | To be determined. |

**DESTINATION MEDICAL CENTER CORPORATION**

**RESOLUTION NO. ___-2026**

# A RESOLUTION APPROVING THE 2026 STATE OF MINNESOTA CHARITABLE ORGANIZATION ANNUAL REPORT AND 2025 FORM 990

## BACKGROUND RECITALS

A. On behalf of the Destination Medical Center Corporation ("**DMCC**"), CliftonLarsonAllen ("**CLA**") prepared the 2026 State of Minnesota Charitable Organization Annual Report (the "**Annual Report**") and 2025 Form 990 (the "**Form 990**") and is recommending that the DMCC approve both items.

B. The Annual Report and Form 990 were presented to the DMCC on September 24, 2026, and are on file with the DMCC.

## RESOLUTION

**NOW, THEREFORE, BE IT RESOLVED**, by the DMCC Board of Directors, that the 2026 State of Minnesota Charitable Organization Annual Report and 2025 Form 990 are approved subject to final review and approval by legal counsel.

**BE IT FURTHER RESOLVED**, that the Board authorizes the Chair or Treasurer to take any action or make any amendments necessary and to file the Annual Report and Form 990.

43777784v1

CLIFTONLARSONALLEN LLP
2689 COMMERCE DRIVE NW, SUITE 201
ROCHESTER, MN 55901

DESTINATION MEDICAL CENTER CORPORATION
201 4TH STREET SE, 204
ROCHESTER, MN 55904

DRAFT

526340
04-01-25

CLIENT'S COPY

CliftonLarsonAllen LLP
CLAconnect.com

August 12, 2026

Destination Medical Center Corporation
201 4th Street SE 204
Rochester, MN  55904

Destination Medical Center Corporation:

Enclosed is the organization's 2025 Exempt Organization return.

Specific filing instructions are as follows.

## FORM 990 RETURN:

This return has qualified for electronic filing.  After you have reviewed the return for completeness and accuracy, please sign, date and return Form 8879-TE to our office.  We will transmit the return electronically to the IRS and no further action is required.  Please return Form 8879-TE to us as soon as possible, but no later than by November 16, 2026 the filing deadline.

In addition, tax-exempt organizations must make available for public inspection a copy of their annual returns for the preceding three years and exemption application, if applicable.  An organization generally must furnish filings to anyone who requests them in person or in writing.  An exempt organization may meet this requirement by posting all the documents on its website or at another organizations site as part of a database of similar materials.  Specific requirements must be met to meet this exception.



## MINNESOTA ANNUAL REPORT:

The Minnesota Annual Report should be mailed on or before November 16, 2026 to:

Minnesota Attorney Generals Office
Charities Division
445 Minnesota Street, Suite 1200
St. Paul, MN 55101-2130

Enclose a check or money order for $25, payable to State of Minnesota.

Include the organization's Federal Employer Identification Number and 2025 Annual Report on the remittance.

The report should be signed and dated by the authorized individual(s).

Please include the following items with your MN Charities Annual Report submission:

- Copy of the Form 990 plus all schedules
- Copy of the Audited Financial Statements
- Full listing of the board of directors including names, titles, addresses, and compensation paid to each
- Full listing of banks the organization's funds are deposited with
- $25 registration fee

The documents can be mailed to the address listed above, or send via email to:

charity.registration@ag.state.mn.us. You may pay the $25 registration fee via check, or credit card. If you would like to pay via credit card you may do so at: www.ag.state.mn.us/Charity/CharFees.aspx.

## A few final reminders relating to your tax return filings:

- There are substantial penalties for failure to properly disclose and report foreign financial accounts and foreign activity. Please make sure you have informed us of any foreign financial accounts or foreign activity so that we have the necessary information to complete any required disclosures or filings.
- Be sure to review the returns prior to signing as you have final responsibility for all information included in the returns. Please contact us if you have any questions or concerns.
- We recommend you keep a paper or electronic copy of your tax returns permanently. Supporting documentation should be kept for a minimum of seven years based on IRS guidance.

CLA exists to create opportunities – for our clients, our people, and our communities. We value our relationship with you and thank you for your trust and confidence in allowing us to serve you. If we can assist you in making strategic, informed decisions in areas of tax or beyond, please contact us as questions arise throughout the year.

Sincerely,

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
CLAconnect.com

# DESTINATION MEDICAL CENTER CORPORATION

# FORM 990 INCOME TAX RETURN

# FOR YEAR ENDED DECEMBER 31, 2025

***** THIS IS NOT A FILEABLE COPY *****

Form **8879-TE**

Department of the Treasury
Internal Revenue Service

# IRS E-file Signature Authorization for a Tax-Exempt Entity

For calendar year 2025, or fiscal year beginning ____________, 2025, and ending ____________, 20___

**Do not send to the IRS. Keep for your records.**

**Go to www.irs.gov/Form8879TE for the latest information.**

OMB No. 1545-0047

**2025**

Name of filer: DESTINATION MEDICAL CENTER CORPORATION

EIN or SSN: 46-4959371

Name and title of officer or person subject to tax: MARK THEIN, TREASURER

## Part I Type of Return and Return Information

Check the box for the return for which you are using this Form 8879-TE and enter the applicable amount, if any, from the return. Form 8038-CP and Form 5330 filers may enter dollars and cents. For all other forms, enter whole dollars only. If you check the box on line **1a, 2a, 3a, 4a, 5a, 6a, 7a, 8a, 9a,** or **10a** below, and the amount on that line for the return being filed with this form was blank, then leave line **1b, 2b, 3b, 4b, 5b, 6b, 7b, 8b, 9b,** or **10b,** whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. **Do not** complete more than one line in Part I.

| | | | | | | |
|---|---|---|---|---|---|---|
| 1a | **Form 990** check here | X | b | **Total revenue,** if any (Form 990, Part VIII, column (A), line 12) | 1b | 3,063,274. |
| 2a | **Form 990-EZ** check here | | b | **Total revenue,** if any (Form 990-EZ, line 9) | 2b | |
| 3a | **Form 1120-POL** check here | | b | **Total tax** (Form 1120-POL, line 22) | 3b | |
| 4a | **Form 990-PF** check here | | b | **Tax based on investment income** (Form 990-PF, Part V, line 5) | 4b | |
| 5a | **Form 8868** check here | | b | **Balance due** (Form 8868, line 3c) | 5b | |
| 6a | **Form 990-T** check here | | b | **Total tax** (Form 990-T, Part III, line 4) | 6b | |
| 7a | **Form 4720** check here | | b | **Total tax** (Form 4720, Part III, line 1) | 7b | |
| 8a | **Form 5227** check here | | b | **FMV of assets at end of tax year** (Form 5227, Item D) | 8b | |
| 9a | **Form 5330** check here | | b | **Tax due** (Form 5330, Part II, line 19) | 9b | |
| 10a | **Form 8038-CP** check here | | b | **Amount of credit payment requested** (Form 8038-CP, Part III, line 22) | 10b | |

## Part II Declaration and Signature Authorization of Officer or Person Subject to Tax

Under penalties of perjury, I declare that [X] I am an officer of the above entity or [ ] I am a person subject to tax with respect to (name of entity) ____________, (EIN) ____________ and that I have examined a copy of the 2025 electronic return and accompanying schedules and statements, and, to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the return to the IRS and to receive from the IRS **(a)** an acknowledgement of receipt or reason for rejection of the transmission, **(b)** the reason for any delay in processing the return or refund, and **(c)** the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the electronic return and, if applicable, the consent to electronic funds withdrawal.

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**PIN: check one box only**

[X] I authorize CLIFTONLARSONALLEN LLP (ERO firm name) to enter my PIN 82924 (Enter five numbers, but do not enter all zeros) as my signature on the tax year 2025 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

[ ] As an officer or person subject to tax with respect to the entity, I will enter my PIN as my signature on the tax year 2025 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Signature of officer or person subject to tax **** THIS IS NOT A FILEABLE COPY **** Date

## Part III Certification and Authentication

**ERO's EFIN/PIN.** Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN. 41051955902 (Do not enter all zeros)

I certify that the above numeric entry is my PIN, which is my signature on the 2025 electronically filed return indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub. 4163,** Modernized e-File (MeF) Information for Authorized IRS *e-file* Providers for Business Returns.

ERO's signature CRAIG POPENHAGEN Date 08/12/26

**ERO Must Retain This Form - See Instructions**
**Do Not Submit This Form to the IRS Unless Requested To Do So**

Form **8868**
(Rev. January 2025)

Department of the Treasury
Internal Revenue Service

# Application for Extension of Time To File an Exempt Organization Return or Excise Taxes Related to Employee Benefit Plans

**File a separate application for each return.**
**Go to www.irs.gov/Form8868 for the latest information.**

OMB No. 1545-0047

**Electronic filing (e-file).** You can electronically file Form 8868 to request up to a 6-month extension of time to file any of the forms listed below except for Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts. An extension request for Form 8870 must be sent to the IRS in a paper format (see instructions). For more details on the electronic filing of Form 8868, visit www.irs.gov/e-file-providers/e-file-for-charities-and-non-profits.

**Caution:** If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-TE and Form 8879-TE for payment instructions.

All corporations required to file an income tax return other than Form 990-T (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

**Part I - Identification**

**Type or Print**

File by the due date for filing your return. See instructions.

Name of exempt organization, employer, or other filer, see instructions.
DESTINATION MEDICAL CENTER CORPORATION

Taxpayer identification number (TIN)
46-4959371

Number, street, and room or suite no. If a P.O. box, see instructions.
201 4TH STREET SE, 204

City, town or post office, state, and ZIP code. For a foreign address, see instructions.
ROCHESTER, MN 55904

Enter the Return Code for the return that this application is for (file a separate application for each return) .......... 01

| Application Is For | Return Code | Application Is For | Return Code |
|---|---|---|---|
| Form 990 or Form 990-EZ | 01 | Form 4720 (other than individual) | 09 |
| Form 4720 (individual) | 03 | Form 5227 | 10 |
| Form 990-PF | 04 | Form 6069 | 11 |
| Form 990-T (sec. 401(a) or 408(a) trust) | 05 | Form 8870 | 12 |
| Form 990-T (trust other than above) | 06 | Form 5330 (individual) | 13 |
| Form 990-T (corporation) | 07 | Form 5330 (other than individual) | 14 |
| Form 1041-A | 08 | Form 990-T (governmental entities) | 15 |

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- After you enter your Return Code, complete either Part II or Part III. Part III, including signature, is applicable only for an extension of time to file Form 5330.
- If this application is for an extension of time to file Form 5330, you must enter the following information.

Plan Name ______
Plan Number ______
Plan Year Ending (MM/DD/YYYY)

**Part II - Automatic Extension of Time To File for Exempt Organizations (see instructions)**

The books are in the care of BRIAN ANDERSON
201 4TH STREET SE, 204 - ROCHESTER, MN 55904

Telephone No. 507-328-2850 Fax No. ______

- If the organization does not have an office or place of business in the United States, check this box .......... ☐
- If this is for a Group Return, enter the organization's four-digit Group Exemption Number (GEN) ______. If this is for the whole group, check this box ..... ☐ . If it is for part of the group, check this box ... ☐ and attach a list with the names and TINs of all members the extension is for.

**1** I request an automatic 6-month extension of time until NOVEMBER 15 , 20 26 , to file the exempt organization return for the organization named above. The extension is for the organization's return for:

☒ calendar year 20 25 or
☐ tax year beginning ______ , 20 ____ , and ending ______ . ____ , 20 ____

**2** If the tax year entered in line 1 is for less than 12 months, check reason: ☐ Initial return ☐ Final return
☐ Change in accounting period

| | | | |
|---|---|---|---|
| **3a** | If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions. | **3a** | $ 0. |
| **b** | If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit. | **3b** | $ 0. |
| **c** | **Balance due.** Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. | **3c** | $ 0. |

**For Privacy Act and Paperwork Reduction Act Notice, see instructions.** Form **8868** (Rev. 1-2025)

Form **990** | **Return of Organization Exempt From Income Tax** | OMB No. 1545-0047

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)
Do not enter social security numbers on this form as it may be made public.
Go to www.irs.gov/Form990 for instructions and the latest information.

**2025** Open to Public Inspection

Department of the Treasury
Internal Revenue Service

**A** For the 2025 calendar year, or tax year beginning and ending

**B** Check if applicable: ☐ Address change ☐ Name change ☐ Initial return ☐ Final return/terminated ☐ Amended return ☐ Application pending

**C** Name of organization
DESTINATION MEDICAL CENTER CORPORATION
Doing business as

Number and street (or P.O. box if mail is not delivered to street address) 201 4TH STREET SE — Room/suite 204

City or town, state or province, country, and ZIP or foreign postal code ROCHESTER, MN 55904

**D** Employer identification number 46-4959371

**E** Telephone number 507-328-2850

**G** Gross receipts $ 3,063,274.

**F** Name and address of principal officer: MARK THEIN
SAME AS C ABOVE

**H(a)** Is this a group return for subordinates? ☐ Yes ☒ No
**H(b)** Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list. See instructions
**H(c)** Group exemption number

**I** Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) ( ) (insert no.) ☐ 4947(a)(1) or ☐ 527

**J** Website: WWW.DMC.MN

**K** Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other
**L** Year of formation: 2013 **M** State of legal domicile: MN

## Part I Summary

**Activities & Governance**

1 Briefly describe the organization's mission or most significant activities: PLANNING & IMPLEMENTATION OF DESTINATION MEDICAL CENTER DEVELOPMENT IN DOWNTOWN ROCHESTER, MN.

2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets.

| | | | |
|---|---|---|---|
| 3 | Number of voting members of the governing body (Part VI, line 1a) | 3 | 8 |
| 4 | Number of independent voting members of the governing body (Part VI, line 1b) | 4 | 8 |
| 5 | Total number of individuals employed in calendar year 2025 (Part V, line 2a) | 5 | 0 |
| 6 | Total number of volunteers (estimate if necessary) | 6 | 8 |
| 7a | Total unrelated business revenue from Part VIII, column (C), line 12 | 7a | 0. |
| b | Net unrelated business taxable income from Form 990-T, Part I, line 11 | 7b | 0. |

| | | Prior Year | Current Year |
|---|---|---|---|
| **Revenue** | | | |
| 8 | Contributions and grants (Part VIII, line 1h) | 2,800,279. | 3,063,239. |
| 9 | Program service revenue (Part VIII, line 2g) | 0. | 0. |
| 10 | Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 116. | 35. |
| 11 | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 0. | 0. |
| 12 | Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 2,800,395. | 3,063,274. |
| **Expenses** | | | |
| 13 | Grants and similar amounts paid (Part IX, column (A), lines 1-3) | 0. | 0. |
| 14 | Benefits paid to or for members (Part IX, column (A), line 4) | 0. | 0. |
| 15 | Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) | 0. | 0. |
| 16a | Professional fundraising fees (Part IX, column (A), line 11e) | 0. | 0. |
| b | Total fundraising expenses (Part IX, column (D), line 25) 0. | | |
| 17 | Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) | 2,800,395. | 3,063,274. |
| 18 | Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) | 2,800,395. | 3,063,274. |
| 19 | Revenue less expenses. Subtract line 18 from line 12 | 0. | 0. |
| **Net Assets or Fund Balances** | | **Beginning of Current Year** | **End of Year** |
| 20 | Total assets (Part X, line 16) | 430,697. | 507,452. |
| 21 | Total liabilities (Part X, line 26) | 430,697. | 507,452. |
| 22 | Net assets or fund balances. Subtract line 21 from line 20 | 0. | 0. |

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## Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**
Signature of officer — Date
MARK THEIN, TREASURER
Type or print name and title

**Paid Preparer Use Only**

| Preparer's name | Preparer's signature | Date | Check ☐ if self-employed | PTIN |
|---|---|---|---|---|
| CRAIG POPENHAGEN | CRAIG POPENHAGEN | 08/12/26 | | P01587689 |

Firm's name CLIFTONLARSONALLEN LLP — Firm's EIN 41-0746749
Firm's address 2689 COMMERCE DRIVE NW, SUITE 201 ROCHESTER, MN 55901 — Phone no. 507-280-2300

May the IRS discuss this return with the preparer shown above? See instructions ☒ Yes ☐ No

**Part III | Statement of Program Service Accomplishments**

Check if Schedule O contains a response or note to any line in this Part III .................... [X]

**1** Briefly describe the organization's mission:
WITH MAYO CLINIC AT ITS HEART, THE DESTINATION MEDICAL CENTER (DMC) INITIATIVE WILL BE THE CATALYST TO POSITION ROCHESTER, MINNESOTA AS THE WORLD'S PREMIER DESTINATION CENTER FOR HEALTH AND WELLNESS; ATTRACTING PEOPLE, INVESTMENT, AND JOBS TO AMERICA'S CITY FOR HEALTH

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? .................... [ ] Yes [X] No
If "Yes," describe these new services on Schedule O.

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services? .................... [ ] Yes [X] No
If "Yes," describe these changes on Schedule O.

**4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

**4a** (Code: ) (Expenses $ 2,858,106. including grants of $ 0. ) (Revenue $ 0. )
OVERSIGHT, PREPARATION AND IMPLEMENTATION OF THE DEVELOPMENT PLAN - AN IN DEPTH STUDY OF INFRASTRUCTURE, PLANNING, AND DEVELOPMENT OPPORTUNITIES, AND FRAMEWORK TO SUPPORT THE DEVELOPMENT OF ROCHESTER AS A DESTINATION MEDICAL CENTER.



**4b** (Code: ) (Expenses $ including grants of $ ) (Revenue $ )

**4c** (Code: ) (Expenses $ including grants of $ ) (Revenue $ )

**4d** Other program services (Describe on Schedule O.)
(Expenses $ including grants of $ ) (Revenue $ )

**4e** Total program service expenses 2,858,106.

## Part IV Checklist of Required Schedules

| | | | Yes | No |
|---|---|---|---|---|
| 1 | Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A* | 1 | X | |
| 2 | Is the organization required to complete *Schedule B, Schedule of Contributors*? See instructions | 2 | X | |
| 3 | Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I* | 3 | | X |
| 4 | **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II* | 4 | | X |
| 5 | Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Rev. Proc. 98-19? *If "Yes," complete Schedule C, Part III* | 5 | | X |
| 6 | Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I* | 6 | | X |
| 7 | Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II* | 7 | | X |
| 8 | Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III* | 8 | | X |
| 9 | Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV* | 9 | | X |
| 10 | Did the organization, directly or through a related organization, hold assets in donor-restricted endowments or in quasi-endowments? *If "Yes," complete Schedule D, Part V* | 10 | | X |
| 11 | If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X, as applicable. | | | |
| a | Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI* | 11a | | X |
| b | Did the organization report an amount for investments - other securities in Part X, line 12, that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII* | 11b | | X |
| c | Did the organization report an amount for investments - program related in Part X, line 13, that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII* | 11c | | X |
| d | Did the organization report an amount for other assets in Part X, line 15, that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX* | 11d | X | |
| e | Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X* | 11e | X | |
| f | Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X* | 11f | | X |
| 12a | Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII* | 12a | X | |
| b | Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional* | 12b | | X |
| 13 | Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E* | 13 | | X |
| 14a | Did the organization maintain an office, employees, or agents outside of the United States? | 14a | | X |
| b | Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV* | 14b | | X |
| 15 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV* | 15 | | X |
| 16 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV* | 16 | | X |
| 17 | Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I.* See instructions | 17 | | X |
| 18 | Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II* | 18 | | X |
| 19 | Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III* | 19 | | X |
| 20a | Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H* | 20a | | X |
| b | If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? | 20b | | |
| 21 | Did the organization report more than $5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II* | 21 | | X |

**Part IV | Checklist of Required Schedules** *(continued)*

| | | | Yes | No |
|---|---|---|---|---|
| 22 | Did the organization report more than $5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III* | 22 | | X |
| 23 | Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J* | 23 | | X |
| 24a | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a* | 24a | | X |
| b | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | 24b | | |
| c | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | 24c | | |
| d | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | 24d | | |
| 25a | **Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I* | 25a | | X |
| b | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I* | 25b | | X |
| 26 | Did the organization report any amount on Part X, line 5 or 22, for receivables from or payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part II* | 26 | | X |
| 27 | Did the organization provide a grant or other assistance to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity (including an employee thereof) or family member of any of these persons? *If "Yes," complete Schedule L, Part III* | 27 | | X |
| 28 | Was the organization a party to a business transaction with one of the following parties? (See the Schedule L, Part IV, instructions for applicable filing thresholds, conditions, and exceptions): | | | |
| a | A current or former officer, director, trustee, key employee, creator or founder, or substantial contributor? *If "Yes," complete Schedule L, Part IV* | 28a | | X |
| b | A family member of any individual described in line 28a? *If "Yes," complete Schedule L, Part IV* | 28b | | X |
| c | A 35% controlled entity of one or more individuals and/or organizations described in line 28a or 28b? *If "Yes," complete Schedule L, Part IV* | 28c | | X |
| 29 | Did the organization receive more than $25,000 in noncash contributions? *If "Yes," complete Schedule M* | 29 | | X |
| 30 | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M* | 30 | | X |
| 31 | Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I* | 31 | | X |
| 32 | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II* | 32 | | X |
| 33 | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? *If "Yes," complete Schedule R, Part I* | 33 | | X |
| 34 | Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1* | 34 | X | |
| 35a | Did the organization have a controlled entity within the meaning of section 512(b)(13)? | 35a | | X |
| b | If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* | 35b | | |
| 36 | **Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2* | 36 | | X |
| 37 | Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI* | 37 | | X |
| 38 | Did the organization complete Schedule O and provide explanations on Schedule O for Part VI, lines 11b and 19? **Note:** All Form 990 filers are required to complete Schedule O | 38 | X | |

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**Part V | Statements Regarding Other IRS Filings and Tax Compliance**

Check if Schedule O contains a response or note to any line in this Part V ☐

| | | | | | Yes | No |
|---|---|---|---|---|---|---|
| 1a | Enter the number reported in box 3 of Form 1096. Enter -0- if not applicable | 1a | 1 | | | |
| b | Enter the number of Forms W-2G included on line 1a. Enter -0- if not applicable | 1b | 0 | | | |
| c | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? | | | 1c | | |

**Part V Statements Regarding Other IRS Filings and Tax Compliance** *(continued)*

| | | | | Yes | No |
|---|---|---|---|---|---|
| 2a | Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return | 2a: 0 | | | |
| b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? | | 2b | | |
| 3a | Did the organization have unrelated business gross income of $1,000 or more during the year? | | 3a | | X |
| b | If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation on Schedule O* | | 3b | | |
| 4a | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? | | 4a | | X |
| b | If "Yes," enter the name of the foreign country<br>See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). | | | | |
| 5a | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? | | 5a | | X |
| b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | | 5b | | X |
| c | If "Yes" to line 5a or 5b, did the organization file Form 8886-T? | | 5c | | |
| 6a | Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? | | 6a | | X |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? | | 6b | | |
| 7 | **Organizations that may receive deductible contributions under section 170(c).** | | | | |
| a | Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor? | | 7a | | X |
| b | If "Yes," did the organization notify the donor of the value of the goods or services provided? | | 7b | | |
| c | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? | | 7c | | X |
| d | If "Yes," indicate the number of Forms 8282 filed during the year | 7d | | | |
| e | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? | | 7e | | X |
| f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | | 7f | | X |
| g | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? | | 7g | | |
| h | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? | | 7h | | |
| 8 | **Sponsoring organizations maintaining donor advised funds.** Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year? | | 8 | | |
| 9 | **Sponsoring organizations maintaining donor advised funds.** | | | | |
| a | Did the sponsoring organization make any taxable distributions under section 4966? | | 9a | | |
| b | Did the sponsoring organization make a distribution to a donor, donor advisor, or related person? | | 9b | | |
| 10 | **Section 501(c)(7) organizations.** Enter: | | | | |
| a | Initiation fees and capital contributions included on Part VIII, line 12 | 10a | | | |
| b | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities | 10b | | | |
| 11 | **Section 501(c)(12) organizations.** Enter: | | | | |
| a | Gross income from members or shareholders | 11a | | | |
| b | Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) | 11b | | | |
| 12a | **Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041? | | 12a | | |
| b | If "Yes," enter the amount of tax-exempt interest received or accrued during the year | 12b | | | |
| 13 | **Section 501(c)(29) qualified nonprofit health insurance issuers.** | | | | |
| a | Is the organization licensed to issue qualified health plans in more than one state?<br>**Note:** See the instructions for additional information the organization must report on Schedule O. | | 13a | | |
| b | Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans | 13b | | | |
| c | Enter the amount of reserves on hand | 13c | | | |
| 14a | Did the organization receive any payments for indoor tanning services during the tax year? | | 14a | | X |
| b | If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation on Schedule O* | | 14b | | |
| 15 | Is the organization subject to the section 4960 tax on payment(s) of more than $1,000,000 in remuneration or excess parachute payment(s) during the year?<br>If "Yes," see the instructions and file Form 4720, Schedule N. | | 15 | | X |
| 16 | Is the organization an educational institution subject to the section 4968 excise tax on net investment income?<br>If "Yes," complete Form 4720, Schedule O. | | 16 | | X |
| 17 | **Section 501(c)(21) organizations.** Did the trust, or any disqualified or other person engage in any activities that would result in the imposition of an excise tax under section 4951, 4952 or 4953?<br>If "Yes," complete Form 6069. | | 17 | | |

## Part VI Governance, Management, and Disclosure.

*For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes on Schedule O. See instructions.*

Check if Schedule O contains a response or note to any line in this Part VI ..... [X]

### Section A. Governing Body and Management

| | | | Yes | No |
|---|---|---|---|---|
| 1a | Enter the number of voting members of the governing body at the end of the tax year ..... 1a 8 | | | |
| | If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain on Schedule O. | | | |
| b | Enter the number of voting members included on line 1a, above, who are independent ..... 1b 8 | | | |
| 2 | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? | 2 | | X |
| 3 | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, trustees, or key employees to a management company or other person? | 3 | | X |
| 4 | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? | 4 | | X |
| 5 | Did the organization become aware during the year of a significant diversion of the organization's assets? | 5 | | X |
| 6 | Did the organization have members or stockholders? | 6 | | X |
| 7a | Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? | 7a | X | |
| b | Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? | 7b | X | |
| 8 | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: | | | |
| a | The governing body? | 8a | X | |
| b | Each committee with authority to act on behalf of the governing body? | 8b | X | |
| 9 | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses on Schedule O* | 9 | | X |

### Section B. Policies *(This Section B requests information about policies not required by the Internal Revenue Code.)*

| | | | Yes | No |
|---|---|---|---|---|
| 10a | Did the organization have local chapters, branches, or affiliates? | 10a | | X |
| b | If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? | 10b | | |
| 11a | Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? | 11a | X | |
| b | Describe on Schedule O the process, if any, used by the organization to review this Form 990. | | | |
| 12a | Did the organization have a written conflict of interest policy? *If "No," go to line 13* | 12a | X | |
| b | Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? | 12b | X | |
| c | Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe on Schedule O how this was done* | 12c | X | |
| 13 | Did the organization have a written whistleblower policy? | 13 | | X |
| 14 | Did the organization have a written document retention and destruction policy? | 14 | | X |
| 15 | Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? | | | |
| a | The organization's CEO, Executive Director, or top management official | 15a | | X |
| b | Other officers or key employees of the organization | 15b | | X |
| | If "Yes" to line 15a or 15b, describe the process on Schedule O. See instructions. | | | |
| 16a | Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? | 16a | | X |
| b | If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? | 16b | | |

### Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed MN

18 Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A, if applicable), 990, and 990-T (section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

[ ] Own website [ ] Another's website [X] Upon request [ ] Other *(explain on Schedule O)*

19 Describe on Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, address, and telephone number of the person who possesses the organization's books and records

BRIAN ANDERSON - 507-328-2850

201 4TH STREET SE, 204, ROCHESTER, MN 55904

**Part VII** **Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response or note to any line in this Part VII ☐

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

**1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See the instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (box 5 of Form W-2, box 6 of Form 1099-MISC, and/or box 1 of Form 1099-NEC) of more than $100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations.

See the instructions for the order in which to list the persons above.

☒ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

| (A) Name and title | (B) Average hours per week (list any hours for related organizations below line) | (C) Position: Individual trustee or director | Institutional trustee | Officer | Key employee | Highest compensated employee | Former | (D) Reportable compensation from the organization (W-2/1099-MISC/ 1099-NEC) | (E) Reportable compensation from related organizations (W-2/1099-MISC/ 1099-NEC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| (1) PAMELA WHEELOCK<br>CHAIR | 6.00<br>0.00 | X | | X | | | | 0. | 0. | 0. |
| (2) KIM NORTON<br>VICE CHAIR | 4.00<br>0.00 | X | | X | | | | 0. | 0. | 0. |
| (3) MARK THEIN<br>TREASURER | 4.00<br>0.00 | X | | X | | | | 0. | 0. | 0. |
| (4) PAUL WILLIAMS<br>SECRETARY | 4.00<br>0.00 | X | | X | | | | 0. | 0. | 0. |
| (5) DOUG M. BAKER<br>DIRECTOR | 4.00<br>0.00 | X | | | | | | 0. | 0. | 0. |
| (6) RANDY SCHUBRING<br>DIRECTOR | 4.00<br>0.00 | X | | | | | | 0. | 0. | 0. |
| (7) KRISTIN BECKMANN<br>DIRECTOR | 4.00<br>0.00 | X | | | | | | 0. | 0. | 0. |
| (8) JAMES CAMPBELL<br>DIRECTOR | 4.00<br>0.00 | X | | | | | | 0. | 0. | 0. |

**Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

| (A) Name and title | (B) Average hours per week (list any hours for related organizations below line) | (C) Position: Individual trustee or director | Institutional trustee | Officer | Key employee | Highest compensated employee | Former | (D) Reportable compensation from the organization (W-2/1099-MISC/1099-NEC) | (E) Reportable compensation from related organizations (W-2/1099-MISC/1099-NEC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
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| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| **1b Subtotal** | | | | | | | | 0. | 0. | 0. |
| **c Total from continuation sheets to Part VII, Section A** | | | | | | | | 0. | 0. | 0. |
| **d Total (add lines 1b and 1c)** | | | | | | | | 0. | 0. | 0. |

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization 0

| | | Yes | No |
|---|---|---|---|
| 3 Did the organization list any **former** officer, director, trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual* | 3 | | X |
| 4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual* | 4 | | X |
| 5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person* | 5 | | X |

**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

| (A) Name and business address | (B) Description of services | (C) Compensation |
|---|---|---|
| DESTINATION MEDICAL CENTER ECONOMIC DEVELOP 195 SOUTH BROADWAY, ROCHESTER, MN 55905 | DEVELOPMENT PLAN PREPARATION | 2,854,145. |
| WINTHROP & WEINSTINE PA, 225 SOUTH SIXTH STREET, SUITE 3500, MINNEAPOLIS, MN 55402 | GENERAL COUNSEL SERVICES | 120,000. |
| | | |
| | | |
| | | |

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization 2

## Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII ☐

| | | | (A) Total revenue | (B) Related or exempt function revenue | (C) Unrelated business revenue | (D) Revenue excluded from tax under sections 512 - 514 |
|---|---|---|---|---|---|---|
| Contributions, Gifts, Grants and Other Similar Amounts | 1 a Federated campaigns | 1a | | | | |
| | b Membership dues | 1b | | | | |
| | c Fundraising events | 1c | | | | |
| | d Related organizations | 1d | | | | |
| | e Government grants (contributions) | 1e 3,063,239. | | | | |
| | f All other contributions, gifts, grants, and similar amounts not included above | 1f | | | | |
| | g Noncash contributions included in lines 1a-1f | 1g $ | | | | |
| | h **Total.** Add lines 1a-1f | | 3,063,239. | | | |
| Program Service Revenue | | Business Code | | | | |
| | 2 a | | | | | |
| | b | | | | | |
| | c | | | | | |
| | d | | | | | |
| | e | | | | | |
| | f All other program service revenue | | | | | |
| | g **Total.** Add lines 2a-2f | | | | | |
| Other Revenue | 3 Investment income (including dividends, interest, and other similar amounts) | | 35. | | | 35. |
| | 4 Income from investment of tax-exempt bond proceeds | | | | | |
| | 5 Royalties | | | | | |
| | | (i) Real / (ii) Personal | | | | |
| | 6 a Gross rents | 6a | | | | |
| | b Less: rental expenses | 6b | | | | |
| | c Rental income or (loss) | 6c | | | | |
| | d Net rental income or (loss) | | | | | |
| | | (i) Securities / (ii) Other | | | | |
| | 7 a Gross amount from sales of assets other than inventory | 7a | | | | |
| | b Less: cost or other basis and sales expenses | 7b | | | | |
| | c Gain or (loss) | 7c | | | | |
| | d Net gain or (loss) | | | | | |
| | 8 a Gross income from fundraising events (not including $ ______ of contributions reported on line 1c). See Part IV, line 18 | 8a | | | | |
| | b Less: direct expenses | 8b | | | | |
| | c Net income or (loss) from fundraising events | | | | | |
| | 9 a Gross income from gaming activities. See Part IV, line 19 | 9a | | | | |
| | b Less: direct expenses | 9b | | | | |
| | c Net income or (loss) from gaming activities | | | | | |
| | 10 a Gross sales of inventory, less returns and allowances | 10a | | | | |
| | b Less: cost of goods sold | 10b | | | | |
| | c Net income or (loss) from sales of inventory | | | | | |
| Miscellaneous Revenue | | Business Code | | | | |
| | 11 a | | | | | |
| | b | | | | | |
| | c | | | | | |
| | d All other revenue | | | | | |
| | e **Total.** Add lines 11a-11d | | | | | |
| | 12 **Total revenue.** See instructions | | 3,063,274. | 0. | 0. | 35. |

## Part IX Statement of Functional Expenses

*Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).*

Check if Schedule O contains a response or note to any line in this Part IX ☐

| *Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.* | (A) Total expenses | (B) Program service expenses | (C) Management and general expenses | (D) Fundraising expenses |
|---|---|---|---|---|
| 1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 | | | | |
| 2 Grants and other assistance to domestic individuals. See Part IV, line 22 | | | | |
| 3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16 | | | | |
| 4 Benefits paid to or for members | | | | |
| 5 Compensation of current officers, directors, trustees, and key employees | | | | |
| 6 Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | | | | |
| 7 Other salaries and wages | | | | |
| 8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) | | | | |
| 9 Other employee benefits | | | | |
| 10 Payroll taxes | | | | |
| 11 Fees for services (nonemployees): | | | | |
| a Management | | | | |
| b Legal | | | | |
| c Accounting | 6,900. | | 6,900. | |
| d Lobbying | | | | |
| e Professional fundraising services. See Part IV, line 17 | | | | |
| f Investment management fees | | | | |
| g Other. (If line 11g amount exceeds 10% of line 25, column (A), amount, list line 11g expenses on Sch O.) | 139,457. | | 139,457. | |
| 12 Advertising and promotion | | | | |
| 13 Office expenses | | | | |
| 14 Information technology | | | | |
| 15 Royalties | | | | |
| 16 Occupancy | 46,342. | | 46,342. | |
| 17 Travel | 1,289. | | 1,289. | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 Conferences, conventions, and meetings | | | | |
| 20 Interest | 3,961. | 3,961. | | |
| 21 Payments to affiliates | | | | |
| 22 Depreciation, depletion, and amortization | | | | |
| 23 Insurance | 11,180. | | 11,180. | |
| 24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses on line 24e. If line 24e amount exceeds 10% of line 25, column (A), amount, list line 24e expenses on Schedule O.) | | | | |
| a PROGRAM COSTS | 2,854,145. | 2,854,145. | | |
| b | | | | |
| c | | | | |
| d | | | | |
| e All other expenses | | | | |
| 25 **Total functional expenses.** Add lines 1 through 24e | 3,063,274. | 2,858,106. | 205,168. | 0. |
| 26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720) | | | | |

**Part X | Balance Sheet**

Check if Schedule O contains a response or note to any line in this Part X ☐

| | | | | (A) Beginning of year | | (B) End of year |
|---|---|---|---|---|---|---|
| Assets | 1 | Cash - non-interest-bearing | | | 1 | |
| | 2 | Savings and temporary cash investments | | 65,051. | 2 | 222. |
| | 3 | Pledges and grants receivable, net | | | 3 | |
| | 4 | Accounts receivable, net | | | 4 | |
| | 5 | Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons | | | 5 | |
| | 6 | Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B) | | | 6 | |
| | 7 | Notes and loans receivable, net | | | 7 | |
| | 8 | Inventories for sale or use | | | 8 | |
| | 9 | Prepaid expenses and deferred charges | | 25,700. | 9 | 70,707. |
| | 10a | Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D | 10a | | | |
| | b | Less: accumulated depreciation | 10b | | 10c | |
| | 11 | Investments - publicly traded securities | | | 11 | |
| | 12 | Investments - other securities. See Part IV, line 11 | | | 12 | |
| | 13 | Investments - program-related. See Part IV, line 11 | | | 13 | |
| | 14 | Intangible assets | | | 14 | |
| | 15 | Other assets. See Part IV, line 11 | | 339,946. | 15 | 436,523. |
| | 16 | **Total assets.** Add lines 1 through 15 (must equal line 33) | | 430,697. | 16 | 507,452. |
| Liabilities | 17 | Accounts payable and accrued expenses | | 303,997. | 17 | 335,745. |
| | 18 | Grants payable | | | 18 | |
| | 19 | Deferred revenue | | 25,700. | 19 | 70,707. |
| | 20 | Tax-exempt bond liabilities | | | 20 | |
| | 21 | Escrow or custodial account liability. Complete Part IV of Schedule D | | | 21 | |
| | 22 | Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons | | | 22 | |
| | 23 | Secured mortgages and notes payable to unrelated third parties | | | 23 | |
| | 24 | Unsecured notes and loans payable to unrelated third parties | | | 24 | |
| | 25 | Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D | | 101,000. | 25 | 101,000. |
| | 26 | **Total liabilities.** Add lines 17 through 25 | | 430,697. | 26 | 507,452. |
| Net Assets or Fund Balances | | **Organizations that follow FASB ASC 958, check here** ☒ **and complete lines 27, 28, 32, and 33.** | | | | |
| | 27 | Net assets without donor restrictions | | | 27 | |
| | 28 | Net assets with donor restrictions | | | 28 | |
| | | **Organizations that do not follow FASB ASC 958, check here** ☐ **and complete lines 29 through 33.** | | | | |
| | 29 | Capital stock or trust principal, or current funds | | | 29 | |
| | 30 | Paid-in or capital surplus, or land, building, or equipment fund | | | 30 | |
| | 31 | Retained earnings, endowment, accumulated income, or other funds | | | 31 | |
| | 32 | Total net assets or fund balances | | 0. | 32 | 0. |
| | 33 | Total liabilities and net assets/fund balances | | 430,697. | 33 | 507,452. |

## Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI ☐

| | | | |
|---|---|---|---|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) | 1 | 3,063,274. |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 3,063,274. |
| 3 | Revenue less expenses. Subtract line 2 from line 1 | 3 | 0. |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A)) | 4 | 0. |
| 5 | Net unrealized gains (losses) on investments | 5 | |
| 6 | Donated services and use of facilities | 6 | |
| 7 | Investment expenses | 7 | |
| 8 | Prior period adjustments | 8 | |
| 9 | Other changes in net assets or fund balances (explain on Schedule O) | 9 | 0. |
| 10 | Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B)) | 10 | 0. |

## Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII ☒

| | | | Yes | No |
|---|---|---|---|---|
| 1 | Accounting method used to prepare the Form 990: ☐ Cash ☒ Accrual ☐ Other<br>If the organization changed its method of accounting from a prior year or checked "Other," explain on Schedule O. | | | |
| 2a | Were the organization's financial statements compiled or reviewed by an independent accountant? | 2a | | X |
| | If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:<br>☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis | | | |
| b | Were the organization's financial statements audited by an independent accountant? | 2b | X | |
| | If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:<br>☒ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis | | | |
| c | If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? | 2c | X | |
| | If the organization changed either its oversight process or selection process during the tax year, explain on Schedule O. | | | |
| 3a | As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Uniform Guidance, 2 C.F.R. Part 200, Subpart F? | 3a | | X |
| b | If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why on Schedule O and describe any steps taken to undergo such audits | 3b | | |

Form **990** (2025)

**SCHEDULE A**
**(Form 990)**

Department of the Treasury
Internal Revenue Service

# Public Charity Status and Public Support

**Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.**
**Attach to Form 990 or Form 990-EZ.**
**Go to www.irs.gov/Form990 for instructions and the latest information.**

OMB No. 1545-0047
**2025**
**Open to Public Inspection**

**Name of the organization**
DESTINATION MEDICAL CENTER CORPORATION

**Employer identification number**
46-4959371

**Part I** **Reason for Public Charity Status.** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E (Form 990).)
3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state:
5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
7 ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
9 ☐ An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university:
10 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions, subject to certain exceptions; and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
11 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
12 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3).** Check the box on lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.

a ☐ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**

b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**

c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**

d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**

e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.

f Enter the number of supported organizations ..........

g Provide the following information about the supported organization(s).

| (i) Name of supported organization | (ii) EIN | (iii) Type of organization (described on lines 1-10 above (see instructions)) | (iv) Is the organization listed in your governing document? Yes | No | (v) Amount of monetary support (see instructions) | (vi) Amount of other support (see instructions) |
|---|---|---|---|---|---|---|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| **Total** | | | | | | |

DRAFT

**Part II** **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

| Calendar year (or fiscal year beginning in) | (a) 2021 | (b) 2022 | (c) 2023 | (d) 2024 | (e) 2025 | (f) Total |
|---|---|---|---|---|---|---|
| 1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") | 2053572. | 2009253. | 2402468. | 2800279. | 3063239. | 12328811. |
| 2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf | | | | | | |
| 3 The value of services or facilities furnished by a governmental unit to the organization without charge | | | | | | |
| 4 **Total.** Add lines 1 through 3 | 2053572. | 2009253. | 2402468. | 2800279. | 3063239. | 12328811. |
| 5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) | | | | | | |
| 6 **Public support.** Subtract line 5 from line 4. | | | | | | 12328811. |

**Section B. Total Support**

| Calendar year (or fiscal year beginning in) | (a) 2021 | (b) 2022 | (c) 2023 | (d) 2024 | (e) 2025 | (f) Total |
|---|---|---|---|---|---|---|
| 7 Amounts from line 4 | 2053572. | 2009253. | 2402468. | 2800279. | 3063239. | 12328811. |
| 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources | | 13. | 73. | 116. | 35. | 237. |
| 9 Net income from unrelated business activities, whether or not the business is regularly carried on | | | | | | |
| 10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) | | | | | | |
| 11 **Total support.** Add lines 7 through 10 | | | | | | 12329048. |

12 Gross receipts from related activities, etc. (see instructions) 12

13 **First 5 years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ☐

**Section C. Computation of Public Support Percentage**

14 Public support percentage for 2025 (line 6, column (f), divided by line 11, column (f)) 14 100.00 %

15 Public support percentage from 2024 Schedule A, Part II, line 14 15 100.00 %

16a **33 1/3% support test - 2025.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ☒

b **33 1/3% support test - 2024.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ☐

17a **10% -facts-and-circumstances test - 2025.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and **stop here.** Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization ☐

b **10% -facts-and-circumstances test - 2024.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and **stop here.** Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ☐

## Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

### Section A. Public Support

| Calendar year (or fiscal year beginning in) | (a) 2021 | (b) 2022 | (c) 2023 | (d) 2024 | (e) 2025 | (f) Total |
|---|---|---|---|---|---|---|
| 1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") | | | | | | |
| 2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose | | | | | | |
| 3 Gross receipts from activities that are not an unrelated trade or business under section 513 | | | | | | |
| 4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf | | | | | | |
| 5 The value of services or facilities furnished by a governmental unit to the organization without charge | | | | | | |
| 6 **Total.** Add lines 1 through 5 | | | | | | |
| 7a Amounts included on lines 1, 2, and 3 received from disqualified persons | | | | | | |
| b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year | | | | | | |
| c Add lines 7a and 7b | | | | | | |
| 8 **Public support.** (Subtract line 7c from line 6.) | | | | | | |

### Section B. Total Support

| Calendar year (or fiscal year beginning in) | (a) 2021 | (b) 2022 | (c) 2023 | (d) 2024 | (e) 2025 | (f) Total |
|---|---|---|---|---|---|---|
| 9 Amounts from line 6 | | | | | | |
| 10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources | | | | | | |
| b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 | | | | | | |
| c Add lines 10a and 10b | | | | | | |
| 11 Net income from unrelated business activities not included on line 10b, whether or not the business is regularly carried on | | | | | | |
| 12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) | | | | | | |
| 13 **Total support.** (Add lines 9, 10c, 11, and 12.) | | | | | | |

14 **First 5 years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ☐

### Section C. Computation of Public Support Percentage

| | | | |
|---|---|---|---|
| 15 | Public support percentage for 2025 (line 8, column (f), divided by line 13, column (f)) | 15 | % |
| 16 | Public support percentage from 2024 Schedule A, Part III, line 15 | 16 | % |

### Section D. Computation of Investment Income Percentage

| | | | |
|---|---|---|---|
| 17 | Investment income percentage for **2025** (line 10c, column (f), divided by line 13, column (f)) | 17 | % |
| 18 | Investment income percentage from **2024** Schedule A, Part III, line 17 | 18 | % |

19a **33 1/3% support tests - 2025.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ☐

b **33 1/3% support tests - 2024.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ☐

## Part IV Supporting Organizations

(Complete only if you checked a box on line 12 of Part I. If you checked box 12a, Part I, complete Sections A and B. If you checked box 12b, Part I, complete Sections A and C. If you checked box 12c, Part I, complete Sections A, D, and E. If you checked box 12d, Part I, complete Sections A and D, and complete Part V.)

### Section A. All Supporting Organizations

| | | | Yes | No |
|---|---|---|---|---|
| 1 | Are all of the organization's supported organizations listed by name in the organization's governing documents? *If "No," describe in* **Part VI** *how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.* | 1 | | |
| 2 | Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? *If "Yes," explain in* **Part VI** *how the organization determined that the supported organization was described in section 509(a)(1) or (2).* | 2 | | |
| 3a | Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? *If "Yes," answer lines 3b and 3c below.* | 3a | | |
| b | Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? *If "Yes," describe in* **Part VI** *when and how the organization made the determination.* | 3b | | |
| c | Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? *If "Yes," explain in* **Part VI** *what controls the organization put in place to ensure such use.* | 3c | | |
| 4a | Was any supported organization not organized in the United States ("foreign supported organization")? *If "Yes," and if you checked box 12a or 12b in Part I, answer lines 4b and 4c below.* | 4a | | |
| b | Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? *If "Yes," describe in* **Part VI** *how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.* | 4b | | |
| c | Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? *If "Yes," explain in* **Part VI** *what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.* | 4c | | |
| 5a | Did the organization add, substitute, or remove any supported organizations during the tax year? *If "Yes," answer lines 5b and 5c below (if applicable). Also, provide detail in* **Part VI,** *including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).* | 5a | | |
| b | **Type I or Type II only.** Was any added or substituted supported organization part of a class already designated in the organization's organizing document? | 5b | | |
| c | **Substitutions only.** Was the substitution the result of an event beyond the organization's control? | 5c | | |
| 6 | Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? *If "Yes," provide detail in* **Part VI.** | 6 | | |
| 7 | Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? *If "Yes," complete Part I of Schedule L (Form 990).* | 7 | | |
| 8 | Did the organization make a loan to a disqualified person (as defined in section 4958) not described on line 7? *If "Yes," complete Part I of Schedule L (Form 990).* | 8 | | |
| 9a | Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons, as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? *If "Yes," provide detail in* **Part VI.** | 9a | | |
| b | Did one or more disqualified persons (as defined on line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? *If "Yes," provide detail in* **Part VI.** | 9b | | |
| c | Did a disqualified person (as defined on line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? *If "Yes," provide detail in* **Part VI.** | 9c | | |
| 10a | Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? *If "Yes," answer line 10b below.* | 10a | | |
| b | Did the organization have any excess business holdings in the tax year? *(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)* | 10b | | |

**Part IV Supporting Organizations** *(continued)*

| | | | Yes | No |
|---|---|---|---|---|
| **11** | Has the organization accepted a gift or contribution from any of the following persons? | | | |
| **a** | A person who directly or indirectly controls, either alone or together with persons described on lines 11b and 11c below, the governing body of a supported organization? | **11a** | | |
| **b** | A family member of a person described on line 11a above? | **11b** | | |
| **c** | A 35% controlled entity of a person described on line 11a or 11b above? *If "Yes" to line 11a, 11b, or 11c, provide detail in* **Part VI.** | **11c** | | |

**Section B. Type I Supporting Organizations**

| | | | Yes | No |
|---|---|---|---|---|
| **1** | Did the governing body, members of the governing body, officers acting in their official capacity, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's officers, directors, or trustees at all times during the tax year? *If "No," describe in* **Part VI** *how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove officers, directors, or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.* | **1** | | |
| **2** | Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? *If "Yes," explain in* **Part VI** *how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.* | **2** | | |

**Section C. Type II Supporting Organizations**

| | | | Yes | No |
|---|---|---|---|---|
| **1** | Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? *If "No," describe in* **Part VI** *how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).* | **1** | | |

**Section D. All Type III Supporting Organizations**

| | | | Yes | No |
|---|---|---|---|---|
| **1** | Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided? | **1** | | |
| **2** | Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? *If "No," explain in* **Part VI** *how the organization maintained a close and continuous working relationship with the supported organization(s).* | **2** | | |
| **3** | By reason of the relationship described on line 2, above, did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? *If "Yes," describe in* **Part VI** *the role the organization's supported organizations played in this regard.* | **3** | | |

**Section E. Type III Functionally Integrated Supporting Organizations**

**1** *Check the box next to the method that the organization used to satisfy the Integral Part Test during the year* **(see instructions).**

**a** ☐ The organization satisfied the Activities Test. *Complete* **line 2** *below.*

**b** ☐ The organization is the parent of each of its supported organizations. *Complete* **line 3** *below.*

**c** ☐ The organization supported a governmental supported organization. *Describe in* **Part VI** *how you supported a governmental supported organization (see instructions).*

| | | | Yes | No |
|---|---|---|---|---|
| **2** | Activities Test. **Answer lines 2a and 2b below.** | | | |
| **a** | Did substantially all of the organization's activities during the tax year directly further the exempt purposes of its upported organization(s)? *If "Yes," then in* **Part VI identify those supported organizations and explain** *how these activities directly furthered their exempt purposes, how the organization was responsive to each of its supported organizations, and how the organization determined that these activities constituted substantially all of its activities.* | **2a** | | |
| **b** | Did the activities described on line 2a, above, constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? *If "Yes," explain in* **Part VI** *the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.* | **2b** | | |
| **3** | Parent of Supported Organizations. **Answer lines 3a, 3b, and 3c below.** | | | |
| **a** | Are the organization and its supported organization(s) part of an integrated system (for example, a hospital system)? *If "Yes," provide details in* **Part VI.** | **3a** | | |
| **b** | Did the organization direct the policies, programs, and activities of each of its supported organizations? *If "Yes," describe in Part VI the role played by the organization in this regard.* | **3b** | | |
| **c** | Did the organization have the power to regularly appoint or elect (and remove) a majority of the officers, directors, or trustees of each of the supported organizations? *If "Yes" or "No," provide details in* **Part VI.** | **3c** | | |

**Part V** **Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations**

1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 ( *explain in* **Part VI**). **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

| **Section A - Adjusted Net Income** | | | (A) Prior Year | (B) Current Year (optional) |
|---|---|---|---|---|
| 1 | Net short-term capital gain | 1 | | |
| 2 | Recoveries of prior-year distributions | 2 | | |
| 3 | Other gross income (see instructions) | 3 | | |
| 4 | Add lines 1 through 3. | 4 | | |
| 5 | Depreciation and depletion | 5 | | |
| 6 | Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions) | 6 | | |
| 7 | Other expenses (see instructions) | 7 | | |
| 8 | **Adjusted Net Income** (subtract lines 5, 6, and 7 from line 4) | 8 | | |

| **Section B - Minimum Asset Amount** | | | (A) Prior Year | (B) Current Year (optional) |
|---|---|---|---|---|
| 1 | Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year): | | | |
| a | Average monthly value of securities | 1a | | |
| b | Average monthly cash balances | 1b | | |
| c | Fair market value of other non-exempt-use assets | 1c | | |
| d | **Total** (add lines 1a, 1b, and 1c) | 1d | | |
| e | **Discount** claimed for blockage or other factors (*explain in detail in* **Part VI**): | | | |
| 2 | Acquisition indebtedness applicable to non-exempt-use assets | 2 | | |
| 3 | Subtract line 2 from line 1d. | 3 | | |
| 4 | Cash deemed held for exempt use. Enter 0.015 of line 3 (for greater amount, see instructions). | 4 | | |
| 5 | Net value of non-exempt-use assets (subtract line 4 from line 3) | 5 | | |
| 6 | Multiply line 5 by 0.035. | 6 | | |
| 7 | Recoveries of prior-year distributions | 7 | | |
| 8 | **Minimum Asset Amount** (add line 7 to line 6) | 8 | | |

| **Section C - Distributable Amount** | | | | Current Year |
|---|---|---|---|---|
| 1 | Adjusted net income for prior year (from Section A, line 8, column A) | 1 | | |
| 2 | Enter 0.85 of line 1. | 2 | | |
| 3 | Minimum asset amount for prior year (from Section B, line 8, column A) | 3 | | |
| 4 | Enter greater of line 2 or line 3. | 4 | | |
| 5 | Income tax imposed in prior year | 5 | | |
| 6 | **Distributable Amount.** Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions). | 6 | | |

7 ☐ Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).

**Part V** **Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations** *(continued)*

| **Section D - Distributions** | | **Current Year** |
|---|---|---|
| 1 Amounts paid to supported organizations to accomplish exempt purposes | 1 | |
| 2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity | 2 | |
| 3 Administrative expenses paid to accomplish exempt purposes of supported organizations | 3 | |
| 4 Amounts paid to acquire exempt-use assets | 4 | |
| 5 Qualified set-aside amounts (prior IRS approval required - *provide details in* **Part VI**) | 5 | |
| 6 **Total annual distributions.** Add lines 1 through 5. | 6 | |
| 7 Distributions to attentive supported organizations to which the organization is responsive (*provide details in* **Part VI**). See instructions. | 7 | |
| 8 Distributable amount for 2025 from Section C, line 6 | 8 | |
| 9 Line 7 amount divided by line 8 amount | 9 | |

| **Section E - Distribution Allocations** (see instructions) | **(i)** **Excess Distributions** | **(ii)** **Underdistributions Pre-2025** | **(iii)** **Distributable Amount for 2025** |
|---|---|---|---|
| 1 Distributable amount for 2025 from Section C, line 6 | | | |
| 2 Underdistributions, if any, for years prior to 2025 (reasonable cause required - *explain in* **Part VI**). See instructions. | | | |
| 3 Excess distributions carryover, if any, to 2025 | | | |
| a From 2020 | | | |
| b From 2021 | | | |
| c From 2022 | | | |
| d From 2023 | | | |
| e From 2024 | | | |
| f **Total** of lines 3a through 3e | | | |
| g Applied to under distributions of prior years | | | |
| h Applied to 2025 distributable amount | | | |
| i Carryover from 2020 not applied (see instructions) | | | |
| j Remainder. Subtract lines 3g, 3h, and 3i from line 3f. | | | |
| 4 Distributions for 2025 from Section D, line 6: $ | | | |
| a Applied to underdistributions of prior years | | | |
| b Applied to 2025 distributable amount | | | |
| c Remainder. Subtract lines 4a and 4b from line 4. | | | |
| 5 Remaining underdistributions for years prior to 2025, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, *explain in* **Part VI.** See instructions. | | | |
| 6 Remaining underdistributions for 2025. Subtract lines 3h and 4b from line 1. For result greater than zero, *explain in* **Part VI**. See instructions. | | | |
| 7 **Excess distributions carryover to 2026.** Add lines 3j and 4c. | | | |
| 8 Breakdown of line 7: | | | |
| a Excess from 2021 | | | |
| b Excess from 2022 | | | |
| c Excess from 2023 | | | |
| d Excess from 2024 | | | |
| e Excess from 2025 | | | |

**Part VI** **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, 3b, and 3c; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5 and 7; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

**Schedule B (Form 990)**
(Rev. December 2024)
Department of the Treasury
Internal Revenue Service

# Schedule of Contributors

**Attach to Form 990, 990-EZ, or 990-PF.**
**Go to www.irs.gov/Form990 for the latest information.**

OMB No. 1545-0047

| Name of the organization | Employer identification number |
|---|---|
| DESTINATION MEDICAL CENTER CORPORATION | 46-4959371 |

**Organization type** (check one):

| **Filers of:** | **Section:** |
|---|---|
| Form 990 or 990-EZ | [X] 501(c)( 3 ) (enter number) organization |
| | [ ] 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation |
| | [ ] 527 political organization |
| Form 990-PF | [ ] 501(c)(3) exempt private foundation |
| | [ ] 4947(a)(1) nonexempt charitable trust treated as a private foundation |
| | [ ] 501(c)(3) taxable private foundation |

Check if your organization is covered by the **General Rule** or a **Special Rule.**
**Note:** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

**General Rule**

[ ] For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling $5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

**Special Rules**

[X] For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** $5,000; or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.

[ ] For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than $1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I (entering "N/A" in column (b) instead of the contributor name and address), II, and III.

[ ] For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than $1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling $5,000 or more during the year .................................................. $ ____________

**Caution:** An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990).

| Name of organization | Employer identification number |
|---|---|
| DESTINATION MEDICAL CENTER CORPORATION | 46-4959371 |

**Part I** **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

| (a) No. | (b) Name, address, and ZIP + 4 | (c) Total contributions | (d) Type of contribution |
|---|---|---|---|
| 1 | CITY OF ROCHESTER<br>201 4TH STREET SE<br>ROCHESTER, MN 55904 | $ 3,063,239. | Person [X]<br>Payroll [ ]<br>Noncash [ ]<br>(Complete Part II for noncash contributions.) |
| | | $ | Person [ ]<br>Payroll [ ]<br>Noncash [ ]<br>(Complete Part II for noncash contributions.) |
| | | $ | Person [ ]<br>Payroll [ ]<br>Noncash [ ]<br>(Complete Part II for noncash contributions.) |
| | | $ | Person [ ]<br>Payroll [ ]<br>Noncash [ ]<br>(Complete Part II for noncash contributions.) |
| | | $ | Person [ ]<br>Payroll [ ]<br>Noncash [ ]<br>(Complete Part II for noncash contributions.) |
| | | $ | Person [ ]<br>Payroll [ ]<br>Noncash [ ]<br>(Complete Part II for noncash contributions.) |

DRAFT

Name of organization: DESTINATION MEDICAL CENTER CORPORATION

Employer identification number: 46-4959371

**Part II** **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

| (a) No. from Part I | (b) Description of noncash property given | (c) FMV (or estimate) (See instructions.) | (d) Date received |
|---|---|---|---|
| | | $ | |

| (a) No. from Part I | (b) Description of noncash property given | (c) FMV (or estimate) (See instructions.) | (d) Date received |
|---|---|---|---|
| | | $ | |

| (a) No. from Part I | (b) Description of noncash property given | (c) FMV (or estimate) (See instructions.) | (d) Date received |
|---|---|---|---|
| | | $ | |

| (a) No. from Part I | (b) Description of noncash property given | (c) FMV (or estimate) (See instructions.) | (d) Date received |
|---|---|---|---|
| | | $ | |

| (a) No. from Part I | (b) Description of noncash property given | (c) FMV (or estimate) (See instructions.) | (d) Date received |
|---|---|---|---|
| | | $ | |

| (a) No. from Part I | (b) Description of noncash property given | (c) FMV (or estimate) (See instructions.) | (d) Date received |
|---|---|---|---|
| | | $ | |

| Name of organization | Employer identification number |
|---|---|
| DESTINATION MEDICAL CENTER CORPORATION | 46-4959371 |

**Part III** **Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than $1,000 for the year from any one contributor.** Complete columns **(a)** through **(e) and** the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of **$1,000 or less** for the year. (Enter this info. once.) $

Use duplicate copies of Part III if additional space is needed.

| (a) No. from Part I | (b) Purpose of gift | (c) Use of gift | (d) Description of how gift is held |
|---|---|---|---|
| | | | |

(e) Transfer of gift

| Transferee's name, address, and ZIP + 4 | Relationship of transferor to transferee |
|---|---|
| | |

| (a) No. from Part I | (b) Purpose of gift | (c) Use of gift | (d) Description of how gift is held |
|---|---|---|---|
| | | | |

(e) Transfer of gift

| Transferee's name, address, and ZIP + 4 | Relationship of transferor to transferee |
|---|---|
| | |

| (a) No. from Part I | (b) Purpose of gift | (c) Use of gift | (d) Description of how gift is held |
|---|---|---|---|
| | | | |

(e) Transfer of gift

| Transferee's name, address, and ZIP + 4 | Relationship of transferor to transferee |
|---|---|
| | |

| (a) No. from Part I | (b) Purpose of gift | (c) Use of gift | (d) Description of how gift is held |
|---|---|---|---|
| | | | |

(e) Transfer of gift

| Transferee's name, address, and ZIP + 4 | Relationship of transferor to transferee |
|---|---|
| | |

**SCHEDULE D (Form 990)** (Rev. December 2024) Department of the Treasury Internal Revenue Service

# Supplemental Financial Statements

**Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**
**Attach to Form 990.**
**Go to www.irs.gov/Form990 for instructions and the latest information.**

OMB No. 1545-0047

**Open to Public Inspection**

**Name of the organization:** DESTINATION MEDICAL CENTER CORPORATION

**Employer identification number:** 46-4959371

## Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.
Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

| | | (a) Donor advised funds | (b) Funds and other accounts |
|---|---|---|---|
| 1 | Total number at end of year | | |
| 2 | Aggregate value of contributions to (during year) | | |
| 3 | Aggregate value of grants from (during year) | | |
| 4 | Aggregate value at end of year | | |

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

## Part II Conservation Easements.
Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).
- ☐ Preservation of land for public use (for example, recreation or education)
- ☐ Protection of natural habitat
- ☐ Preservation of open space
- ☐ Preservation of a historically important land area
- ☐ Preservation of a certified historic structure

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

| | | | Held at the End of the Tax Year |
|---|---|---|---|
| a | Total number of conservation easements | 2a | |
| b | Total acreage restricted by conservation easements | 2b | |
| c | Number of conservation easements on a certified historic structure included on line 2a | 2c | |
| d | Number of conservation easements included on line 2c acquired after July 25, 2006, and not on a historic structure listed in the National Register | 2d | |

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ______

4 Number of states where property subject to conservation easement is located ______

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ______

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ______

8 Does each conservation easement reported on line 2d above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

## Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.
Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under FASB ASC 958, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide in Part XIII the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under FASB ASC 958, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items.

(i) Revenue included on Form 990, Part VIII, line 1 $ ______

(ii) Assets included in Form 990, Part X $ ______

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under FASB ASC 958 relating to these items:

a Revenue included on Form 990, Part VIII, line 1 $ ______

b Assets included in Form 990, Part X $ ______

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that make significant use of its collection items (check all that apply).

a ☐ Public exhibition
b ☐ Scholarly research
c ☐ Preservation for future generations
d ☐ Loan or exchange program
e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

**Part IV Escrow and Custodial Arrangements** Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian, or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

| | | | Amount |
|---|---|---|---|
| c | Beginning balance | 1c | |
| d | Additions during the year | 1d | |
| e | Distributions during the year | 1e | |
| f | Ending balance | 1f | |

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII ☐

**Part V Endowment Funds** Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

| | | (a) Current year | (b) Prior year | (c) Two years back | (d) Three years back | (e) Four years back |
|---|---|---|---|---|---|---|
| 1a | Beginning of year balance | | | | | |
| b | Contributions | | | | | |
| c | Net investment earnings, gains, and losses | | | | | |
| d | Grants or scholarships | | | | | |
| e | Other expenditures for facilities and programs | | | | | |
| f | Administrative expenses | | | | | |
| g | End of year balance | | | | | |

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment ________ %

b Permanent endowment ________ %

c Term endowment ________ %

The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

| | | | Yes | No |
|---|---|---|---|---|
| (i) | Unrelated organizations? | 3a(i) | | |
| (ii) | Related organizations? | 3a(ii) | | |
| b | If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R? | 3b | | |

4 Describe in Part XIII the intended uses of the organization's endowment funds.

**Part VI Land, Buildings, and Equipment**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

| Description of property | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|---|---|---|---|---|
| 1a Land | | | | |
| b Buildings | | | | |
| c Leasehold improvements | | | | |
| d Equipment | | | | |
| e Other | | | | |
| **Total.** Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, line 10c, column (B))* | | | | 0. |

## Part VII Investments - Other Securities

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

| (a) Description of security or category (including name of security) | (b) Book value | (c) Method of valuation: Cost or end-of-year market value |
|---|---|---|
| (1) Financial derivatives | | |
| (2) Closely held equity interests | | |
| (3) Other | | |
| (A) | | |
| (B) | | |
| (C) | | |
| (D) | | |
| (E) | | |
| (F) | | |
| (G) | | |
| (H) | | |
| Total. (Col. (b) must equal Form 990, Part X, line 12, col. (B)) | | |

## Part VIII Investments - Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

| (a) Description of investment | (b) Book value | (c) Method of valuation: Cost or end-of-year market value |
|---|---|---|
| (1) | | |
| (2) | | |
| (3) | | |
| (4) | | |
| (5) | | |
| (6) | | |
| (7) | | |
| (8) | | |
| (9) | | |
| Total. (Col. (b) must equal Form 990, Part X, line 13, col. (B)) | | |

## Part IX Other Assets

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

| (a) Description | (b) Book value |
|---|---|
| (1) ADVANCE TO DMC EDA | 100,000. |
| (2) DUE FROM OTHER GOVERNMENTS | 336,523. |
| (3) | |
| (4) | |
| (5) | |
| (6) | |
| (7) | |
| (8) | |
| (9) | |
| Total. *(Column (b) must equal Form 990, Part X, line 15, col. (B))* | 436,523. |

## Part X Other Liabilities

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

| 1. (a) Description of liability | (b) Book value |
|---|---|
| (1) Federal income taxes | |
| (2) DUE TO OTHER GOVERNMENTS | 101,000. |
| (3) | |
| (4) | |
| (5) | |
| (6) | |
| (7) | |
| (8) | |
| (9) | |
| Total. *(Column (b) must equal Form 990, Part X, line 25, col. (B))* | 101,000. |

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FASB ASC 740. Check here if the text of the footnote has been provided in Part XIII ☐

## Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

| | | | | | |
|---|---|---|---|---|---|
| 1 | Total revenue, gains, and other support per audited financial statements | | | 1 | 3,063,274. |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12: | | | | |
| a | Net unrealized gains (losses) on investments | 2a | | | |
| b | Donated services and use of facilities | 2b | | | |
| c | Recoveries of prior year grants | 2c | | | |
| d | Other (Describe in Part XIII.) | 2d | | | |
| e | Add lines 2a through 2d | | | 2e | 0. |
| 3 | Subtract line 2e from line 1 | | | 3 | 3,063,274. |
| 4 | Amounts included on Form 990, Part VIII, line 12, but not on line 1: | | | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | | | |
| b | Other (Describe in Part XIII.) | 4b | | | |
| c | Add lines 4a and 4b | | | 4c | 0. |
| 5 | Total revenue. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 12.)* | | | 5 | 3,063,274. |

## Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

| | | | | | |
|---|---|---|---|---|---|
| 1 | Total expenses and losses per audited financial statements | | | 1 | 3,063,274. |
| 2 | Amounts included on line 1 but not on Form 990, Part IX, line 25: | | | | |
| a | Donated services and use of facilities | 2a | | | |
| b | Prior year adjustments | 2b | | | |
| c | Other losses | 2c | | | |
| d | Other (Describe in Part XIII.) | 2d | | | |
| e | Add lines 2a through 2d | | | 2e | 0. |
| 3 | Subtract line 2e from line 1 | | | 3 | 3,063,274. |
| 4 | Amounts included on Form 990, Part IX, line 25, but not on line 1: | | | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | | | |
| b | Other (Describe in Part XIII.) | 4b | | | |
| c | Add lines 4a and 4b | | | 4c | 0. |
| 5 | Total expenses. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 18.)* | | | 5 | 3,063,274. |

## Part XIII Supplemental Information

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

**SCHEDULE O (Form 990)**
(Rev. December 2024)
Department of the Treasury
Internal Revenue Service

# Supplemental Information to Form 990 or 990-EZ

**Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.**
**Attach to Form 990 or Form 990-EZ.**
**Go to www.irs.gov/Form990 for instructions and the latest information.**

OMB No. 1545-0047

**Open to Public Inspection**

| Name of the organization | Employer identification number |
|---|---|
| DESTINATION MEDICAL CENTER CORPORATION | 46-4959371 |

FORM 990, PART III, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:
AND SUPPORTING THE ECONOMIC GROWTH OF MINNESOTA AND ITS BIOSCIENCES SECTOR.

FORM 990, PART VI, SECTION A, LINE 1A:
THE EXECUTIVE COMMITTEE IS COMPRISED OF THE CHAIR, TREASURER, AND SUCH OTHER PERSONS, IF ANY, ELECTED BY THE BOARD OF DIRECTORS. THE MARJORITY OF THE MEMBERS OF THE EXECUTIVE COMMITTEE SHALL BE DIRECTORS. THE EXECUTIVE COMMITTEE SHALL ACT ONLY DURING INTERVALS BETWEEN MEETINGS OF THE BOARD OF DIRECTORS AND SHALL AT ALL TIMES BE SUBJECT TO THE CONTROL AND DIRECTION OF THE BOARD OF DIRECTORS. DURING SUCH INTERVALS AND SUBJECT TO SUCH CONTROL AND DIRECTION, THE EXECUTIVE COMMITTEE SHALL HAVE AND MAY EXERCISE ALL OF THE AUTHORITY AND POWERS OF THE BOARD OF DIRECTORS IN THE MANAGEMENT OF THE AFFAIRS OF THE ORGANIZATION.

FORM 990, PART VI, SECTION A, LINE 7A:
THE GOVERNING DOCUMENTS PROVIDE THAT THE FILING ORGANIZATION'S BOARD OF DIRECTORS ARE APPOINTED AS FOLLOWS:
"THE MAYOR OF ROCHESTER, MN (OR DESIGNEE) SUBJECT TO APPROVAL BY THE CITY COUNCIL.
"THE CITY COUNCIL PRESIDENT, (OR DESIGNEE) SUBJECT TO APPROVAL BY THE CITY COUNCIL.
"THE CHAIR OR ANOTHER MEMBER OF THE COUNTY BOARD OF OLMSTED COUNTY, APPOINTED BY THE COUNTY BOARD.
"A REPRESENTATIVE OF MAYO CLINIC APPOINTED BY MAYO CLINIC
"FOUR DIRECTORS APPOINTED BY THE GOVERNOR OF MINNESOTA, SUBJECT TO CONFIRMATION BY THE MINNESOTA SENATE.

FORM 990, PART VI, SECTION A, LINE 7B:
THE GOVERNING DOCUMENTS PROVIDE THAT THE FILING ORGANIZATION CAN AMEND THE ARTICLES OF INCORPORATION SUBJECT TO APPROVAL BY THE CITY OF ROCHESTER, MINNESOTA. THE CITY OF ROCHESTER, MINNESOTA ALSO HAS RIGHTS AND POWERS OF APPROVAL RELATED TO THE FILING ORGANIZATION'S ANNUAL BUDGET/FUNDING REQUEST AND INCURRENCE OF LONG-TERM DEBT.

FORM 990, PART VI, SECTION B, LINE 11B:
THE 990 WILL BE PRESENTED AT A BOARD MEETING PRIOR TO FILING.

FORM 990, PART VI, SECTION B, LINE 12C:
THE DMCC HAS A WRITTEN CONFLICT OF INTEREST POLICY. IN ADDITION, THE DMCC DIRECTORS ARE PUBLIC OFFICIALS UNDER MINNESOTA STATUTES SECTION 10A.01, SUBD. 35. SEE MINN. STAT. SECTION 469.41, SUBD. 10. PUBLIC OFFICIALS ARE SUBJECT TO STATUTORY CONFLICT OF INTEREST REQUIREMENTS. MINN. STAT. SECTION 10A.07.

FORM 990, PART VI, SECTION C, LINE 19:
THE DESTINATION MEDICAL CENTER CORPORATION IS SUBJECT TO THE MINNESOTA GOVERNMENT DATA PRACTICES ACT AND OPEN MEETING LAW, AND THEREFORE MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE UPON REQUEST.

FORM 990, PART XII, LINE 2C:

| Name of the organization | Employer identification number |
|---|---|
| DESTINATION MEDICAL CENTER CORPORATION | 46-4959371 |

THE CORPORATION'S BOARD OF DIRECTORS ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT OF ITS FINANCIAL STATEMENTS AND THE SELECTION OF ITS INDEPENDENT ACCOUNTANT.

**SCHEDULE R (Form 990)**
(Rev. January 2025)
Department of the Treasury
Internal Revenue Service

# Related Organizations and Unrelated Partnerships

**Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.**
**Attach to Form 990.**
**Go to www.irs.gov/Form990 for instructions and the latest information.**

OMB No. 1545-0047

**Open to Public Inspection**

Name of the organization: DESTINATION MEDICAL CENTER CORPORATION

**Employer identification number** 46-4959371

**Part I** **Identification of Disregarded Entities.** Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

| (a) Name, address, and EIN (if applicable) of disregarded entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Total income | (e) End-of-year assets | (f) Direct controlling entity |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

**Part II** **Identification of Related Tax-Exempt Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related tax-exempt organizations during the tax year.

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled entity? Yes | No |
|---|---|---|---|---|---|---|---|
| DESTINATION MEDICAL CENTER ECONOMIC DEVELOPMENT AGENCY - 46-4893585, 201 1ST STREET SW, ROCHESTER, MN 55905 | PROVIDE SERVICES TO THE DMCC | MINNESOTA | 501(C)(3) | LINE 7 | N/A | | X |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

**For Paperwork Reduction Act Notice, see the Instructions for Form 990.**

**Schedule R (Form 990) (Rev. 1-2025)**

LHA 532161 04-01-25

**Part III** **Identification of Related Organizations Taxable as a Partnership.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related organizations treated as a partnership during the tax year.

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Predominant income (related, unrelated, excluded from tax under sections 512-514) | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproportionate allocations? Yes | (h) No | (i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? Yes | (j) No | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

**Part IV** **Identification of Related Organizations Taxable as a Corporation or Trust.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related organizations treated as a corporation or trust during the tax year.

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Type of entity (C corp, S corp, or trust) | (f) Share of total income | (g) Share of end-of-year assets | (h) Percentage ownership | (i) Section 512(b)(13) controlled entity? Yes | (i) No |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

**Part V Transactions With Related Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

**Note:** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

| | | | Yes | No |
|---|---|---|---|---|
| **1** | During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV? | | | |
| **a** | Receipt of **(i)** interest, **(ii)** annuities, **(iii)** royalties, or **(iv)** rent from a controlled entity | **1a** | | X |
| **b** | Gift, grant, or capital contribution to related organization(s) | **1b** | | X |
| **c** | Gift, grant, or capital contribution from related organization(s) | **1c** | | X |
| **d** | Loans or loan guarantees to or for related organization(s) | **1d** | X | |
| **e** | Loans or loan guarantees by related organization(s) | **1e** | | X |
| **f** | Dividends from related organization(s) | **1f** | | X |
| **g** | Sale of assets to related organization(s) | **1g** | | X |
| **h** | Purchase of assets from related organization(s) | **1h** | | X |
| **i** | Exchange of assets with related organization(s) | **1i** | | X |
| **j** | Lease of facilities, equipment, or other assets to related organization(s) | **1j** | | X |
| **k** | Lease of facilities, equipment, or other assets from related organization(s) | **1k** | | X |
| **l** | Performance of services or membership or fundraising solicitations for related organization(s) | **1l** | | X |
| **m** | Performance of services or membership or fundraising solicitations by related organization(s) | **1m** | X | |
| **n** | Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) | **1n** | | X |
| **o** | Sharing of paid employees with related organization(s) | **1o** | | X |
| **p** | Reimbursement paid to related organization(s) for expenses | **1p** | X | |
| **q** | Reimbursement paid by related organization(s) for expenses | **1q** | | X |
| **r** | Other transfer of cash or property to related organization(s) | **1r** | | X |
| **s** | Other transfer of cash or property from related organization(s) | **1s** | | X |

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

| | **(a)** Name of related organization | **(b)** Transaction type (a-s) | **(c)** Amount involved | **(d)** Method of determining amount involved |
|---|---|---|---|---|
| (1) | | | | |
| (2) | | | | |
| (3) | | | | |
| (4) | | | | |
| (5) | | | | |
| (6) | | | | |

**Part VI** **Unrelated Organizations Taxable as a Partnership.** Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

| (a) Name, address, and EIN of entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Predominant income (related, unrelated, excluded from tax under sections 512-514) | (e) Are all partners sec. 501(c)(3) orgs.? Yes | (e) No | (f) Share of total income | (g) Share of end-of-year assets | (h) Dispropor-tionate allocations? Yes | (h) No | (i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? Yes | (j) No | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
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| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |

**Part VII** **Supplemental Information**

Provide additional information for responses to questions on Schedule R. See instructions.

| Mail To: | STATE OF MINNESOTA | C2 |
|---|---|---|
| Minnesota Attorney General's Office<br>Charities Division<br>445 Minnesota Street, Suite 1200<br>St. Paul, MN 55101-2130 | CHARITABLE ORGANIZATION<br>ANNUAL REPORT FORM | |
| **Website Address:**<br>*www.ag.state.mn.us/charity* | (Pursuant to Minn. Stat. ch. 309) | |

## SECTION A: Organization Information

**Legal Name of Organization** DESTINATION MEDICAL CENTER CORPORATION

**Federal EIN:** 46-4959371 **Fiscal Year-End:** 12312025
mm/dd/yyyy

Did the organization's fiscal year-end change? ☐ Yes ☒ No

| Mailing Address: | Physical Address: |
|---|---|
| MARK THEIN<br>Contact Person | MARK THEIN<br>Contact Person |
| 201 4TH STREET SE, NO. 204<br>Street Address | 201 4TH STREET SE, NO. 204<br>Street Address |
| ROCHESTER, MN 55904<br>City, State, and ZIP Code | ROCHESTER, MN 55904<br>City, State, and ZIP Code |
| 507-328-2850<br>Phone Number | 507-328-2850<br>Phone Number |
| MARK.THEIN@OLMSTEDCOUNTY.GOV<br>Email Address | MARK.THEIN@OLMSTEDCOUNTY.GOV<br>Email Address |

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1. Organization's website: WWW.DMC.MN
2. List all of the organization's alternate and former names (attach list if more space is needed).
   ☐ Alternate ☐ Former
   ☐ Alternate ☐ Former
3. List all names under which the organization solicits contributions (attach list if more space is needed).
   DESTINATION MEDICAL CENTER CORPORATION
4. Is the organization incorporated pursuant to Minn. Stat. ch. 317A? ☒ Yes ☐ No
5. Total amount of contributions the organization received from Minnesota donors: $ 3,063,239.
6. Has the organization's tax-exempt status with the IRS changed?
   ☐ Yes ☒ No If yes, attach explanation.
7. Has the organization significantly changed its purpose(s) or program(s)?
   ☐ Yes ☒ No If yes, attach explanation.

# CHARITABLE ORGANIZATION ANNUAL REPORT FORM
# (Continued)

8. Has the organization been denied the right to solicit contributions by any court or government agency?
☐ Yes ☒ No If yes, attach explanation.

9. Does the organization use the services of a professional fundraiser (outside solicitor or consultant) to solicit contributions in Minnesota? ☐ Yes ☒ No
If yes, provide the following information for each (attach list if more space is needed):

Name of Professional Fundraiser Compensation

Street Address City, State, and ZIP Code

10. Is the organization a food shelf? ☐ Yes ☒ No
If yes, is the organization required to file an audit? ☐ Yes, audit attached ☐ No
**Note:** An organization that has total revenue of more than $750,000 is required to file an audit prepared in accordance with generally accepted accounting principles by an independent CPA or LPA. The value of donated food to a nonprofit food shelf may be excluded from the total revenue if the food is donated for subsequent distribution at no charge and is not resold.



11. Do any directors, officers, or employees of the organization or its related organization(s) receive total compensation* of more than $100,000? ☐ Yes ☒ No
If yes, provide the following information for the five highest paid individuals:

| Name and title | Compensation* | Other compensation |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| | | |

*Compensation is defined as the total amount reported on Form W-2 (Box 5) or Form 1099-MISC (Box 7) issued by the organization and its related organizations to the individual. *See* Minn. Stat. § 309.53, subd. 3(i) and Minn. Stat. § 317A.011 for definitions.

12. A full list of the organization's board of directors, including names, addresses, and total compensation paid to each (attach list if more space is needed).

SEE STATEMENT 1

# CHARITABLE ORGANIZATION ANNUAL REPORT FORM
(Continued)

13. A full list of the names of all banks or other financial institutions in which the organization's funds are deposited. DO NOT include account numbers. (Attach list if more space is needed.)
WELLS FARGO

## SECTION B: Financial Information

This section must be completed by organizations that file an IRS Form 990-EZ, 990-PF, or 990-N. Organizations that file an IRS Form 990 may skip Section B and go directly to Section C.

### INCOME

| | | | |
|---|---|---|---|
| 1. | Contributions Received | $ | 1 |
| 2. | Government Grants | $ | 2 |
| 3. | Program Service Revenue | $ | 3 |
| 4. | Other Revenue | $ | 4 |
| **5.** | **TOTAL INCOME** | **$** | **5** |

### EXPENSES

| | | | |
|---|---|---|---|
| 6. | Program Expenses | $ | 6 |
| 7. | Management & General Expenses | $ | 7 |
| 8. | Fund-raising Expenses | $ | 8 |
| **9.** | **TOTAL EXPENSES** | **$** | **9** |
| **10.** | **EXCESS or DEFICIT** (Line 5 minus Line 9) | **$** | **10** |

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### ASSETS

| | | | |
|---|---|---|---|
| 11. | Cash | $ | 11 |
| 12. | Land, Buildings & Equipment | $ | 12 |
| 13. | Other Assets | $ | 13 |
| **14.** | **TOTAL ASSETS** | **$** | **14** |

### LIABILITIES

| | | | |
|---|---|---|---|
| 15. | Accounts Payable | $ | 15 |
| 16. | Grants Payable | $ | 16 |
| 17. | Other Liabilities | $ | 17 |
| **18.** | **TOTAL LIABILITIES** | **$** | **18** |

**FUND BALANCE/NET WORTH** **$**
(Line 14 minus Line 18)

# CHARITABLE ORGANIZATION ANNUAL REPORT FORM
(Continued)

## Section B (continued): Statement of Functional Expenses

This expense statement must be prepared in accordance with generally accepted accounting principles. Each column must be completed, and Columns B, C, and D must equal Column A. The amount on Line 25, Column A must match Line 17 of IRS Form 990-EZ or Line 26 of IRS Form 990-PF.

| | (A) Total expenses | (B) Program service expenses | (C) Management and general expenses | (D) Fundraising expenses |
|---|---|---|---|---|
| 1. Grants and other assistance to governments and organizations in the U.S. | | | | |
| 2. Grants and other assistance to individuals in the U.S. | | | | |
| 3. Grants and other assistance to governments, organizations, and individuals outside the U.S. | | | | |
| 4. Benefits paid to or for members | | | | |
| 5. Compensation of current officers, directors, trustees, and key employees | | | | |
| 6. Compensation not included above, to disqualified persons (as defined under section 4958(f)(1) and persons described in section 4958(c)(3)(B) | | | | |
| 7. Other salaries and wages | | | | |
| 8. Pension plan contributions (include section 401(k) and section 403(b) employer contributions) | | | | |
| 9. Other employee benefits | | | | |
| 10. Payroll taxes | | | | |
| 11. Fees for services (non-employees): | | | | |
| a. Management | | | | |
| b. Legal | | | | |
| c. Accounting | | | | |
| d. Lobbying | | | | |
| e. Professional fundraising services | | | | |
| f. Investment management fees | | | | |
| g. Other | | | | |
| 12. Advertising and promotion | | | | |
| 13. Office expenses | | | | |
| 14. Information technology | | | | |
| 15. Royalties | | | | |
| 16. Occupancy | | | | |
| 17. Travel | | | | |
| 18. Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19. Conferences, conventions, and meetings | | | | |
| 20. Interest | | | | |
| 21. Payments to affiliates | | | | |
| 22. Depreciation, depletion, and amortization | | | | |
| 23. Insurance | | | | |
| 24. Other expenses. Itemize expenses not covered above. Expenses labeled miscellaneous may not exceed 5% of total expenses (Line 25). | | | | |
| a. | | | | |
| b. | | | | |
| c. | | | | |
| d. | | | | |
| 25. **Total functional expenses.** Add lines 1 through 24d | | | | |
| 26. **Joint costs.** Check here ▶ ☐ if following SOP 98-2. Complete this line only if the organization reported in Column B joint costs from a combined educational campaign and fundraising solicitation | | | | |

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# CHARITABLE ORGANIZATION ANNUAL REPORT FORM
# (Continued)

## Section C: Board of Directors Signatures and Acknowledgment

The form must be executed pursuant to a resolution of the board of directors, trustees, or managing group and must be signed by two officers of the organization. *See* Minn. Stat. § 309.52, subd. 3.

We, the undersigned, state and acknowledge that we are duly constituted officers of this organization, being the

TREASURER (Title) and CHAIR (Title) respectively, and

that we execute this document on behalf of the organization pursuant to the resolution of the

BOARD OF DIRECTORS (Board of Directors, Trustees, or Managing Group) adopted on the ______

day of ________, 20___, approving the contents of the document, and do hereby certify that the

BOARD OF DIRECTORS (Board of Directors, Trustees, or Managing Group) has assumed, and will continue

to assume, responsibility for determining matters of policy, and have supervised, and will continue to supervise, the operations and finances of the

organization. We further state that the information supplied is true, correct and complete to the best of our knowledge.



| | |
|---|---|
| MARK THEIN | PAMELA WHEELOCK |
| Name (Print) | Name (Print) |
| | |
| Signature | Signature |
| TREASURER | CHAIR |
| Title | Title |
| | |
| Date | Date |

ANNUAL REPORT
INITIAL REGISTRATION

BOARD OF DIRECTORS

STATEMENT 1

| NAME AND ADDRESS | COMPENSATION |
|---|---|
| PAMELA WHEELOCK | 0. |
| KIM NORTON | 0. |
| MARK THEIN | 0. |
| PAUL WILLIAMS | 0. |
| DOUG M. BAKER | 0. |
| RANDY SCHUBRING | 0. |
| KRISTIN BECKMANN | 0. |
| JAMES CAMPBELL | 0. |

Board of Directors
Destination Medical Center Corporation
Rochester, Minnesota

We have audited the financial statements of the governmental activities and the general fund of Destination Medical Center Corporation (the Corporation) as of and for the year ended December 31, 2025, and have issued our report thereon dated May 20, 2026. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our engagement letter dated February 6, 2026. Professional standards also require that we communicate to you the following information related to our audit.

**Significant audit findings or issues**

***Qualitative aspects of accounting practices***

*Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Corporation are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2025.

We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

*Accounting estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

*Financial statement disclosures*

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

***Significant unusual transactions***

We identified no significant unusual transactions.

***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We determined that expenditures/expenses and related revenues were overstated by $10,000 in 2025. This is a cutoff misstatement which arose because the 2024 accounting records were closed as of March 1, 2025, and expenditure reimbursement requests and a legal invoice were submitted subsequent to that date. This does not impact the Corporation's cumulative net position. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Uncorrected misstatements or the matters underlying uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if management has concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

***Corrected misstatements***

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures, except as described in the section "Uncorrected Misstatements" above.

***Disagreements with management***

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the management representation letter dated May 20, 2026.

***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Significant issues discussed with management prior to engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

**Required supplementary information**

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

**Other information included in annual reports**

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the introductory section. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

This communication is intended solely for the information and use of the board of directors and management of the Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

**CliftonLarsonAllen LLP**

Rochester, Minnesota
May 20, 2026

**DESTINATION MEDICAL CENTER CORPORATION**
**(A COMPONENT UNIT OF THE CITY OF**
**ROCHESTER, MINNESOTA)**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2025**

CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**DESTINATION MEDICAL CENTER CORPORATION**
**TABLE OF CONTENTS**
**YEAR ENDED DECEMBER 31, 2025**

## SECTION I – INTRODUCTORY SECTION

**DESTINATION MEDICAL CENTER CORPORATION**
**BOARD OF DIRECTORS (UNAUDITED)**
**AS OF DECEMBER 31, 2025**

## BOARD OF DIRECTORS (UNAUDITED)

| | |
|---|---|
| Pamela Wheelock | Chair |
| Kim Norton | Vice Chair |
| Paul Williams | Secretary |
| Mark Thein | Treasurer |
| Doug M. Baker | Director |
| Kristin Beckmann | Director |
| Randy Schubring | Director |
| James Campbell | Director |

## SECTION II – FINANCIAL SECTION

# INDEPENDENT AUDITORS' REPORT

Board of Directors
Destination Medical Center Corporation
Rochester, Minnesota

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the governmental activities and the general fund of the Destination Medical Center Corporation (the Corporation), a component unit of the City of Rochester, Minnesota, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the general fund of the Corporation, as of December 31, 2025, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2026, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Rochester, Minnesota
May 20, 2026

**DESTINATION MEDICAL CENTER CORPORATION**
**STATEMENT OF GOVERNMENTAL FUND BALANCE SHEET AND NET POSITION**
**DECEMBER 31, 2025**

| | General Fund | Adjustments | Statement of Net Position |
|---|---|---|---|
| **ASSETS** | | | |
| Cash | $ 222 | $ - | $ 222 |
| Advances to DMC EDA | 100,000 | - | 100,000 |
| Due from Other Governments | 336,523 | - | 336,523 |
| Prepaids | 70,707 | - | 70,707 |
| Total Assets | $ 507,452 | - | 507,452 |
| **LIABILITIES** | | | |
| Accounts Payable | $ 335,745 | - | 335,745 |
| Due to Other Governments | 101,000 | - | 101,000 |
| Unearned Revenue | 70,707 | - | 70,707 |
| Total Liabilities | 507,452 | - | 507,452 |
| **FUND BALANCE** | | | |
| Fund Balance: | | | |
| Nonspendable | 70,707 | (70,707) | - |
| Unassigned | (70,707) | 70,707 | - |
| Total Fund Balance | - | - | - |
| Total Liabilities and Fund Balance | $ 507,452 | | |
| **NET POSITION** | | | |
| Unrestricted | | - | - |
| Total Net Position | | $ - | $ - |

*See accompanying Notes to Financial Statements.*

**DESTINATION MEDICAL CENTER CORPORATION**
**GENERAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES**
**YEAR ENDED DECEMBER 31, 2025**

| | General Fund | Adjustments | Statement of Activities |
|---|---|---|---|
| **PROGRAM REVENUES** | | | |
| Intergovernmental: | | | |
| Local Government | $ 3,063,239 | $ - | $ 3,063,239 |
| **EXPENDITURES/EXPENSES** | | | |
| Economic Development: | | | |
| Building and Equipment Rent | 46,342 | - | 46,342 |
| Other Professional Services | 146,357 | - | 146,357 |
| Travel and Training | 1,289 | - | 1,289 |
| Insurance | 11,180 | - | 11,180 |
| Program Costs | 2,858,106 | - | 2,858,106 |
| Total Expenditures/Expenses | 3,063,274 | - | 3,063,274 |
| Net Program Revenues | (35) | - | (35) |
| **GENERAL REVENUES** | | | |
| Investment Earnings | 35 | - | 35 |
| Total General Revenues | 35 | - | 35 |
| **CHANGE IN FUND BALANCE/NET POSITION** | - | - | - |
| Fund Balance/Net Position - Beginning of Year | - | - | - |
| **FUND BALANCE/NET POSITION - END OF YEAR** | $ - | $ - | $ - |

*See accompanying Notes to Financial Statements.*

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Destination Medical Center Corporation (the Corporation) is a component unit of the City of Rochester, Minnesota, and was incorporated on July 23, 2013. The Corporation was established by the City of Rochester, Minnesota pursuant to Minnesota Statutes Section 469.41 as a Minnesota nonprofit corporation. The Corporation was established to benefit the city, and more broadly, Olmsted County and the state of Minnesota by researching, preparing, and implementing a master development plan, including facilitating public infrastructure projects and a variety of development and redevelopment projects, all to promote and provide for the establishment of the city, the county and the state as a world destination medical center.

The Corporation is governed by a board of directors consisting of eight directors. The composition of the board of directors includes the Mayor of the City of Rochester or the Mayor's designee, the City of Rochester Council President or the President's designee, the Chair or another member of the County Board of Olmsted County, a representative of Mayo Clinic, and four directors appointed by the Governor of Minnesota.

### Basis of Presentation

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America. (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as generally accepted accounting principles in the United States of America for state and local governments.

### Financial Reporting Entity

The Corporation was established to oversee the planning and implementation of the Destination Medical Center initiative. The Corporation works with the City of Rochester, Minnesota and the Destination Medical Center Economic Development Agency to prepare and adopt a development plan.

Component units are legally separate entities for which the Corporation (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit or is fiscally depended upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the Corporation.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Basic Financial Statement Presentation

The General Fund of the Corporation meets the definition of a Special-Purpose government and is involved in only one program, as specified in Minnesota Statutes, Sections 469.40 - 469.47. Accordingly, the Corporation is allowed to combine its government-wide statements with the fund statements. At December 31, 2025, and for the year then ended, there were no reconciling items between the two types of statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all financial activities of the Corporation.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

### Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are recorded in the following manner:

1. Revenue Recognition – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State revenue is recognized in the year to which it applies according to Minnesota Statutes and U.S. generally accepted accounting principles.

2. Recording of Expenditures – Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements in advance of the year in which the item is to be used.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Budgets and Budgetary Accounting

The Corporation adopts an annual budget, which is adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP). Reported budget amounts represent the original adopted budget as amended by the board.

### Assets, Liabilities, and Fund Balance/Net Position

#### Cash

Cash consist of deposits in a checking account and a repurchase agreement account for any available deposits at the end of the business day.

#### Advances

Advances consist of monies advanced to the Destination Medical Center Economic Development Agency to fund operational expenses.

#### Due from Other Governments

Due from other governments consists of program costs receivable from the City of Rochester, Minnesota.

#### Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are expensed during the periods benefited.

#### Unearned Revenues

Unearned revenue is prepaid insurance and unspent dollars that were advanced to the Destination Medical Center Economic Development Agency.

#### Fund Balance

In the fund financial statements, governmental funds report fund balances as nonspendable, restricted, committed, assigned, or unassigned. The Corporation currently only reports nonspendable and unassigned fund balance. Restricted fund balances are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balance represents constraints on spending that the Corporation imposes upon itself by high-level formal action prior to the close of the fiscal period. The board of directors authorizes all assigned fund balances and their intended uses. Unassigned fund balances are considered remaining amounts.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Assets, Liabilities, and Fund Balance/Net Position (Continued)

Fund Balance (Continued)

When an expenditure is incurred for which both restricted and unrestricted fund balance is available, it is the Corporation's policy to use restricted fund balance first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned cash fund balance is available, it is the Corporation's policy to use committed first, then assigned and finally unassigned fund balance.

Revenues

Intergovernmental revenues are reported under the legal and contractual requirements of the individual programs. Generally, grant revenues are recognized when the corresponding expenditures are incurred. The intergovernmental revenues are entirely provided by the City of Rochester, Minnesota.

Investment income is recognized when earned, since it is measurable and available.

Expenditures

Expenditure recognition in the general fund includes only amounts represented by current liabilities. Noncurrent liabilities are not recognized as governmental fund type expenditures or fund liabilities.

Net Position

Net position represents the difference between assets and liabilities in the government-wide financial statements. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

## NOTE 2 DEPOSITS AND INVESTMENTS

### Deposits

In accordance with Minnesota Statutes, the Corporation maintains deposits at depository banks as authorized by the Corporation's board of directors.

**Custodial Credit Risk –** Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned in full. The Corporation's deposit policy for custodial credit risk follows Minnesota Statutes for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

## NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

### Deposits (Continued)

The Corporation's deposits in banks at December 31, 2025 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

### Investments

The Corporation may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less.
- General obligations rated "A" or better; revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rated "A" or better.
- BANKER'S acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies and maturing in 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

The Corporation's investments consisted of a repurchase agreement with Wells Fargo Bank, N.A. having a balance of $222 at December 31, 2025. The securities sold to the Corporation include U.S. Agency Bonds with an AAA rating. The repurchase agreement bears interest at .01% and matures overnight. As such, the repurchase agreement is presented as a cash and investments in the financial statements.

**Interest Rate Risk** – This is the risk that arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Corporation's investment policy limits investments to a maturity of one year, or lesser period that coincides with expected disbursements by the Corporation. Operating reserves may be invested in securities with a maximum maturity of up to three years.

## NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

**Investments (Continued)**

**Custodial Credit Risk** – Investments – For an investment, this is the risk that, in the event of a failure by the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Corporation follows state statutes which require that investment balances be fully collateralized. As of December 31, 2025, the securities underlying the repurchase agreement are held by the counterparty in the Corporation's name.

At December 31, 2025, the Corporation had the following deposits and investments:

| | | |
|---|---|---|
| Repurchase Agreement - Wells Fargo Bank, N.A. | $ | 222 |
| Total Cash and Investments | $ | 222 |

## NOTE 3 RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts, theft of assets, or errors and omissions. The Corporation purchases commercial insurance coverage for such risks. There has been no significant reduction in insurance coverage from the previous year in any of the Corporation's policies. In addition, there have been no settlements in excess of the Corporation's insurance coverage in any of the prior three fiscal years.

## NOTE 4 RELATED ORGANIZATION

The Destination Medical Center Economic Development Agency (DMC EDA), a related Minnesota nonprofit corporation, was established by the Mayo Clinic pursuant to Minnesota Statutes Section 469.43. The Corporation does not have a voting majority of the board of directors of DMC EDA, which is considered a stand-alone entity apart from the Corporation and thus, is excluded from the Corporation's financial statements. Separate financial statements are issued for the DMC EDA.

## NOTE 5 CONTINGENT LIABILITIES AND COMMITMENTS

The Corporation receives financial assistance from state and local governmental agencies. The disbursement of funds received under these programs generally require compliance with the terms and conditions specified in the agreements and are subject to audit by the funding agencies, regulators, and other oversight agencies. Any disallowed claims resulting from such audits could become a liability of the Corporation. Management is not aware of any disallowed claims at this time.

## REQUIRED SUPPLEMENTARY INFORMATION

# DESTINATION MEDICAL CENTER CORPORATION
# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
# YEAR ENDED DECEMBER 31, 2025

| | Budgeted Amounts | | Actual | Over (Under) |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| **REVENUES** | | | | |
| Intergovernmental: | | | | |
| Local Government | $ 3,212,749 | $ 3,212,749 | $ 3,063,239 | $ (149,510) |
| Investment Earnings | - | - | 35 | 35 |
| Total Revenues | 3,212,749 | 3,212,749 | 3,063,274 | (149,475) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Building Rent | 36,607 | 36,607 | 46,342 | 9,735 |
| Other Professional Services | 166,000 | 166,000 | 146,357 | (19,643) |
| Travel and Training | 6,000 | 6,000 | 1,289 | (4,711) |
| Insurance | 20,000 | 20,000 | 11,180 | (8,820) |
| Program Costs | 2,984,142 | 2,984,142 | 2,858,106 | (126,036) |
| Total Expenditures | 3,212,749 | 3,212,749 | 3,063,274 | (149,475) |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | $ - | $ - | - | $ - |
| Fund Balance - Beginning of Year | | | - | |
| **FUND BALANCE - END OF YEAR** | | | $ - | |

## SECTION III – COMPLIANCE LETTERS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Destination Medical Center Corporation
Rochester, Minnesota

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Destination Medical Center Corporation (the Corporation), a component unit of the City of Rochester, Minnesota, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated May 20, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Rochester, Minnesota
May 20, 2026

CliftonLarsonAllen LLP
CLAconnect.com

**INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE**

Board of Directors
Destination Medical Center Corporation
Rochester, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Destination Medical Center Corporation (the Corporation), a component unit of the City of Rochester, Minnesota, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated May 20, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that the Corporation failed to comply with the provisions of the depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Corporation's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Rochester, Minnesota
May 20, 2026

# DMC DEVELOPMENT PLAN STRATEGIC PRIORITIES
SEPTEMBER 2026

**Request of the Board**

None; this report is intended for information only.

**Approved Project or Program Baseline**

Three strategic priorities were adopted as part of the update to the DMC Development Plan at the start of 2026:

- Accelerate Health Innovation
- Design for Well-Being
- Drive Purposeful Growth

Subsequently staff has begun work to reshape all of our work around these priorities.

**Current Status**

- DMC EDA Staff are actively developing workplans that reflect the priorities.
- Working sessions were held with both DMCC and DMC EDA Board members in August to continue to refine the vision and success metrics associated with each of the priorities. Specifically, Board feedback was centered on whether the envisioned success of each of the priorities was aspirational, compelling, clear, and measurable. The following are the revised vision statements for each strategic priority:

    - Accelerate Health Innovation: Rochester will be recognized globally as the destination where health innovators come to ***transform breakthrough discoveries into real-world impact.*** Centered around Discovery Square's connected innovation ecosystem, Rochester will attract world-class talent, companies, and investment, creating high-value careers, accelerating innovation, and strengthening Minnesota's economy.

    - Drive Purposeful Growth: A downtown Rochester as exceptional as the hospital at its heart – grown around health, innovation, and wellbeing. DMC is a district that reflects the world-class health care at its center, staying disciplined so that investment compounds toward one coherent outcome – America's City for Health.

- Design for Well-Being: Rochester's built environment becomes a powerful economic development tool that fosters quality of life, social cohesion, and environmental health, enabling wellbeing as an effortless part of daily life for all residents, workers, and visitors. ***Rochester's infrastructure supports health at every opportunity via investments in mobility, streets, sewers, public realm and buildings.***

- Specific metrics and project evaluation frameworks are under development and 2027 workplans and future budgets are expected to be shaped around these priorities. Project quality is not the same thing as strategic fit, and these evaluation frameworks will continue to help refine implementation of the adopted priorities and future investment decisions.

**Upcoming Requests or Decision Points**

- There will be continued project requests and informational items that will be framed within alignment to strategic priorities. They will fall into two major categories:
  - Successful realization of projects already underway (Biolabs, 6th Ave., downtown small business support through BRT construction, etc.)
  - New projects that align with DMC strategic priorities (infrastructure for the HealthTech innovation ecosystem, remaining public realm for each subdistrict, etc.)

**DMC Alignment**

This project directly supports implementation of the recently adopted strategic priorities.

**Attachments / Exhibits**

None at this time.

# DMC FUNDING FRAMEWORK
SEPTEMBER 2026

**DMCC Funding Framework: Background**
In September 2025, the DMCC board of directors approved a 2-year capital and operating budget (for calendar years 2026 and 2027). In doing so, it acknowledged that changes to the budget might be necessary within a guiding framework that includes:

A. **Preserving sufficient GSIA funds ($100M) for the later phases of DMC.**
   The downtown development environment may look materially different by 2030. Maintaining at least $100M would give future boards the ability to respond to needs and opportunities that cannot yet be fully anticipated.

B. **Successful execution of projects already approved and underway.**
   This might be referred to as "blocking and tackling" or delivering on the essential promise of the DMC initiative. Link BRT, BFUiR adjacent infrastructure, 6th Street Bridge, and others are examples of this.

C. **Being responsive to emerging DMC-aligned opportunities.**
   DMC funding is both extraordinary and finite. It exists to advance the DMC Development Plan and enable public investment in strategic economic infrastructure and catalytic development. Newly proposed expenditures will need to either draw down on reserves or replace currently authorized funding. Projects in this category include Chateau Theatre, West Transit Village, Children's Museum, and UMR.

**Board Guidance**
Implementing the DMC Development Plan within this funding framework will require exercising discretion when considering new or expanded capital requests.

***<u>EXHIBIT ITEM A:</u> PROPOSED AND ANTICIPATED PROJECTS.***
*Projects that are in various stages of discussion or planning, either at City Hall or in the broader community.*

| Proposed or Anticipated Project | Potential Capital Need | Status + Context |
|---|---|---|
| Riverfront Near-term Enhancements | $530,000 | Improvements would provide for public art near the planned trailhead improvements. |
| Chateau Theatre | $6M+ | DMC has previously invested $10M+ in the Chateau; additional capital is required for deferred maintenance, A/V technology, FF&E, and more. |
| Children’s Museum | Unknown | Ongoing due diligence by Museum staff and board regarding site needs, programming, etc. |
| UMR | Unknown | U of M presented its campus growth strategy to DMCC in December 2025; the U issued the first building design RFP in spring 2026. |
| Tech-enabled Housing | Unknown | A facility intended to test and improve home health technologies, adding a differentiating asset to Rochester’s innovation economy. |
| West Transit Village | Unknown | Further development of the WTV. |
| **TOTAL** | **$6M+** | |

***<u>EXHIBIT ITEM B:</u> PROJECTS APPROVED BUT FUNDS NOT YET EXPENDED***

| **Existing commitment** | **Amount** | **Known trade-off consequence** |
|---|---|---|
| May 2026 Budget Reconciliation | $3.8M | Funds are no longer for future opportunities. |
| Discovery Walk | $2.3M | Impact of ongoing private development adjacent to Discovery Walk is unknown. |
| Saint Marys Place | $10K | Effectively none. |
| Downtown district energy | $4.9M | Removes capacity intended for private connections or later system enhancement. |
| Historic District Program | $2.9M | Diminishes a preservation and reuse resource. |
| Riverfront Investments | $834K | Narrows or defers riverfront activities. |
| Riverfront Bonding Match | $1M | Any future City bonding match request would have to be reauthorized by the DMCC and City. |
| Interim Wayfinding | $266K | Reduces construction mitigation and matching capacity for a $33,000 NEA grant. |
| Strategic Development, including released Loom funds | $4M | Constrains DMC's fund for housing, health innovation, and other catalytic proposals. |
| **TOTAL** | **~$20M** | |

***EXHIBIT ITEM C:* OTHER MEDIUM- AND LONG-TERM INVESTMENT POSSIBILITIES**

*Staff also note that additional and potentially significant DMC public infrastructure investments could be proposed over the next decade. Therefore, for any new near-term investment opportunity, the Board may also wish to consider broader opportunity costs and/or whether the proposed investment is sufficiently aligned with the Development Plan, tied to measurable outcomes, and/or so catalytic as to justify capital investment.*

| **Opportunity** | **Potential Future DMC Investment** | **Current Status** |
|---|---|---|
| Downtown Riverfront | Later riverfront public realm and infrastructure improvements, and/or future private development. | Overall redevelopment scope, timing, and public funding remain unresolved. |
| Discovery Square | Facilities and infrastructure to strengthen Discovery Square as a successful innovation district. | One and Two Discovery Square + BioLabs complete; Discovery Walk complete; UMR nearing final funding agreement. |
| Streets-Sewers-Utilities | DMC district public infrastructure improvements required to support development and investment | The DMC CIP has typically included street, sewer, and utility projects. |
| Other development opportunities | Housing; transit-oriented development; K-Mart/AMPI; sites like the former Post-Bulletin offices or Michael’s restaurant; or other opportunities. | Unknown by definition; preserving capacity allows DMC to respond when projects and costs become clear. |
| Rapid Transit Phase II | Planning for a subsequent phase of the rapid transit system. | Construction of Link BRT is ongoing. |

**DESTINATION MEDICAL CENTER CORPORATION**

**RESOLUTION NO. ___ - 2026**

# A RESOLUTION AUTHORIZING USE OF UNALLOCATED LINK BRT PROJECT CONTINGENCY FUNDING

## BACKGROUND RECITALS

A. Pursuant to Resolution No. 156-2024, the Destination Medical Center Corporation (the "**DMCC**") approved general contingency funding (the "**Contingency Funding**") for the Link Bus Rapid Transit project and criteria for the preservation and use, approval, and reporting of the Contingency Funding (the "**Original BRT Contingency Criteria**").

B. Subsequently, the DMCC approved an increase in the Contingency Funding pursuant to Resolution No. 174-2025 and approved revisions to the Original BRT Contingency Criteria (the "**BRT Contingency Criteria**") pursuant to Resolution No. 181-2025.

C. The Destination Medical Center Economic Development Agency (the "**EDA**") and the City of Rochester (the "**City**") staff recommend authorization for the use of unallocated Contingency Funding, pursuant to the BRT Contingency Criteria, in such amount and subject to the requirements set forth in the change order request attached hereto as **Exhibit A** (the "**Contingency Funding Use Request**").

D. The Staff of the City and the EDA requests that the DMCC approve the Contingency Funding Use Request.

## RESOLUTION

**NOW, THEREFORE, BE IT RESOLVED**, by the DMCC Board of Directors, that the DMCC approve the Contingency Funding Use Request based on the following conditions:

1. Use of the Contingency Funding shall be in strict compliance with all requirements set forth in the BRT Contingency Criteria.

2. The scope of approval of the Contingency Funding Use Request is limited to that set forth in the Contingency Funding Use Request attached hereto as **Exhibit A**.

3. Any modification to the Contingency Funding Use Request will be subject to subsequent approval by the DMCC.

**BE IT FURTHER RESOLVED**, that the Chair or the Treasurer of the DMCC is authorized and directed 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.

43953051v1

# EXHIBIT A

# LINK BUS RAPID TRANSIT PROGRESS UPDATE & CONSTRUCTION MANAGEMENT CONTINGENCY USE REQUEST

SEPTEMBER 2026

**Request of the Board**

Authorize $1,417,717.20 of approved contingency funding for additional consultant construction management services in accordance with the approved Link BRT contingency use guidelines.

**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 service, 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.

**Current Status**

This project is 56.5% complete and is scheduled to open for service in late summer 2027.

<u>Vehicle Procurement Highlights</u>
- The City received and is testing 10 Link buses.
- The remaining buses are expected to be delivered this fall with seven already having been fully accepted.

<u>Project Bidding Highlights:</u>
- The final construction bid package, Volume E: West Transit Village Restrooms, has been approved and is approximately $500,000 under budget.
- All contracts have been approved and executed by the City Council. Construction has commenced and is anticipated to be complete by April of 2027.

<u>Contingency Use</u>
- Past Request: The City has completed the relocation of the two medium voltage electrical duct banks discovered within the footprint of the new elevator shaft at the eastbound Saint Marys Transit Center station.

- Current Request:
  - The original project budget for construction management services was based on a schedule that anticipated bidding in 2024, construction and revenue service occurring in 2025–2026, and project closeout in 2027.
  - The current timeline now extends construction, testing, and service into 2027, with closeout likely continuing into 2028.
  - This schedule extension combined with additional technical project delivery support requested by the City has led to an anticipated net cost increase of approximately $1,417,717.
  - During 2024 and early 2025, construction services staff were required to support several unplanned efforts—including multiple bid openings, value engineering, engineering support, multi-state bidder solicitation marketing, and third-party estimating—resulting in higher-than-expected pre-construction costs. Key technical personnel were consistently engaged at levels exceeding original estimates, further contributing to cost increases. The expansion of construction from two seasons to three (2025–2027) has further proportionally increased costs for inspection, administration, safety management, and field staking.
  - Additional technical support requested by the City construction management team added scope increases to ensure FTA grant agreement compliance, mechanical/electrical/plumbing engineering support for shop drawing review and expedited technical conflict resolution, construction safety orientation and compliance, and temporary traffic control monitoring software procurement.

Budget Highlights

Current Approved Budget

| Description | Amount |
|---|---|
| West Transit Village (Volume A) | $7,916,655 |
| Civil Underground and Infrastructure (Volume B) | $22,347,992 |
| Transit Center (Volume C) | $77,558,384 |
| Maintenance Bay Addition (Volume D) | $4,608,461 |
| West Transit Village Bathrooms (Volume E) | $2,514,114 |
| Vehicles | $21,726,404 |
| Real Estate | $12,244,300 |
| Professional Services | $27,925,000 |
| Remaining Contingency (not previously allocated to Project Volumes A-E) | $20,323,873 |
| **Total Funding** | **$197,165,183** |

Use of Contingency

| Description | Amount |
|---|---|
| **Original Available** | **$22,752,072** |
| West Transit Village (Volume A, previously allocated) | $229,232 |
| Civil Underground and Infrastructure (Volume B, previously allocated) | $395,321 |
| Transit Center (Volume C, previously allocated) | $1,787,184 |
| Maintenance Bay Addition (Volume D, previously allocated) | $16,461 |
| West Transit Village Bathrooms (Volume E, previously allocated) | $0 |
| Vehicles | $414,072 |
| Real Estate | $0 |
| Professional Services | $0 |
| *Pending/Anticipated Unallocated Contingency Expenditures* | *$2,117,717* |
| Total Use of Contingency (Actual and Pending) | $4,959,987 |
| **Remaining Available Contingency** | **$17,792,085** |

## Risks to Scope, Budget, Timeline, or Delivery

| Pending/Anticipated Unallocated Contingency Expenditures | Risk Impact | Cost Impact |
|---|---|---|
| Kimley-Horn construction management contract amendment | Medium | $1,417,717 |
| 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 |
| On schedule bus delivery to Rochester and conformance with contract specifications. | Medium | $0 |
| West Transit Village pavement thickness will be increased from 7" to 8.5" to achieve City of Rochester standards and maintain durability while heavy construction equipment needs to utilize the constructed roadway space. | Low | $100,000 |
| The Maintenance Bay Addition had a delegated design requirement that had the contractor design the connection of 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 | $100,000 |
| Fuel Escalation – MnDOT Standard Contract Specifications have additional provisions that allows contractors a payment increase after incurring additional fuel costs due to inflation price increases. | High | $0 |
| Business Forward | Medium | $500,000 |
| **Pending/Anticipated Unallocated Contingency Expenditures** | | **$2,117,717** |

## 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 | $4,356,931 | $1,477,875 |
| 20 | Stations, Stops, Terminals, Intermodal | $62,174,323 | $20,345,851 |
| 30 | Support Facilities: Yards, Shops, Admin. Bldgs | $8,335,074 | $3,221,877 |
| 40 | Sitework & Special Conditions | $31,955,552 | $14,038,652 |
| 50 | Systems | $4,775,011 | $1,025,236 |
| | *Subtotal 10-50* | *$111,596,891* | |
| 60 | ROW, Land, Existing Improvements | $12,244,300 | $12,095,408 |
| 70 | Vehicles | $22,646,920 | $11,436,840 |
| 80 | Professional Services | $27,925,000 | $25,415,391 |
| | *Subtotal 10-80* | *$174,413,111* | |
| 90 | Unallocated contingency | $22,752,072 | $3,714,851 |
| | **Total** | **$197,165,183** | **$92,771,981** |

**Table 2: Remaining Contingency Balance**

| | Cost |
|---|---|
| Original Unallocated Contingency Balance | $22,752,072 |
| Volume A West Transit Village - Net Change Orders | $229,232 |
| Volume B Civil Underground and Infrastructure – Net Change Orders | $395,321 |
| Volume C Transit Center – Net Change Orders | $1,787,184 |
| Volume D Maintenance Bay Addition – Net Change Orders | $16,461 |
| Volume E West Transit Village Bathrooms – Net Change Orders | $0.00 |
| Vehicles – Net Change Orders | $414,072 |
| Pending Future Change Orders | $2,102,717-2,117,717 |
| **Unallocated Contingency Remaining Balance** | **$ 17,792,085 - $17,807,085** |

**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 | ($65,487.48) |
| WTV Charger Updates | The on-route chargers require updated foundations and configuration to meet the manufacturers' recommendations. Contractor to supply backup documentation. | ($118.00) |
| Delete Camera | Time lapse camera. Contract Change Executed | ($22,550.00) |
| 8.5" Concrete Pavement | Modify concrete pavement thickness to meet City of Rochester Standards and Specifications with additional reinforcement. | $162,932.19 |
| Stone Benches | Stone Bench Material Change due to product availability and performance standards | $23,100.00 |
| | **TOTAL SPENT** | **$229,114.71** |

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

| Change Order Name | Description & Action Steps | Impact to Cost |
|---|---|---|
| Sanitary and Water Updates – 14th 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. | $5,518.70 |
| 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 11th Ave and 13th 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 | $8,324.26 |

| | | |
|---|---|---|
| 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 6th Street | $2,243.90 |
| | **TOTAL SPENT** | **$487,602.74** |

**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 |
| 6th 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 | $77,007.00 |
| Asbestos in Building Demo | Additional Vermiculite in debris of building removal and hauling per RAP. | $12,584.36 |
| 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 |
| 2nd 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 |
| Duct Bank | Relocate underground medium voltage duct bank for SMTC pedestrian tunnel | $1,233,000.00 |
| Additional Mock Up | Owner requested additional mock up stencils for enhancements modifications | $4,290.30 |
| SMTC Winter Work | St Marys winter work and means and method modifications | $748,814.60 |
| | **TOTAL SPENT** | **$2,135,426.41** |

**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. | $12,033 |
| | **TOTAL SPENT** | **$163,414** |

**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 | $565,704 |
| | **TOTAL SPENT** | **$565,704** |

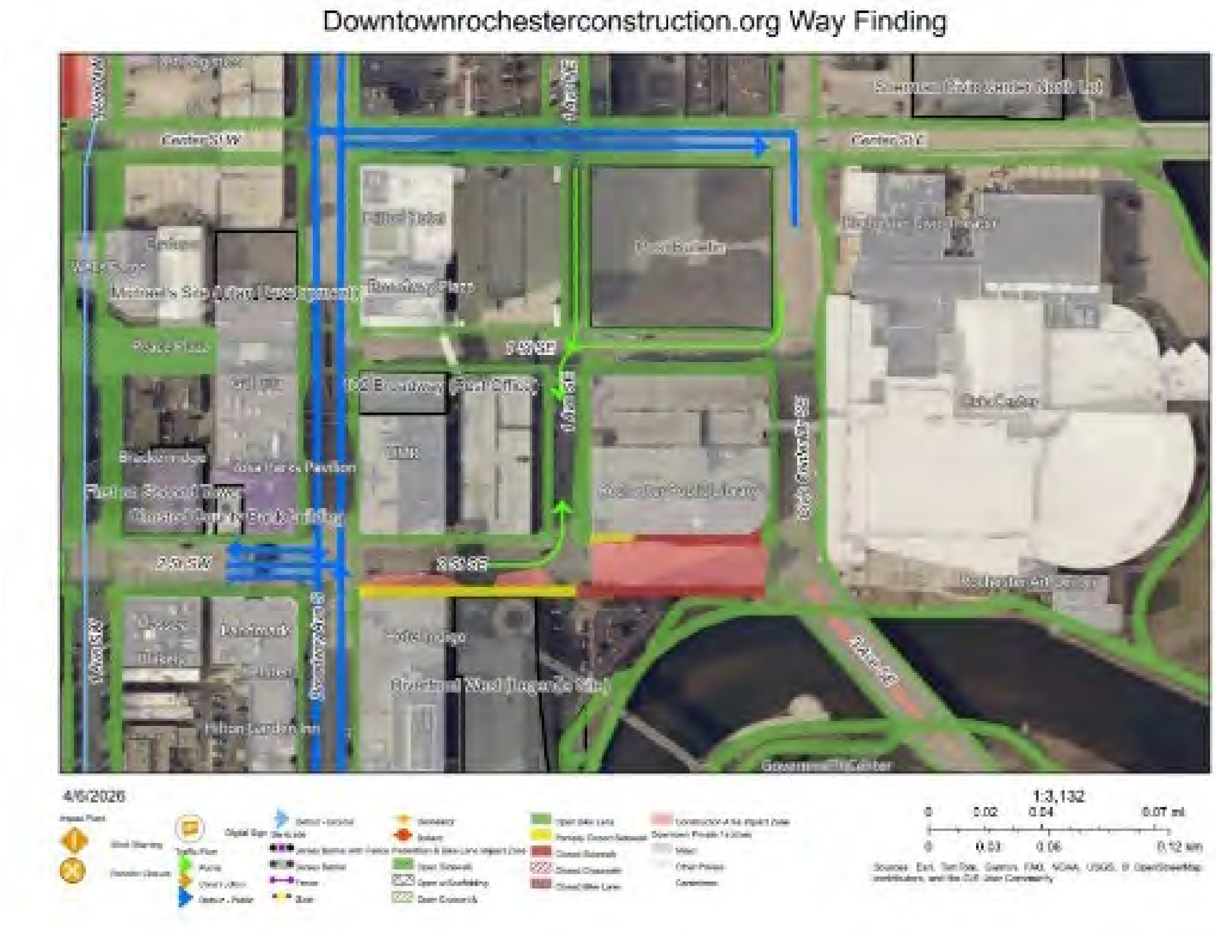
## Detailed Project Updates

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. Hosting bi-weekly "What's next on Link" meetings with local businesses.

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
- Regular check-ins by the Link Construction Management Team and Link Contractor

Example Wayfinding Detour Route Map:




Construction Updates:

General Road Closures

- The closure of 2nd Street SE from 1st Avenue SE to Civic Center Drive (until mid-September).
- Closed Civic Center Bridge from June 12 – August 31st
- The closure on 6th Avenue SW from 2$^{nd}$ Street SW to 1$^{st}$ Street SW was completed and has reopened. Closure of 2$^{nd}$ Street at the 6$^{th}$ Avenue SW intersection for private development construction happens September 4 – September 22$^{nd}$ 2026
- Traffic lane closures on one side of 2$^{nd}$ Street SW at 19$^{th}$ Ave SW east past US 52 interchange – July through November.

2nd Street SW / Saint Marys Transit Center – Corridor West End

Construction at the Saint Marys Transit Center advanced substantially during this period. Crews progressed working on tunnel foundation walls, reinforcement, elevator and stairwell walls, and concrete pours to installation of mechanical, electrical, plumbing, drainage, and underground utility systems. Sanitary and storm sewer work continued through the area, including utility work near 13th and 14th Avenues SW.

By July, waterproofing and electrical duct-bank work were progressing, roadway paving was being restored near 13th and 14th Avenues, and work was advancing on the local bus stop, and Link platform, stairs, circulator station footings, and upper walls. Traffic and pedestrian routes were modified throughout construction while maintaining emergency access to Saint Marys Hospital. The 2nd Street SW road closure in front of St. Marys Hospital is scheduled to reopen by November 2026.

Underground utility work has progressed from 14th Avenue SW to HWY 52 on the south half of 2nd Street, while maintaining two-way traffic on the north side. Starting September 14, the utility work will switch to the north side and be completed by October 30.

Both medium voltage duct bank relocations are complete and operational. The total cost of the change order was $1,214,523, of which $431,274 was paid for by RPU to cover the RPU feeder relocation and $783,249 in Link unallocated contingency funds were applied under the emergency contingency criteria to cover the cost of relocating the privately owned feeder. Earth retention systems have been installed and work has commenced on the south half of the underground pedestrian tunnel and southside east bound station.

West Transit Village

Work progressed from underground infrastructure into station construction. Storm sewer work was completed, followed by grading, excavation, footing construction, utility preparation, lighting infrastructure, and bus-charger-related work. Work is scheduled to be substantially complete on the roadway, sidewalks and plaza by middle of November allowing Rochester Public Transit to provide regular transit service to the 2,500-space Mayo Parking Ramp that is scheduled to open on December 15.

BRT Station - Concrete foundation walls were completed and subsequently backfilled, with electrical work, transformer pads, roadway construction, curbs, and other site improvements following. By July, the site was transitioning into vertical construction, with structural steel erection planned as the next major phase. The Station is scheduled to be substantially complete by April of 2027.

23rd Avenue SW Local Stations

Stormwater improvements were completed early in the period, followed by concrete, curb, roadway, and pavement reconstruction. Work then transitioned to station-area improvements, including sidewalks and accessible curb ramps. By July, major concrete work and removals were substantially complete, with decorative pavers, planters, landscaping, and other finishing improvements underway or scheduled. The work was completed and reopened of the intersections.

19th Avenue SW Stations

The westbound station progressed from completed structural steel framing and concrete bench reinforcement into gutter and façade installation, ramp construction, snowmelt installation, topping slabs, sidewalks, roofing, exterior metal panels, painting, and other architectural finishes. Construction then shifted to the eastbound station, requiring a traffic shift while crews began underground storm sewer work, grading, concrete restoration, and preparation for station construction.

7th Avenue Local Stations

Work began with concrete removals, excavation, storm sewer, and watermain construction. The eastbound station subsequently progressed through curb, gutter, paving, concrete restoration, and station improvements, eventually allowing traffic control to be removed and the local bus shelter to return to service. Work then shifted toward the westbound station, including installation of underground storm sewer, electrical, irrigation, and related station infrastructure.

6th Avenue Stations – Eastbound and Westbound

Both stations moved rapidly from foundations and underground utilities into vertical and architectural construction. Work included structural slabs, foundation walls, stormwater, electrical and plumbing systems, structural steel framing, canopy construction, curbs, pavement, and roof drainage. Later activities included roofing, painted structural columns, and installation of the station snowmelt systems. By July, both stations were well into station finishing and systems installation. At the end of August the south sidewalk will be completed including the addition of snowmelt and the temporary pedestrian access route will be removed from 6th Avenue to 5th Avenue.

2nd Avenue Stations / 1st Avenue Local Stations Area

Construction expanded into this portion of the corridor beginning in June. At the 2nd Avenue eastbound station, crews completed deep foundation piers and advanced into footing construction, reinforcing steel, backfilling, and storm sewer work. At the 1st Avenue eastbound local stop, crews prepared the station foundation and began transitioning toward excavation and discovered underground foundations of the adjacent wall. A redesign of the foundation of the station is complete and work has continued. Starting October 1st in coordination with the Mayo Gonda East valet drop off opening, 2nd Avenue BRT platform work outside of the Mayo building will commence and is scheduled to be completed by April of 2027.

Civic Center / Library Stations Area

Work progressed from station footings, underground utilities, stormwater improvements, and concrete construction into structural steel framing for both eastbound and westbound stations.

By July, structural steel was visibly defining the station footprints and crews were installing roof decking and other architectural components. Construction also expanded into the Civic Center Drive/2nd Street SE intersection and 3rd Avenue SE Bridge area, requiring a significant closure for underground utilities, intersection reconstruction, bridge rehabilitation, excavation, and paving. The bridge rehabilitation is completed and reopened August 31st. Work on the stations is scheduled to be completed by February of 2027.

<u>6th Street SE & 3rd Avenue SE – East Terminus</u>
The East Terminus Station continued transitioning from structural construction toward station completion. Work included upper walls, gutters and metal roofing installation and backing for architectural fascia, roof-related construction, concrete platform and topping slabs, snowmelt systems, irrigation, sidewalks, and ramp improvements. Intersection improvements were completed, including traffic signals and pavement markings configured to support future bus access and transit lanes. By July, work was increasingly focused on station platform systems installations and final finishes. Work completion is scheduled for November 2026.

<u>Maintenance Bay / Transportation Center</u>
The Maintenance Bay addition progressed from structural framing and roof truss installation into roofing, waterproofing, underground plumbing, slab-on-grade work, paving, windows, and building enclosure. Interior electrical, plumbing, and piping systems continued through July. Work also began transitioning toward specialized operational equipment, including installation of the tire-carousel system needed to support future Link bus maintenance. Work on the maintenance bay will be completed by end of September with full commissioning and testing completed.

<u>Volume E: West Transit Village Bathrooms</u>
The contract was awarded by the City Council in April. The contractor has been procuring materials, submitting shop drawings and has officially broken ground in coordination with the Volume A contractor. Footings and foundations will be completed by end of August and substantial completion is scheduled for April 2027.

<u>Schools & Businesses</u>
- Continue maintaining communications for coordinated access to Folwell & Riverside Elementary Schools.
- Businesses remain open and accessible near St. Marys including: Uni Uni Bubble Tea, 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.
- 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 Street SW.

Community Engagement

- Bi-weekly “What’s next on Link?” webinar series started in June with updates of traffic conditions and phasing for the local businesses to anticipate changes.
- 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 14th Avenue to HWY 52 to be completed by November 1.
- 2nd Street SW – Anticipate a December timeframe of having 2nd Street open with at least one travel lane in each direction from Broadway to HWY 52
- Complete BRT Stations at 19th Avenue, 6th Street SE and Civic Center/Library by November 2026
- Begin work on 6th Avenue Stations and finishes completed by November 2026
- Begin work on 2nd Avenue Stations West Bound Station October to February 2027.
- Substantially complete Maintenance Bay Addition by October.
- Receive all remaining buses by Fall of 2026.

**DESTINATION MEDICAL CENTER CORPORATION**

**RESOLUTION NO. ___ - 2026**

# A RESOLUTION AUTHORIZING USE OF UNALLOCATED LINK BRT PROJECT CONTINGENCY FUNDING (BUSINESS FORWARD)

## BACKGROUND RECITALS

A. Pursuant to Resolution No. 156-2024, the Destination Medical Center Corporation (the "**DMCC**") approved general contingency funding (the "**Contingency Funding**") for the Link Bus Rapid Transit project and criteria for the preservation and use, approval, and reporting of the Contingency Funding (the "**Original BRT Contingency Criteria**").

B. Subsequently, the DMCC approved an increase in the Contingency Funding pursuant to Resolution No. 174-2025 and approved revisions to the Original BRT Contingency Criteria (the "**BRT Contingency Criteria**") pursuant to Resolution No. 181-2025.

C. The Destination Medical Center Economic Development Agency (the "**EDA**") and the City of Rochester (the "**City**") staff recommend authorization for the use of unallocated Contingency Funding, pursuant to the BRT Contingency Criteria, in such amount set forth in the request attached hereto as **Exhibit A** (the "**Contingency Funding Use Request**"), to be used towards Business Forward costs.

D. The Staff of the City and the EDA requests that the DMCC approve the Contingency Funding Use Request.

## RESOLUTION

**NOW, THEREFORE, BE IT RESOLVED**, by the DMCC Board of Directors, that the DMCC approve the Contingency Funding Use Request based on the following conditions:

1. Use of the Contingency Funding shall be in strict compliance with all requirements set forth in the BRT Contingency Criteria.

2. The scope of approval of the Contingency Funding Use Request is limited to that set forth in the Contingency Funding Use Request attached hereto as **Exhibit A**.

3. Any modification to the Contingency Funding Use Request will be subject to subsequent approval by the DMCC.

**BE IT FURTHER RESOLVED**, that the Chair or the Treasurer of the DMCC is authorized and directed 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.

44052138v2

**EXHIBIT A**

# LINK BRT BUSINESS FORWARD CONTINGENCY USE PROPOSAL

SEPTEMBER 2026

**Request of the Board**

Authorize an additional $500,000 to support Business Forward activities for the Link BRT project from approved contingency funds.

**Project Background**

At more than $173 million, Link BRT is the largest and highly complex public infrastructure project in Rochester's history, extending 2.8 miles through the heart of the community and connecting neighborhoods, businesses, government, medical and educational institutions, and an abundance of cultural and entertainment establishments. Given the scale of the project and the intensity of construction along this important corridor, the City understood from the outset that construction would create significant challenges for businesses along the corridor and intentionally included Business Forward resources as one tool to help mitigate those impacts. Unlike a traditional business assistance strategy focused primarily on growth or customer acquisition, Business Forward during major construction is first and foremost a business preservation strategy, focused on minimizing disruption to the best extent possible, maintaining access and visibility, and helping businesses retain their existing customer base until normal conditions return.

Now, with the project more than halfway complete and experiencing some of its most significant construction impacts, we recognize that we have learned a great deal from both the businesses along the corridor and the strategies implemented to date. Some efforts have been effective, while others have not delivered the level of impact we intended or hoped for, and there are things we would approach differently based on what we know today. As we enter the next phase of construction, we want to listen more closely to impacted businesses, build on what has worked, be candid about what has not, and use those lessons to more thoughtfully and effectively direct the remaining and proposed additional Business Forward resources through the remainder of construction and the transition to BRT service. The following is a look back on the Business Forward efforts to date and considerations for continuing the effort through the project completion date in fall 2027.

**Project or Program Baseline**

Business Forward is a framework designed to enhance mitigation strategies for the unintended negative impacts of construction on businesses. By prioritizing proactive relationship-building and responsiveness to business needs, it fosters long-term trust among government agencies, construction teams, and local businesses. Business Forward is supporting 95 businesses along the 2nd Street corridor.

The current total business forward project budget for the Link project is $350,000. The project is 56.5% complete and approximately $231,000 (66%) of this funding has been expended.

**Investment to date:**
Budget: $350,000
Expenditures to date: $231,000
Remaining Balance: $119,000

From fall 2025 through August 2026, Business Forward supported businesses along the 2nd Street corridor through direct engagement, construction coordination, and customer-focused marketing and mitigation. Funding followed the construction schedule. Work began in several targeted areas in fall 2025, paused during the winter, and expanded across the corridor in spring and summer 2026. As overlapping construction and traffic shifts increased impacts to access, parking, visibility, and navigation, Business Forward support expanded accordingly.

Early investments focused on business outreach, impact assessment, and mitigation planning. As construction intensified, funding shifted toward promotions, customer incentives, digital outreach, signage, and other visibility and traffic-generation strategies. This phased approach allowed resources to respond to changing conditions and varying levels of business disruption.

The investment was organized into two primary categories: 1) Business Support and Business Engagement and 2) Marketing, Promotion and Construction Mitigation Experience. The first category created the relationship and problem-solving infrastructure needed to identify impacts, communicate schedule changes, coordinate with the construction team, and develop business-specific responses. The second category translated those needs into customer-facing strategies that helped people find, access, and continue patronizing corridor businesses. Both categories are important: engagement ensures resources respond to actual conditions, while marketing and mitigation help reduce the customer-facing effects of construction. Below is a summary for each category:

<u>Category 1 – Business Support/Business Engagement</u>
Investment to date: $191,368

Summary of key outcomes
Business Support and Business Engagement represented the largest portion of the initial Business Forward investment because we recognized that effective construction mitigation begins with understanding the individual and changing impacts businesses are experiencing. The intent of this investment was to create consistent, direct connections with corridor businesses; provide timely information about construction activities; identify access, visibility, parking, and other concerns as they emerged; and create a pathway to bring those concerns back to the project team for resolution or mitigation where possible. This engagement was also intended to inform the broader

Business Forward strategy by helping the City and its partners better understand where additional marketing, promotion, customer traffic, or other mitigation efforts could be most helpful.

Zan Associates provided dedicated corridor outreach, construction-impact coordination, and direct business support. Storefront Mastery consulted with 30 businesses to identify impacts and develop business-specific solutions. The broader outreach program included an average of approximately 25 business visits per week, biweekly virtual What's Next on the Link Corridor meetings, ongoing staff meetings and construction coordination, and temporary food-pickup parking spaces installed at no cost.
Results were tracked through consultant deliverables and invoices, businesses contacted or consulted, weekly outreach activity, meeting participation, business issues and requests received, mitigation strategies implemented, follow-up activity, and qualitative feedback from businesses. This tracking showed the reach of the engagement effort and whether concerns were translated into practical responses, although it did not consistently measure changes in sales or customer traffic.

What we learned from this investment:
Dedicated outreach and one-on-one support are valuable because construction impacts differ by business and can change quickly as work progresses. Regular contact helped surface access, parking, visibility, and communication concerns and created a direct path to the construction team. One of the most important lessons from this investment was the timing of consultant resources. While the consultants provided valuable content, expertise, and opportunities for individualized assistance, they were engaged before the most disruptive construction period, when many businesses were not yet experiencing significant impacts at their doorstep. As a result, business participation and sign-up for some of the available services was lower than anticipated, likely reflecting that businesses had other, more immediate priorities and were not yet ready to focus on construction mitigation. As impacts have intensified, we have seen that businesses are more engaged and better positioned to identify the specific challenges they are experiencing and the types of assistance that may be most useful. Going forward, consultant and other specialized resources should be more intentionally phased with the construction schedule and severity of impacts, supported by clear roles and escalation procedures, and paired with consistent issue tracking and follow-through.

**Recommended/Not Recommended to continue:** *Recommended*
**Use of Funds:** Please see Attachment A for spending detail.

Category 2 – Marketing, Promotion & Construction Mitigation Experience
Investment to date: $37,507.59

Marketing, Promotion and Construction Mitigation Experience investments were intended to help businesses remain visible and accessible to customers as construction changed normal travel patterns, parking, access, and the overall experience along the corridor. These efforts focused on reminding the community that businesses remained

open, helping customers navigate construction, and testing strategies to encourage continued visits and spending at businesses experiencing construction impacts.
The City and its partners used promotional materials, business signage, geomarketing through Google and Meta, event outreach, brochures and business coupons, and a $15,000 Neighborly voucher program to encourage purchases at corridor businesses. Rochester Local promoted corridor businesses through its 2026 summer guide and related digital placements. Paid social media also supported construction navigation and project updates.

Results were tracked through businesses participating, promotional materials distributed, voucher issuance and redemption information, digital impressions and engagement, event participation, and business feedback. Reported social media results included 45,133 impressions and 893 engagements for Navigate Construction Downtown; 217,084 impressions and 653 engagements for the 14th Avenue closure; and 54,691 impressions and 989 engagements for the 19th Avenue station poem.

What we learned from this investment:
Marketing and promotional efforts benefited from the City's ability to capitalize on relationships with well-established local multimedia firms that understand Rochester, its businesses, and the broader regional market. These partners provided access to established audiences and broad customer reach, both citywide and throughout the region—an important consideration given Rochester's role as a regional hub for employment, health care, education, shopping, dining, and entertainment. This local knowledge and established reach allowed Business Forward efforts to quickly connect construction messaging and business promotions with audiences already familiar with and traveling to Rochester.

Marketing and promotions are most useful when they are targeted to a specific construction impact, business audience, or customer action. Broad awareness metrics demonstrate reach but do not, by themselves, show whether activity generated visits or spending. The voucher program reinforced the need to simplify participation, coordinate promotion with businesses, and establish redemption and transaction reporting before launch.

Future investments should build on the value of these local and regional partnerships while placing greater emphasis on measurable outcomes and accountability for results. When contracting with marketing, multimedia, or promotional partners, the City should establish clear expectations at the outset for how the effectiveness of the investment will be tracked, measured, and reported. Depending on the strategy, measures could include customer redemptions, website or link activity, event participation, customer traffic, transactions generated, geographic reach, and direct business feedback. Where possible, contracted partners should be expected to provide regular reporting that goes beyond impressions and engagement and helps demonstrate whether a campaign influenced customer behavior or generated measurable activity for impacted businesses. This information will allow the City to evaluate strategies as they are implemented, make adjustments when results are not meeting expectations, and direct future Business Forward resources toward approaches demonstrating the greatest benefit to businesses experiencing construction impacts.

**Recommended/Not Recommended to continue:** *Recommended*
**Use of Funds:** Please see Attachment A for spending detail.

Overall Learnings from Initial Business Forward Investment

The initial Business Forward investment provided a foundation of support for businesses impacted by Link construction and, equally important, provided valuable lessons that can inform how the remaining and proposed additional resources are deployed. Several businesses have announced a shift to a different business model or a potential closure and have directly attributed construction as a key factor. Business feedback, experience implementing the program, and results from the strategies used to date have:

- Reinforced the importance of timing, consistent communication, and individualized support when responding to construction impacts.
- Demonstrated that business needs evolve as construction progresses and that consultant and specialized business support resources are most effective when they are aligned with the timing, location, and severity of those impacts.
- Shown that even valuable resources may have limited participation if they are offered before businesses are experiencing the impacts or are ready to engage, reinforcing the need to better phase resources with the construction schedule.
- Demonstrated the value of leveraging established local and regional partners that understand Rochester and have existing relationships and broad audience reach.
- Reinforced that marketing reach and activity alone are not sufficient measures of success. Future investments should establish clearer outcomes and stronger mechanisms for tracking, measuring, and reporting whether strategies are influencing customer behavior and providing meaningful benefit to impacted businesses.
- Reinforced that Business Forward is most effective as a mitigation strategy for otherwise viable businesses navigating temporary construction disruption. While these efforts can help maintain visibility, access, customer connections, and traffic during construction, they cannot fully offset broader market conditions, changing consumer behavior, or other operational and financial challenges that may also be affecting an individual business.
- Highlighted opportunities to strengthen Business Forward’s internal processes, including coordination, communication, issue tracking, escalation, follow-through, and the ability to adjust strategies as conditions and business needs change.

Moving forward, the goal is to identify and address business needs before they become crises while maintaining the flexibility to respond as construction conditions change. A dedicated business advocate has been added to the Link project to strengthen consistent communication, direct engagement, issue identification, and follow-through with businesses. The additional investment will build on the lessons learned to date by more intentionally aligning resources with the timing and severity of construction impacts, coordinating with local and regional partners, establishing clearer expectations for measuring results, and maintaining flexible funding that can be directed toward the strategies demonstrating the greatest potential to support businesses through the remaining construction period.

**<u>Previous Additional Support (not Business Forward funding)</u>**
Recognizing the significant impacts of construction on downtown businesses, the City prioritized additional business support beyond the resources included in the existing Business Forward budget. The following summarizes the additional support and investments provided:

- Construction Impact Business Access Signage: Installation of business access signage at a cost of $43,444.
- Interim Wayfinding: More than $90,000 has been invested in wayfinding activities to help customers navigate changing construction conditions and maintain access to businesses.
- Interactive Construction Map: An online tool updated weekly to display closures, pedestrian routes, and bike routes sees over 1000 unique views per week.
- Kiosk map displays and new pedestrian wayfinding signage along 2nd St SW.
- A weekly Link BRT Newsletter: Integrating travel information into https://www.downtownrochesterconstruction.org/
- Promotional materials and Link BRT bus cutouts to increase visibility throughout the corridor at a cost of $7,020.
- A dedicated business advocate added by subcontractor Kimley-Horn to strengthen engagement and coordination with corridor businesses.
- Regular check-ins by the Link Construction Team
- Link or Treat, including event materials, equipment, rentals, and purchases from participating corridor businesses.
- Participation in community events, including Thursdays Downtown, STEM fair, Arbor Day, to maintain activity and visibility along the corridor to encourage foot traffic and customer activity.

**NEW REQUEST:**
**Proposed Use of remaining and additional Business Forward funding:**
Existing Business Forward balance: $119,000
Additional requested amount: $500,000
Recommended categories: 1) Business Support/Business Engagement and 2) Marketing, Promotion & Construction Mitigation Experience.

Continuing both categories is recommended because the remaining construction will create both business-specific operational needs and broader customer-facing impacts. Business Support and Business Engagement provides the direct relationships, schedule coordination, and flexibility needed to identify concerns early and tailor assistance to the type and severity of disruption. Marketing, Promotion and Construction Mitigation

Experience helps businesses remain visible, accessible, and connected to customers as traffic patterns and construction conditions change.

Experience to date shows that neither category is sufficient on its own. Engagement identifies the need; marketing and mitigation turn that information into practical customer-facing support. Maintaining both categories will allow the City to move from reactive assistance toward earlier, more coordinated intervention while scaling resources as construction impacts increase or shift. The recommended funding preserves flexibility to support corridor-wide strategies while also responding to individual businesses facing more significant or prolonged disruption.

Category 1 – Business Support/Business Engagement
Recommended funding allocated from existing balance: $60,000
Recommended funding allocated from additional request: $300,000
Use of Funds: Please see Attachment B for additional detail.

Purpose:

- Generate business traffic through targeted digital incentives to drive new and repeat customers to construction-impacted businesses, encourage additional spending, and measure the resulting business activity.
- Provide flexible funding to respond to individual business needs based on the type, duration, and severity of construction impacts. These supports will be focused on specific businesses' needs and tiered to the appropriate level of response required given the intensity and duration of disruption.

Performance Metrics:

- Businesses supported
- Business-specific strategies implemented
- Customer participation and redemptions
- Transactions/spending generated
- Business foot traffic
- Business feedback and reported impact
- Business retention

Category 2 – Marketing, Promotion & Construction Mitigation Experience
Recommended funding allocated from existing balance: $59,000
Recommended funding allocated from additional request: $200,000
Use of Funds: Please see Attachment B for additional detail.

Purpose: The additional funding will support flexible marketing, business traffic generation, and construction mitigation strategies tailored to the needs of the corridor and individual businesses.
Performance Metrics:

- Marketing reach and engagement
- Business participation
- Event attendance and engagement

- Customer traffic generated
- Community and business feedback

Project considerations guiding Business Forward funding:

The remaining Business Forward strategy will follow three construction phases. Through December 2026, resources will focus on managing significant roadway, access, and station-construction impacts. From January through March 2027, support will shift toward localized construction mitigation and business-specific needs. From April through September 2027, the emphasis will increasingly move from construction mitigation to BRT readiness, customer education, corridor activation, and opening support.

As part of this next phase, the City will continue direct outreach to impacted businesses to better understand their evolving needs and gather input and ideas on Business Forward tactics that may be most helpful. The Business Forward Disruption and Response Matrix will provide a framework for those conversations by helping align potential strategies with the type, duration, and severity of construction impacts. Business input will help inform the strategies pursued, recognizing that the use of Business Forward resources must remain consistent with eligible funding purposes and applicable local, state, and federal funding requirements.

Funding, staffing, and specific tactics will remain flexible so the response can adjust as construction locations, timing, business needs, and impacts change, while allowing the City to direct resources toward approaches that are both compliant and most likely to provide meaningful support during the remaining construction period.

**September through December 2026**
Work during this period includes roadway, bridge, and station construction, with localized lane and access changes continuing throughout the corridor. The most significant impacts are expected near 19th Avenue, the Saint Marys campus, and 1st Avenue.

Near-term construction: Highway 52 bridge construction shifts to the north side beginning September 21 and is expected to continue for approximately eight weeks. Lane closures are also anticipated between Broadway Avenue and 3rd Avenue for station work. By mid-November at least one traffic lane is expected to be open in each direction on 2nd Street SW from the West Transit Village through the Saint Marys campus.

December: One traffic lane is expected to be open in each direction from the West Transit Village to Broadway Avenue. This work is being coordinated with Mayo Clinic's project at 5th Avenue. By late December the West Transit Village is expected to become operational, initially serving Rochester Public Transit fixed route 1050.

*Business Forward focus:* Business Forward resources during this phase will support frequent business communication, access and visibility mitigation, targeted promotions, and rapid response to localized impacts. As the remaining scope and support needs are refined, additional staffing, such as consultant assistance or a limited-term position, may be recommended to maintain consistent outreach, implementation, and follow-through.

**January through March 2027**
Construction impacts are expected to become more localized as major roadway work is completed and remaining station, utility, streetscape, and related work advances. Business Forward will continue direct outreach, monitor winter access and visibility conditions, update wayfinding and communications, and provide targeted assistance based on the duration and severity of individual business impacts. This phase will also be used to reassess needs and prepare businesses for spring construction and the transition toward BRT opening.

**April through September 2027**
As construction moves toward completion, Business Forward will increasingly support the transition from construction mitigation to BRT readiness and corridor activation. Work will include continued response to localized construction and punch-list impacts, business and customer education, coordinated promotions and events, station-area activation, and communications that encourage the community to return to and explore the corridor. Support will remain available for businesses experiencing extended impacts while the broader campaign shifts toward preparing for and embracing Link BRT service.

## Compliance

The City maintains a rigorous financial oversight and compliance process for Business Forward expenditures to ensure that all funds are used for eligible purposes and in accordance with applicable local, state and federal laws, including requirements associated with State DMC funding. Business Forward funding is used to support strategies and initiatives that promote, highlight, and help drive customers and visitors to businesses impacted by construction. Funding is not provided directly to individual businesses to support or subsidize their operating expenses.

Dedicated project and Finance staff have primary responsibility for monitoring expenditures and funding eligibility throughout implementation. When a new or unique expense is proposed and eligibility is uncertain, the project manager consults with Finance before the expense is incurred; when additional guidance is needed, Finance coordinates with DMC staff and/or DEED auditors to confirm eligibility. In addition, the project manager meets monthly with Finance staff and the City's FTA grant manager to review project expenditures and confirm appropriate funding and compliance. The City's Finance Director, who also serves as Treasurer for the DMC EDA, provides an additional level of financial oversight and guidance regarding the appropriate use of DMC and Business Forward funds. Finally, all DMC expenditures are provided annually to DEED auditors, who select expenditures for additional review, including review of supporting invoices to confirm eligibility. Together, these controls provide multiple levels of review and accountability to ensure Business Forward investments are appropriately documented, eligible, and compliant with applicable funding requirements.

**Risk to scope, Budget, Timeline, or Delivery**

- Construction timelines: Changes, delays, or accelerated schedules may affect when and how Business Forward strategies can be implemented.
- Partner activation: The availability, capacity, and ability of project and community partners to participate may affect the scope and timing of support.
- Business participation: Businesses may have varying levels of interest, capacity, or willingness to participate in Business Forward activities and opportunities.
- Business needs: Emerging or changing construction impacts may create needs that differ from those initially anticipated.
- Public sentiment and discourse: Community sentiment and ongoing public discussion about construction may influence business participation, customer behavior, and perceptions of the project.
- Coordination: Multiple organizations and project partners must remain aligned to ensure consistent communication and avoid duplicating or conflicting efforts.
- Adaptability: Because Business Forward is designed to respond to individual and evolving business needs, the specific tactics and allocation of resources may change throughout implementation.

**Attachments / Exhibits**

Attachment A – Breakdown of Business Forward Expenditures thru September 2026
Attachment B – Proposed Use of Additional Business Forward Funding

**ATTACHMENT A**

**Business Forward Expenditures thru September 2026**

Business Support and Engagement

- Consultant Services (complete)
  - Zan Associates contract for $138,075 provided dedicated business outreach, construction impact coordination, and direct support to businesses along the corridor.
  - Storefront Mastery contract for $53,293 provided direct business engagement with 30 businesses to identify construction impacts and develop business-specific solutions during construction.
- Business-specific Support and Outreach: Staff conducted ongoing meetings with businesses to discuss construction schedule and mitigation needs.
  - Business Outreach:
    - On average 25 business visited each week
    - Bi-weekly “What’s Next on the Link Corridor” virtual public meetings
    - Food pick-up temporary parking spots installed for food service establishments were established at no cost.

  - Promotional Materials: Materials were created to increase visibility throughout the corridor at a cost of $1,012.
    - Business signage
    - Geomarketing (Google ads and Meta ads)
    - Events booth
    - Brochures & Business Coupons
  - Business Voucher Program: A voucher program with Neighborly was created to promote purchases as businesses in the corridor at a cost of $15,000.
  - Additional construction-related improvements and enhancements were identified in response to business feedback.

Marketing, Promotion & Construction Mitigation Experience

- Rochester Local: A contract with Rochester Local for $20,925 promoted corridor businesses through the Online 2026 Guide to Summer. This included a title sponsorship which featured graphics, newsletter, homepage slider placement, images with links.
- Social Media: Paid social media advertising and other targeted promotional materials were also provided at a cost of $570.
  - Navigate Construction Downtown
    - Impressions: 45,133
    - Engagement: 893
  - Link closure 14th Ave
    - Impressions 217,084
    - Engagement 653
  - Link 19th Station poem
    - Impressions 54,691
    - Engagement 989

**ATTACHMENT B**

**Proposed Use of Additional Business Forward Funding**

As previously noted, unlike a traditional business assistance strategy focused primarily on growth or customer acquisition, Business Forward during major construction is first and foremost a business preservation strategy, focused on minimizing the impacts of disruption, maintaining access and visibility, and helping businesses retain their existing customer base until normal conditions return.

As the Link project moves into its next phases of construction, the City and its partners are developing a more structured framework to guide the deployment of Business Forward resources based on the type, duration, and severity of disruption experienced by individual businesses. This framework will include a decision-making matrix that aligns varying levels of construction impact, such as sidewalk, roadway, access, or front-door closures lasting from a week to several months, with an escalating range of Business Forward strategies and resources.

The framework will also be informed by lessons learned from prior Business Forward investments, including which strategies have been most effective, as well as ongoing feedback from businesses about their needs and the types of support that may be most helpful as construction conditions change. Generally, the greater and more sustained the disruption, the greater the level of intervention that may be warranted. This approach is intended to help triage impacts and deploy limited resources where they can have the greatest effect.

Business Support/Business Engagement investment strategies:

Marketing, Promotion & Construction Mitigation Experience investment strategies:

<u>Business Forward Disruption & Response Matrix</u>

| Level of Disruption | Disruption Example | Possible Business Forward Strategy | Outcomes Measured |
|---|---|---|---|
| **Level 1 – Minor Funding cap per incident:** | Short-term sidewalk or localized access disruption lasting **less than 1 week**; business remains readily accessible. | • Additional/modified wayfinding and business access signage<br>• Advance notice to impacted businesses<br>• Notice in weekly construction update/newsletter<br>• Social media and communications support, as appropriate | |
| **Level 2 – Moderate** | Sidewalk closure, parking/loading | **Level 1 strategies, plus:** | |

| | | | |
|---|---|---|---|
| **Funding cap per incident:** | disruption, or partial access restriction lasting **1–4 weeks**; customer access remains available but is less convenient or visible. | • Enhanced business-specific signage and wayfinding<br>• Targeted social media/digital promotion<br>• Temporary customer pick-up/loading solutions where feasible<br>• Business-specific communications and construction coordination<br>• Increased direct outreach/check-ins | |
| **Level 3 – Significant Funding cap per incident:** | Sidewalk closure or significant access disruption lasting **30–60 days**, or a roadway closure that materially changes customer access, parking, visibility, or circulation. | **Levels 1–2 strategies, plus:**<br>• Targeted/geofenced digital advertising<br>• Business-specific promotions or customer incentives<br>• Collaborative/corridor promotions<br>• Customer re-engagement strategies<br>• Individual consultation to identify mitigation needs<br>• Enhanced temporary placemaking or corridor activation | |
| **Level 4 – Major Funding cap per incident:** | Extended sidewalk and/or roadway closure lasting **more than 60 days**, substantial loss of nearby parking, or construction conditions that significantly impair visibility and convenient customer access. | **Levels 1–3 strategies, plus:**<br>• Customized business preservation plan<br>• Enhanced digital incentives, vouchers, gift-card promotions, or loyalty strategies<br>• Professional marketing assets such as photography, video, or digital profiles<br>• Special events or activations designed to generate customer traffic<br>• More intensive one-on-one business assistance<br>• Coordinated deployment of partner resources | |
| **Level 5 – Severe/Critical Funding cap per incident:** | **Road and/or intersection closure for more than 60 days**, prolonged front-door or primary access impacts, or a combination of construction | **All appropriate strategies from Levels 1–4, plus:**<br>• Highest level of individualized Business Forward intervention<br>• Customized package of marketing, customer retention, | |

| | | | |
|---|---|---|---|
| | conditions creating exceptional disruption to normal business operations and customer access. | access, visibility, and traffic-generation strategies<br>• Expanded business-specific incentives and promotions<br>• Intensive coordination among City, project team, DMC and community partners<br>• Frequent reassessment of business conditions and adjustment of strategies as impacts evolve | |

**Note:** *The matrix is intended as a decision-making framework rather than a prescriptive formula. The appropriate Business Forward response will consider the duration and severity of construction impacts, the unique circumstances of the affected business, lessons learned from previous Business Forward investments, available resources, and ongoing feedback from businesses. Not every strategy will be appropriate or necessary at every level, and strategies may be adjusted as construction conditions and business needs evolve.*

# HEALTHTECH INNOVATION ECOSYSTEM INFRASTRUCTURE

SEPTEMBER 2026

**Request of the Board**

Receive the update and provide direction to staff regarding the investment criteria and priorities that should guide development of future HealthTech innovation ecosystem infrastructure. No formal action is requested.

**Approved Project or Program Baseline**

Accelerate Health Innovation is one of the key strategic priorities adopted as part of the update to the DMC Development Plan at the start of 2026. As staff advances implementation, we wanted to share relevant information about the vision for the needed infrastructure investments that are anticipated in order to continue to build the innovation ecosystem.

**Discovery Square 2035: Building a Self-Sustaining HealthTech Ecosystem**

By 2035, Discovery Square aims to become a dense, connected HealthTech ecosystem where startups form, companies scale, talent builds careers, and investors and strategic partners maintain an active presence. Success will mean that private and institutional activity increasingly generates new companies, capital, talent, and opportunities without DMC driving every initiative.

<u>The Strategic Challenge</u>
Mayo Clinic gives Rochester exceptional clinical relevance, credibility, and scale, while Discovery Square occupies a valuable position near Mayo Clinic and within the Medical Alley corridor. However, Mayo's presence alone has not produced a dense commercial innovation ecosystem. Companies, entrepreneurs, investors, and talent need tangible reasons to choose Rochester—including laboratories, capital, expertise, programming, infrastructure, and professional networks. The ecosystem will grow only when these participants have compelling reasons to visit, engage, return, and ultimately stay.

<u>DMC's Role</u>
DMC can accelerate ecosystem development by identifying missing capabilities and investing where market limitations constrain company formation, growth, or attraction. DMC can reduce risk, recruit credible operators, connect new assets with Mayo Clinic and Medical Alley, and activate those assets through programming, partnerships, and business development. This intervention is particularly important because specialized innovation infrastructure is costly and difficult to finance in emerging markets. DMC's purpose is not to replace the market, but to help strategically important capabilities emerge sooner and at sufficient scale.

Creating a Compounding Flywheel
Strategic innovation assets attract founders, companies, investors, and talent. Their participation generates activity and interaction, which lead to collaboration, opportunity, and stronger district credibility. As credibility grows, Discovery Square becomes better positioned to attract additional capital and companies, allowing external investment to replace DMC as the primary source of momentum over time.

Physical infrastructure alone will not produce this outcome
Programming must encourage engagement, relationships must bring participants back, and economic opportunity must give them a reason to remain. Strong operators and sustained business development are therefore essential to transforming physical assets into functioning innovation platforms.

BioLabs as a Proof Point
BioLabs demonstrates this operating model by addressing a structural gap in Rochester's ecosystem and lowering barriers for early-stage life-science companies. It combines specialized infrastructure, operator expertise, programming, business development, and a global startup network near Mayo Clinic. This combination makes BioLabs a prototype for the strategic innovation assets DMC should pursue during its final decade, and its success is critical to continuing the momentum of the ecosystem.

A Portfolio of Strategic Investments
No single project can create an innovation ecosystem. Discovery Square requires a portfolio of mutually reinforcing capabilities, potentially including laboratories, talent infrastructure, capital networks, commercialization support, and innovation platforms. Individual investments will differ in returns and maturity timelines, but each should advance the broader mission. Priority investments should fill identifiable gaps, attract target participants, involve credible operating partners, and leverage Rochester's existing advantages. They should also attract additional capital, benefit from active programming and business development, and continue generating economic value after DMC sunsets.

Building Confidence Through Visible Success
Companies, investors, talent, and strategic partners are more likely to engage where they see credible evidence of opportunity and successful execution. Every successful investment therefore creates both direct economic value and confidence in Discovery Square's ability to deliver results. Visible wins reduce the perceived risk surrounding future decisions and strengthen the overall ecosystem.

The Path to 2035
Discovery Square's first decade established its physical foundation; its next decade must emphasize activation, participation, and repeated use. New assets must attract more companies, investors, talent, and partners, while programming converts their

presence into durable relationships and collaboration. Consistent business development and recurring activity must create the density necessary for self-sustaining growth.
The ultimate test will be whether Discovery Square continues generating companies, capital, talent, and economic activity without relying on DMC to create every subsequent opportunity.

**Current Status**

DMC EDA Staff are actively developing workplans that are reflective of the priorities above. Specific metrics and project evaluation frameworks are under development and 2027 workplans and future budgets are expected to be shaped around these priorities. Project quality is not the same thing as strategic fit, and these evaluation frameworks will continue to help refine implementation of the adopted priorities and future investment decisions.

**Upcoming Requests or Decision Points**

Tech-enabled Housing for Aging in Place (the “Home Innovation Lab”) is a specific initiative that is ripening and likely will formulate a request for funding support by Q4 2026.

**DMC Alignment**

This project directly supports implementation of the recently adopted strategic priorities.

**Attachments / Exhibits**

None.

# TECH-ENABLED HOUSING: HOME INNOVATION LAB
SEPTEMBER 2026

**Request of the Board**

Receive the update and provide direction to staff regarding continued development of the Home Innovation Lab. No formal action is requested.

**Background**
The Board received an update on the Tech-Enabled Housing initiative in May 2026, including plans for the Home Innovation Lab, a research and demonstration platform focused on healthy aging, technology-enabled aging in place, and the integration of health, housing, and technology.

Since May, the initiative has moved from concept development toward implementation.

Site control has been finalized, the project team and development structure have been formalized, the physical program has been further defined, and the Home Innovation Lab has established a specific research, validation, and commercialization strategy.

**Current Status**

Site Control and Development Team: A significant milestone was reached on July 22, when HIL One, LLC executed a ground lease with the University of Minnesota for the project site at 724 1st Avenue SW, adjacent to Discovery Square. The site is being provided at no base rent and is intended to host the Home Innovation Lab for its defined research and demonstration period.

HIL One, LLC has been established as the project development entity and includes Renfir Capital Investments, Urbaneer, and Driftless River. The Well Living Lab will lead the scientific research program, with the University of Minnesota Rochester participating as landowner and academic partner. Strom Architects is serving as architect, with Benike Construction anticipated to serve as general contractor.

**Project Definition:** The physical program has advanced substantially since the May update. The current concept includes approximately 1,928 square feet across three connected components:

- A 963-square-foot human-participant research residence designed for translational studies involving indoor environmental quality, biosensing, lighting, acoustics, and non-invasive health monitoring.
- A 665-square-foot Experience Center and simulation environment intended for technology demonstration, product evaluation, industry engagement, and potential UMR health-science education.

- A 300-square-foot core utility hub supporting mechanical systems, environmental controls, technology infrastructure, and data collection.

Both the research residence and Experience Center are intended to incorporate the Tech-Enabled Age-in-Place, or TE-AIP, Guidelines being developed through the initiative, along with the WELL Residence Standard and a prototype Home Wellness Platform.

**Research and Commercialization Platform:** The initiative is increasingly being structured as more than a demonstration home. The Well Living Lab is developing a product assessment framework that would allow technologies to be evaluated first for technical performance using existing Well Living Lab infrastructure and subsequently for human experience and real-world readiness within the Home Innovation Lab.
This approach could allow initial technology evaluation to begin as early as Q4 2026, before construction of the Home Innovation Lab is complete. Areas of evaluation may include data quality and reliability, usability, health and wellness outcomes, interaction with caregivers and healthcare professionals, and integration of technology into residential environments.

The Home Innovation Lab is also developing an authorized builder and commercialization strategy intended to translate research findings into housing development at greater scale. Current pilot activity identified by the project team includes approximately 250 housing units in Indiana and Michigan using elements of the emerging platform.

Business Development and Industry Engagement: Interest from HealthTech companies has continued to grow as the Home Innovation Lab concept becomes more defined. DMC continues to field inquiries from regional, national, and international companies interested in using the platform to validate technologies and deploy products within simulated residential environments.

In August, DMC and Mayo Clinic traveled to South Korea to meet with more than a dozen companies interested in potential collaboration with the Home Innovation Lab and Rochester's broader HealthTech ecosystem. This builds on the international business development activity previously reported to the Board and provides an opportunity to connect companies directly with a future physical environment for technology testing, validation, and demonstration.

DMC has also introduced the Home Innovation Lab opportunity to companies participating in the Mayo Clinic Platform Accelerate program, as well as HealthTech companies based in the Minneapolis region. These conversations span digital health, remote monitoring, medical devices, smart-home technologies, and other solutions that could be evaluated within a residential setting.

This early market interest is an important indicator of the potential value of the Home Innovation Lab as an innovation asset. In addition to supporting research, the facility could provide DMC and its partners with a tangible platform for engaging companies,

demonstrating technologies, developing collaborations, and creating pathways for companies to establish a deeper presence in Rochester.
Public and Market Activation: The Home Innovation Lab launched a public-facing website in June and received local media coverage describing the Rochester research residence and Experience Center.

The project is being positioned as a platform for advancing how residential environments can support health and well-being, particularly for older adults. Research is expected to examine the relationship between the home environment and areas such as indoor air quality, lighting, sleep, stress recovery, and other technologies that influence health. The adjacent Experience Center is intended to provide a real-world setting for evaluating emerging products and technologies.

Schedule: Site engineering and entitlement work is underway. Construction remains targeted for Q4 2026. Current project materials anticipate completion and operational startup in 2027, followed by an approximately three-year active research period. Because the project is located on a temporary ground lease, the structures are expected to be removed, relocated, or otherwise addressed at the conclusion of the research term.

**Risks to Scope, Budget, Timeline, or Delivery**

- **Project Development:** The initiative continues to move through design, engineering, financing, and pre-construction activities. Several elements of the project remain subject to refinement as implementation planning advances.
- **Schedule:** Construction remains targeted for Q4 2026, with operations anticipated in 2027. The schedule will continue to be refined as design and construction planning progresses.
- **Temporary Site:** The Home Innovation Lab is intentionally being developed as a defined-life research asset. The ground lease requires eventual removal of the improvements and restoration of the University property, creating a need to determine whether successful components of the platform can be relocated or replicated elsewhere.
- **Scalability:** The long-term economic development value of the initiative depends on translating research and demonstration activity into company engagement, commercialization, housing development, and broader adoption of the TE-AIP platform. Early company and market interest is encouraging, but this strategy remains in development.

**Upcoming Requests or Decision Points**

The immediate focus is completing project design, entitlements, financing, and pre-construction activities in preparation for a targeted Q4 2026 construction start.

DMC staff will continue working with the Home Innovation Lab team to connect the platform with DMC business development activities, HealthTech companies, housing developers, Mayo Clinic, UMR, and other regional and international partners. Particular emphasis will be placed on converting current company interest into meaningful engagement with the Home Innovation Lab, including technology evaluation, research collaboration, demonstration opportunities, and potential longer-term business relationships in Rochester.

**DMC Alignment**

The Home Innovation Lab has continued to evolve from a housing-focused research concept into a potential piece of shared HealthTech innovation infrastructure adjacent to Discovery Square.

Its value proposition is increasingly centered on two complementary opportunities. First, the Home Innovation Lab could provide a real-world environment where companies can test, validate, and demonstrate technologies related to healthy aging, remote monitoring, digital health, medical devices, smart-home systems, and the built environment. This adds a residential application to Rochester's broader HealthTech innovation ecosystem.

The level of company interest already being generated reinforces the potential value of the asset. The Home Innovation Lab gives DMC and its partners something tangible around which to organize business development conversations. Rather than simply introducing companies to Rochester's healthcare ecosystem, DMC can connect interested companies to a physical platform where technologies can potentially be tested, demonstrated, and integrated into real-world living environments.
Second, the initiative is designed to translate validated technologies and design principles into replicable housing models. If successful, the platform could help attract developers and private investment while informing future senior housing, intergenerational housing, medical hospitality, and other residential models that respond to Rochester's long-term housing needs.

The project's emerging commercialization strategy reinforces this potential. Rather than viewing the Rochester facility as a stand-alone demonstration project, the Home Innovation Lab is being designed as a platform that can inform future housing development and technology adoption in Rochester and other markets.
This combination of research, commercialization, company attraction, international business development, and housing innovation could make the Home Innovation Lab a distinctive innovation asset for Rochester and strengthen the broader value proposition of the Discovery Square innovation ecosystem.

# DOWNTOWN INFRASTRUCTURE ALIGNMENT
SEPTEMBER 2026

**Request of the Board**

Receive the update and provide direction to staff regarding program priorities, project sequencing, coordination risks, long-term operations and maintenance, and the information the Board expects before future project-specific funding authorizations. No formal action is requested.

**Why Board Attention Is Needed Now**

The City of Rochester and DMC EDA are advancing project-by-project implementation within the geography affected by Bold. Forward. Unbound. in Rochester (BFUiR). This includes anticipation of a request to authorize up to $9.5 million for construction of the Reimagine 6th Avenue West project in December 2026 (see "Reimagine 6th Avenue West" as a standalone project update).

**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 advancing as a cohesive initiative where infrastructure and public realm investments are intended to be "seamless" across project packages. An integral part of this approach is the Enhanced Public Realm Delivery Plan – a strategy to build the transformative district-wide development intended in the concentrated timeframe established in the planned City and Mayo Clinic investments.

Gamble Associates, City departments, and DMC staff are well into development of this plan with an intended completion date of October 2026, allowing the projects to conform to the guidelines and typologies contained therein.

The individual projects within the Downtown Infrastructure Alignment have advanced from conceptual planning to specific schedule coordination across City-led phases and Mayo Clinic's BFUiR-related investments. Regular coordination meetings continue, and project delivery stands at various levels of completion, ranging from starting construction (UPUI Package B3) to nearing 60% design (Reimagine 6th Ave West) to nearing issuance of a design RFP (Central Loop at 3rd & 4th Avenues). Other, later-scheduled projects await initiation of design efforts.

The broader downtown infrastructure effort also includes projects already approved separately from the $38.371 million program, and the same coordination is integrated into those project delivery processes. The attached "Current and Planned Project Area" map illustrates all projects included in the downtown infrastructure efforts.

**Risks to Scope, Budget, Timeline, or Delivery**

- Sequencing interdependency related to 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 coordination with Mayo Clinic work that is underway or imminent, creating opportunities to align design, approvals, and construction
- 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 construction authorizations to come forward as scopes mature and construction schedules are confirmed. Going forward, staff will continue to update 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.

The Board will note several revisions to the attached “Schedule of Projects” from the last update. These revisions, a result of maturing coordination efforts between Mayo and City project representatives, will help manage road closures, and reflect the “dig once” approach.

**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 minimal 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 driving purposeful growth and designing for well-being. 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**

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

# 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 | Funding request Opt 1 | Funding request Opt 2 - Recommended | Funding request Opt 3 |
|---|---|---|---|---|---|---|---|---|
| 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 | | $ 750,000 | $ 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 | | $ 1,500,000 | $ 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 | | $ 1,500,000 | $ 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 | | $ 1,500,000 | $ 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 | $ 1,500,000 | $ 1,500,000 | $ 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 | $ 1,500,000 | $ 1,500,000 | $ 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 | $ 500,000 | $ 500,000 | $ 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 | | $ 750,000 | $ 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 | $ 750,000 | $ 750,000 | $ 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 | $ 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 | | $ 1,000,000 | $ 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 | | $ 1,000,000 | $ 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 | | $ 1,000,000 | $ 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 | $ 1,000,000 | $ 1,000,000 | $ 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 | | $ 500,000 | $ 500,000 |
| 21 | 3rd Ave NW between 3rd St NW & Civic Center Dr | Newmajor pedestrian corridor and small Sanitary line improvement (1945) | No | Major roadway, greater typology than standard road | $ 1,000,000 | | $ 1,000,000 | $ 1,000,000 |
| 22 | 3rd Ave NW between 2nd & 3rd St NW | Newmajor pedestrian corridor and small Sanitary line improvement (1945) | No | Major roadway, greater typology than standard road | $ 1,000,000 | | $ 1,000,000 | $ 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 | $ 1,000,000 | $ 1,000,000 | $ 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 | | $ 1,000,000 | $ 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 | | | | |

# 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 | $ 750,000 | $ 750,000 | $ 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 | | | $ 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 | | | $ 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 | | | $ 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 | | | $ 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 | | | $ 500,000 |
| 36 | 1st Ave SW between 2nd & 3rd St. SW | Enhanced corridor and infrastructure for future demand (Sanitary sewer 1948, water 1989 upsize to 12") | No | Major roadway, greater typology than standard road | $ 1,500,000 | | | $ 1,500,000 |

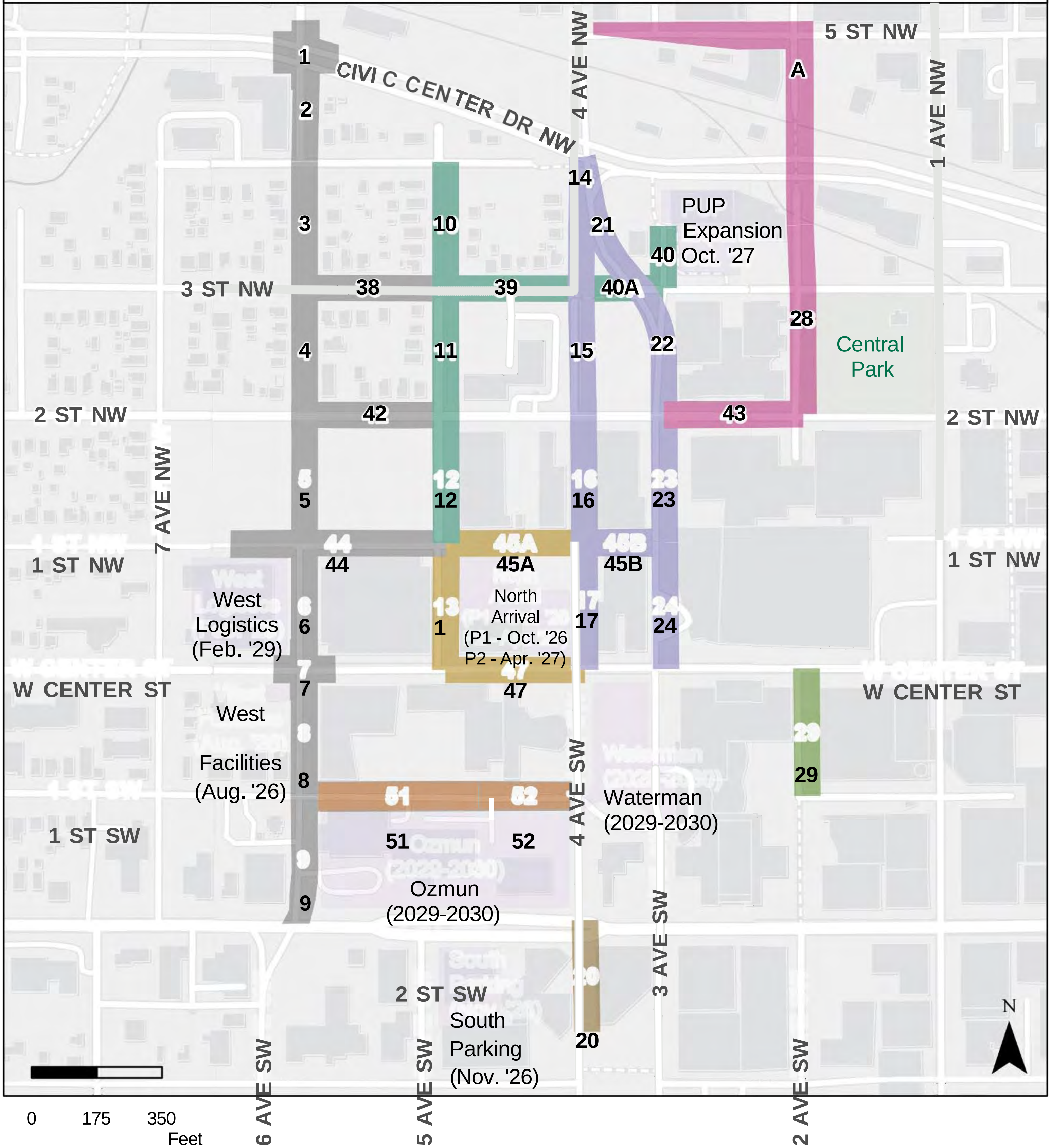
# Original Funding Matrix

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 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 | | | $ 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 | | $ 750,000 | $ 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 | $ 750,000 | $ 750,000 | $ 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 | $ 500,000 | $ 500,000 | $ 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 | $ 500,000 | $ 500,000 | $ 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 | $ 750,000 | $ 750,000 | $ 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 | $ 1,000,000 | $ 1,000,000 | $ 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 | $ 750,000 | $ 750,000 | $ 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 | $ 750,000 | $ 750,000 | $ 750,000 |

# Original Funding Matrix

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 46 | Center St W between 5th & 6th Ave NW | Cycle track & Infrastructure to support future demand (Sanitary 2003, Stormwater 1984, Water 2003) | Traffic study | Regular standard with increased capacity for development | | | | |
| 47 | Center St W between 4th & 5th Ave NW | Cycle track & Infrastructure to support future demand (Sanitary 2003, Stormwater 1984, Water 2003) | Traffic study | Regular standard with increased capacity for development | $ 500,000 | | | |
| 48 | Center St W between 3rd & 4th Ave NW | Cycle track & Infrastructure to support future demand (Sanitary 2003, Stormwater 1971 & 1986, Water 2003) | Civil Pkg &Traffic study | Regular standard with increased capacity for development | | | | |
| 49 | Center St W between 2nd & 3rd Ave NW | Cycle track & Infrastructure to support future demand (Stormwater 1971 & 1986, Water 1986 & 2000) | Civil Pkg &Traffic study | Regular standard with increased capacity for development | | | | |
| 50 | Center St W between 1st & 2nd Ave NW | Enhanced corridor primarily above ground improvements some infrastructure for future demand (Sanitary sewer 1963, Stormwater 1954, water 1963 cast iron replacement, upsizing) | Traffic study | Regular standard with increased capacity for development | | | | |
| 51 | 1st St SW between 5th& 6th Ave NW - **North side only** | Enhanced corridor primarily above ground improvements some infrastructure for future demand (Sanitary sewer 1985 - Mayo, Stormwater 1954, water 1916 Mayo? | Site plan & Civil package B | Major roadway, greater typology than standard road | $ 750,000 | | $ 750,000 | $ 750,000 |
| 52 | 1st St SW between 4th & 5th Ave NW - **North side only** | Enhanced corridor primarily above ground improvements some infrastructure for future demand (Sanitary sewer 1985 - Mayo, | Site plan & Civil package B | Major roadway, greater typology than standard road | $ 750,000 | | $ 750,000 | $ 750,000 |
| 53-56 | 2nd St SW between 1st Ave SW & 6th Ave SW | | Mayo improvements | | | | | |
| A | 2nd Ave NW from 3rd St NW to 5th St. NW and 5th St. NW from 2nd Ave NW to 4th Ave NW | Infrastructure to support future demand (Sanitary 1945 & 1954 water 1931) | Civil pkg | | $ 2,871,000 | $ 2,871,000 | $ 2,871,000 | $ 2,871,000 |
| | Total | | | | $ 40,371,000 | $ 15,621,000 | $ 30,371,000 | $ 37,871,000 |
| | Kutzky park allocation | | | | | $ 3,000,000 | $ 8,000,000 | $ 8,000,000 |
| | | | | **Revised total** | | $ 18,621,000 | $ 38,371,000 | $ 45,871,000 |

# Current and Planned Project Areas




Date Exported: 2/24/2026

**2025 Start**

J7858 - 2nd Ave SW

**2026 Start**

J7857 - North Arrival ROW

**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

J8908 - 6th Ave & Connected UPUI

J8915 - Utility Power Underground Infrastructure (UPUI) Package B3

**2028 Start**

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

## 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** | **Q1 2027** | **Q2 2027** | **Q3 2027** | **Q4 2027** | **Q2 2028** | **Total** |
| Kutzky | 100,000 | | | | | | | | 100,000 |
| J8638 - Enhanced Public Realm Plan | 330,000 | | | | | | | | 330,000 |
| J8908 - Reimagine 6th Ave | 1,335,388 | | | | | | | | 1,335,388 |
| J8915 UPUI Package B3 (5th Ave and 3rd St NW) | 370,000 | | | | | | | | 370,000 |
| J8910 4th Ave between 2nd St & 3rd St | 75,000 | | | | | | | | 75,000 |
| J8920 - 3rd & 4th Ave from Center to Civic Center | 412,500 | | 900,000 | | | | | | 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 Design Cost** | **2,885,388** | **-** | **900,000** | **430,650** | **-** | **225,000** | **-** | **-** | **4,441,038** |

| | DMC Board Meeting | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Construction (DMC approval is required before release of funds.)** | **05/21/26** | **09/24/26** | **12/10/26** | **Q1 2027** | **Q2 2027** | **Q3 2027** | **Q4 2027** | **Q2 2028** | **Total** |
| Kutzky | | | | | | 7,900,000 | | | 7,900,000 |
| J8908 - Reimagine 6th Ave | | | 9,514,612 | | | | | | 9,514,612 |
| J8915 UPUI 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 |
| J8920 - 3rd & 4th Ave from Center to Civic Center | | | | | 2,337,500 | | 2,550,000 | 2,400,000 | 7,287,500 |
| J8916 - 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 Construction Cost** | **3,600,000** | **-** | **9,514,612** | **-** | **2,762,500** | **9,387,500** | **3,825,000** | **4,840,350** | **33,929,962** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Total** | | | | | | | | | **38,371,000** |

# REIMAGINING 6TH AVENUE WEST

SEPTEMBER 2026

**Request of the Board**

Receive the design update and provide direction to staff regarding the proposed corridor design before staff return for construction funding authorization. No formal action is requested.

**Approved Project or Program Baseline**

The Reimagining 6th Avenue West Project is one of the first major projects advanced through the $38.371 million Downtown Infrastructure Alignment program approved for 2026–2027. That program was established in response to the scale and concentration of public and private investment occurring on the west side of downtown, including Mayo Clinic's *Bold. Forward. Unbound. in Rochester* (BFUiR) expansion and the Link Bus Rapid Transit system. Its purpose is not simply to replace aging infrastructure, but to coordinate those investments, increase utility capacity for future development, strengthen connections between downtown and surrounding neighborhoods, and complete public-realm improvements in a manner that minimizes repeated disruption.

Within that larger program, 6th Avenue is a particularly important north-south corridor. Extending from the Link BRT corridor at 2nd Street SW toward Civic Center Drive, it connects major downtown destinations and emerging development areas with Kutzky Park and other neighborhoods west and north of downtown. Previous public-realm planning identified 6th Avenue, together with 2nd Street, as a key multimodal mobility connector intended to provide stronger pedestrian, bicycle, transit and vehicular connections as adjacent development is completed. The project is also deliberately sequenced with adjacent Mayo Clinic and City construction so that overlapping underground and surface improvements can be completed once, with 6th Avenue ultimately providing final pavement, landscaping and public-realm connections after much of the surrounding construction is complete.

Beyond the primary 6th Avenue West corridor, the project scope also includes three DMC funded adjacent east/west cross-street blocks. This allows for the integrated delivery of critical Underground Public Utility Infrastructure (UPUI) upgrades. By upgrading utility assets to support future growth during this group of construction work, the City ensures long-term fiscal responsibility and minimizes future corridor disruption.

Defined DMC Project Limits

| Segment | Infrastructure Scope |
|---|---|
| **6th Ave W (W. Center St to Civic Center Dr)** | Full Reconstruction (Sub-surface & Surface) |
| **1st, 2nd, & 3rd St NW (6th Ave to 5th Ave)** | Utility Replacement & Surface Improvements (Paving, Sidewalks, Landscaping, 2nd St NW Mixed Use Path) |

Defined Project Limits Funded by Others (BFUiR & RPU)

| Segment | Infrastructure Scope |
|---|---|
| **3rd Street NW (6th Ave to 7th Ave)** | Utility Replacement & Surface Restoration |
| **6th Ave W (2nd St SW to W. Center St)** | Surface Improvements (Paving, Cycle Track, Sidewalks) |
| **W. Center St (6th Ave to Mid-block 5th Ave)** | Full Reconstruction & Cycle Track (Sub-surface & Surface) |
| **W. Center St (6th Ave to 7th Ave Intersection)** | Full Reconstruction & Cycle Track (Sub-surface & Surface) |

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

| Category | Details |
|---|---|
| **Current Budget** | $11,160,884 |
| **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 May update. The project's lead consultant, Toole Design Group, is advancing the project through the full design phase. City staff and the project's consultant team meet weekly to maintain full coordination with the Mayo Clinic and nearby private development partners to ensure the project remains aligned with the evolving needs of the surrounding area.

The project's consultants, Toole Design Group, Strand Associates and Gamble Associates, continue to advance the project toward final design completion. In July the 30% design milestone was achieved. The initial opinion of probable cost for the project has been completed, and the project is on budget. Due to parallel City/Mayo cost allocation agreements, other Mayo on-going construction projects will be making a cost contribution to the Reimagine 6th Avenue Project budget where work overlaps.

The Reimagine 6th Avenue West Project will be the last work in the construction sequence and will be providing the final pavement and landscaping. Examples of the overlapping work areas include the installation of traffic signals at 2nd Street NW and W Center Street along with road reconstruction work extending for approximately one block in all directions from the intersection at 6th Avenue West and West Center Street.

Over the last several months the project team has completed a comprehensive communications plan that outlined the recently completed public engagement and feedback opportunities including meetings with neighborhood associations and two virtual open houses.  During the public engagement phase the project was well received and continued support of traffic calming measures. 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 60% design phase, which is expected by October 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 BFUiR projects that are currently on a more accelerated timeline requiring continuous synchronization to ensure all construction 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 currently. As the project advances, the City will conduct scheduled presentations of the 30% and 100% design milestones to the City Council; these milestones are designed to maintain institutional alignment and ensure community confidence in the project’s design advancement 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 in December upon the successful completion of the design phase.

**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" design methodology and ADA-compliant accessibility, the City is embedding wellness into the daily commute.

- Mobility as Health: Transitioning the corridor into a pedestrian-focused multi-modal 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 mode 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
- Concept corridor rendering


5 ST NW
CIVIC CENTER DR NW
1 AVE NW
PUP
Expansion
Oct. '27
Central
Park
4 AVE NW
2 ST NW
7 AVE NW
3 AVE NW
North
Arrival
(P1 - Oct. '26
P2 - Apr. '27)
West
Logistics
(Feb. '29)
W CENTER
W CENTER ST
West
Facilities
(Aug. '26)
4 AVE SW
Waterman
(2029-2030)
1 ST SW
Ozmun
(2029-2030)
2 ST SW
South
Parking
(Nov. '26)
6 AVE SW
5 AVE SW
3 AVE SW
2 AVE SW
0 175 350
Feet
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# CHATEAU THEATRE

SEPTEMBER 2026

**Request of the Board**

Receive the update and provide direction to staff regarding the proposed operating partnership and associated DMC capital investment, currently estimated at approximately $6.2 million. No formal action is requested.

**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. DMCC direction to staff required that any additional capital request be accompanied by: a description of the opportunity and capacity of Chateau Theater; an explanation of the capital investment necessary to achieve that opportunity and capacity; and an operation plan. Similar direction of staff was issued at a January 2026 City Council Study Session.

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 theatre as a community arts and activation hub.

**Current Status**

Since the last update, the City has continued to advance the operating and capital planning work presented to the City Council at its August 10 Study Session. The City Council has directed City staff to present the framework to the DMCC Board on September 24 for input and an indication of interest in advancing the proposed partnership.

Following several months of analysis with Experience Rochester, the City is advancing Experience Rochester as the proposed long-term operator of the Chateau. The proposed framework pairs a sustainable operating model with capital improvements intended to build on the Chateau's established community role, expand programming and event capabilities, and support long-term use of the publicly owned facility.

Past DMC investments
Major City/DMC investments have supported acquisition, preservation, building systems, code and accessibility improvements, and continued public use of the Chateau. Since acquisition, major improvements have increased total DMC investment to $10.8 million.

Acquisition and City ownership
The Chateau was acquired in 2016 for $6.0 million, with a $500,000 contribution from Mayo Clinic and $5.5 million in DMC funds. Since then, the City has maintained public ownership while evaluating and implementing different operating approaches, including EDG and, beginning in 2022, Threshold Arts.

Recent and current efforts with Threshold Arts
Threshold Arts has operated the Chateau since 2022 and helped establish the building as an active, flexible community venue. Over approximately 3.5 years, the Chateau hosted 519 events and welcomed 113,184 visitors. With Threshold not intending to continue beyond the current agreement, staff is coordinating a transition that maintains programming continuity and builds on the activity established during its tenure.

Proposed operating plan
Experience Rochester is the proposed long-term operator, with responsibilities for venue management, sales and marketing, community engagement, event development, and coordination of food and beverage and professional venue support. The model is intended to build partnerships with local arts, cultural, downtown, and community organizations rather than replace existing community-led programming.

The preliminary operating pro forma anticipates City operating support of approximately $94,000 in 2027 (partial year), $132,000 in 2028, and $109,000 in 2029. The City would remain responsible for ongoing operations, maintenance, lifecycle needs, and stewardship of the publicly owned facility.

Capital planning is advancing in parallel with the operating strategy. Current planning-level estimates identify approximately $2.8 million in baseline facility needs and approximately $3.4 million in venue activation improvements, for a combined planning-level estimate of approximately $6.2 million. The proposed framework is intended to complete the planned DMC investment in stabilizing and activating the Chateau for long-term use.

Staff are continuing to validate and prioritize the improvements and refine the funding framework. At the September 24 meeting, staff will seek DMCC input and an indication of interest in advancing the proposed partnership and approximately $6.2 million capital framework. Any future DMC capital funding request would remain subject to separate DMCC approval.

## Risks to Scope, Budget, Timeline, or Delivery

Capital estimates remain planning-level and will continue to be refined through design, testing, and prioritization.

- Transitioning from Threshold Arts to a new operating model will require coordination to maintain programming continuity while preparing for future facility improvements.
- The operating model will need to balance community access and arts programming with long-term financial sustainability.
- Future DMC and City actions will require separate approvals and must remain consistent with applicable funding requirements and eligible uses. The City would remain responsible for ongoing operations, maintenance, lifecycle needs, and stewardship.

## Upcoming Requests or Decision Points

- Following DMCC discussion: Continued scope, cost, operating, and financial validation, Experience Rochester Board action, and future City Council and DMCC approvals as applicable.

## DMC Alignment

The Chateau remains an important historic and public asset within the Heart of the City. Previous City and DMC investments have preserved the building and allowed it to remain in active public use. The current work represents the next phase of that investment: establishing a sustainable operating model and making targeted improvements that support community use, arts and cultural programming, broader event activity, and downtown activation. The proposed capital framework is intended to complete the planned DMC investment in stabilizing and activating the Chateau for long-term use, with the City responsible for ongoing operations, maintenance, lifecycle needs, and stewardship. The project continues to advance DMC priorities related to placemaking, arts and culture, downtown vitality, activation of the Heart of the City, and long-term stewardship of public infrastructure.

## Attachments / Exhibits

- Chateau FAQ and Exhibit

**Chateau Theatre FAQ**

City of Rochester administrative leadership presented its proposed operating and capital plan for the Chateau Theatre to the DMC EDA Board of Directors in early September 2026. The DMC EDA Board raised questions about prior expenditures, performance expectations, long-term operations and maintenance, market need, continuity, funding, and protection of the public investment. City staff subsequently provided the following information in response.

1. **How much has been spent on the Château, and what did prior funding purchase?**

   See Exhibit 1 for the detailed accounting of expenditures and funding sources.

   DMC has made significant investments in the Chateau since its acquisition. When the City acquired the building with DMC support in 2016, it was not operating as an event or performance venue. It was a closed former Barnes & Noble bookstore, with a second floor, escalator, and a layout designed for retail use. Early investments included removing the second floor and escalator, opening up the historic interior, stabilizing the building, and making the improvements necessary to put it back into active use.

   Subsequent investments addressed deferred maintenance and building deficiencies that existed when the City and DMC partnered to acquire the Chateau, rather than maintenance deferred during City ownership. These included needs associated with the roof, historic interior features, marquee, elevator, electrical and plumbing systems, along with improvements necessary to convert the former retail building for public use. The investments stabilized and preserved the historic asset and established the foundation for the community programming and events occurring there today.

   The current capital planning represents the next phase of that work. It includes remaining baseline facility needs, but also improvements that were not part of converting and stabilizing the former retail building. These investments are intended to give the Chateau the infrastructure and flexibility needed to support a broader range of community programming, arts and entertainment, performances, ticketed events, and other uses on a more consistent basis.

   DMC capital investment is only one component of the City's overall financial commitment to the Chateau. During City ownership, the City has funded ongoing operating and maintenance costs that have generally ranged from approximately $80,000 to $150,000 annually. Going forward, the City will continue to fund its ongoing ownership responsibilities, including operations, maintenance, repairs, lifecycle replacement, and preservation of the building. The proposed operating model also includes an additional $300,000 annually in City funding through Experience Rochester to support Chateau operations and broader event and community activation.

The need for additional investment was anticipated from the beginning. The Chateau Task Force recommended reuse of the building as a multipurpose performing arts center, with a full build-out estimated at more than $23 million in 2017, or approximately $30.8 million today. Rather than pursue that full investment at once, the City, with the encouragement of DMC, advanced an interim-use strategy focused on the minimum improvements necessary to reopen and activate the building. DMC has been active and engaged since the purchase. Even convening working groups when the larger vision was being evaluated. The current capital plan builds on that phased approach and moves the Chateau closer to the flexible, multipurpose community venue originally envisioned.

**2. What activity and performance expectations are proposed for the renovated facility?**

(City) staff commitment to City Council is to maintain a strong mix of community, arts, cultural, and local programming while adding more ticketed performances, regional entertainment, private events, and larger-scale activities.

Experience Rochester brings greater operating capacity, including established ticketing, marketing, sales, event production, food and beverage, and event turnover capabilities. Combined with the proposed capital improvements, this will allow the Chateau to host a broader range of events and turn the space more efficiently between uses.

Success will be measured by activity, event mix, community access and affordability, attendance, earned revenue, and operating performance. Experience Rochester also has access to industry-standard economic impact tools, including the Destinations International Event Impact Calculator, providing a stronger ability to quantify visitor spending and the broader economic impact of Chateau events.

The economic objective is to increase both the frequency and scale of activity at the Chateau, drawing more people downtown and supporting surrounding restaurants, businesses, parking, and other downtown activity.

The first full year will establish an operating benchmark. The City and Experience Rochester will review event mix, activation, attendance, community access, economic impact, and financial performance and refine future objectives accordingly. If expectations are not being achieved, programming, marketing, pricing, partnerships, and other operating strategies can be adjusted.

**3. What operating terms have been established?**

Following City Council direction on September 9, the City and Experience Rochester will begin development of the detailed operating agreement next week. Contract length, maintenance and custodial responsibilities, equipment replacement, performance standards, reporting, and remedies will be established through those negotiations and returned for final approval.

Experience Rochester is an established long-term City partner. Since implementation of the integrated Mayo Civic Center operating model in 2020, Experience Rochester has provided sales, booking, and management functions and demonstrated the ability to leverage professional venue management to expand event activity and support a sustainable operating model.

The proposed model builds on more than six years of experience with third-party Chateau operators, including EDG and Threshold Arts, and three RFP processes that generated limited proposals. Based on that experience, integration with Experience Rochester provides a lower-risk path than establishing a stand-alone organization or again relying on a new operator. It also allows the City to align the proposed capital improvements with the needs of the long-term operator and intended programming, rather than making improvements today based on assumptions about what a future operator may need. Experience Rochester can leverage an established local team, systems, and relationships for sales, marketing, ticketing, event production, food and beverage, and event turnover, while adding dedicated Chateau management.

The agreement will clearly define City owner and Experience Rochester operator responsibilities for operations, maintenance, lifecycle needs, furnishings and equipment, and facility stewardship. It will also establish measurable expectations and regular reporting for activation, event mix, community access, attendance, economic impact, earned revenue, and financial performance.

The first full year will establish an operating benchmark. The City and Experience Rochester will review actual performance and refine future expectations as needed. If expectations are not being achieved, the agreement will provide a framework to adjust programming, marketing, pricing, partnerships, or other operating strategies and address continued performance concerns.

**4. How would the building be maintained and preserved over time?**

The Chateau is a City-owned asset, and the City will remain responsible for its long-term stewardship. The proposed operating model is intended to strengthen preventive maintenance and lifecycle planning alongside increased activation of the building.

Under the current operating model, City Facilities staff have provided significant backup support for maintenance, repairs, custodial needs, building systems, and unexpected facility issues. This has allowed the current operator to focus its limited staff and resources primarily on programming and activation.

Experience Rochester brings substantially greater facility-management capacity and experience through its operation of the much larger and more complex Mayo Civic Center. This provides an operator familiar with preventive maintenance, building systems, custodial standards, repair coordination, and the ongoing needs of a heavily used public event facility.

The Chateau would also be more directly integrated into the City's “One Roof” approach to facility management, which tracks building conditions and schedules maintenance, repair, and lifecycle replacement across City facilities. This creates a more structured long-term approach rather than relying primarily on repairs as needs arise.

The City will continue to budget for its responsibilities as building owner, while the operating agreement will more clearly define day-to-day operator responsibilities and coordination with City Facilities. Together, the proposed capital improvements, Experience Rochester's facility-management capacity, and the City's lifecycle planning provide greater assurance that the DMC investment will be maintained over the long term.

**5. Why is DMC funding proposed for the remaining building needs?**

The Chateau has been a joint City and DMC investment from the beginning, and anticipated Future DMC costs associated with bringing the building to life. The City acquired the building with DMC funding and a Mayo Clinic contribution as an early catalyst for the Heart of the City subdistrict. DMCC identified the acquisition as key to the planning and enhancement of Heart of the City, and the Chateau remains identified within the DMC Development Plan as a key Heart of the City investment.

DMC funding is itself part of Rochester's public investment strategy. The DMC legislation contemplates City resources being used alongside State infrastructure aid to implement approved public infrastructure projects. Eligible uses expressly include acquiring, repairing and rehabilitating buildings and constructing, reconstructing, furnishing and equipping cultural and recreational facilities. The proposed Chateau capital work is consistent with that capital infrastructure role.

The proposed investment would address remaining building needs identified since acquisition, along with infrastructure necessary to make the Chateau a more functional, flexible community and event venue. Tuckpointing and the remaining roof work are long-standing needs that have not been completed since the City purchased the building. Stage, food prep space, production, electrical, audio/visual and related improvements support the activation and economic-development purpose for which the Chateau was acquired. Once these capital improvements are completed, the City will assume ongoing maintenance, lifecycle replacement, and preservation of the asset.

The distinction going forward is between capital investment and ongoing ownership responsibility. DMC resources are being proposed for eligible capital improvements that advance the DMC and Heart of the City objectives. The City will remain responsible for the ongoing operating, maintenance and lifecycle obligations of its building. In other words, the request is not intended to shift the Chateau's ongoing operating costs to DMC.

The proposed framework is intended to complete the planned DMC investment in stabilizing and activating the Chateau for long-term use. Once that capital framework is complete, the City, as owner, assumes the ongoing responsibility for maintaining and preserving that investment.

**6. How would the proposed capital scope be organized?**

The City can provide a detailed capital improvement schedule distinguishing baseline building and lifecycle needs from improvements that expand the Chateau’s functionality and event capacity.

We have confirmed these improvements align with the infrastructure improvements provided for other projects including most recently the Bio Labs build out.

**7. What evidence supports the proposed market position?**

The market research shows clear demand for more entertainment and things to do. In the 2026 University of Minnesota Tourism Center research prepared with Experience Rochester, 44.8% of residents identified more entertainment as a top goal, while 42% identified more attractions. Among businesses, nearly 70% said they would like to see more attraction/entertainment businesses, and 53.2% identified festivals as an attraction Rochester should develop.

That demand is not limited to residents. Among non-visitors, 30.5% said more entertainment/attractions would entice them to visit Rochester and 26% identified more festivals/events. The study’s overall conclusion was that residents, businesses, and non-visitors all expressed a strong desire for more attractions, entertainment, festivals, and recreation.

Success at the Chateau would therefore mean filling that gap with a flexible venue that can support both community programming and a stronger pipeline of ticketed, regional, cultural, and entertainment events. The Chateau is not intended to replace the Mayo Civic Center or simply shift existing events between City facilities. Its role is to complement larger convention and arena spaces with a more flexible, character-driven venue capable of hosting event types and audience sizes that do not always fit those facilities.

The research also supports a broader economic-development objective. Among non-visitors who may visit Rochester in the next 12 months, 43.4% identified leisure/tourism as their primary trip purpose, compared with 7.4% for medical visits. At the same time, 58% of non-visitors who know Rochester associate it primarily with Mayo Clinic. The Chateau can help broaden Rochester's identity by creating more reasons to visit, stay downtown, and spend time at restaurants, businesses, and other attractions.

Success should be measured by whether the Chateau adds activity that Rochester is currently missing, including more total events, broader event types, increased attendance, stronger regional draw, community use, earned revenue, and measurable downtown economic impact.

**8. What programmatic partnerships are contemplated?**

The strategy is for the Chateau to serve as a flexible community platform, not simply a stand-alone event venue. The capital program developed with Legends Global is specifically designed to maximize flexibility so the building can accommodate community programming, performances, festivals, private events, meetings, and other uses.

Partnership development is a core part of the Experience Rochester model. Based on City Council feedback, Experience Rochester will actively work with local arts, cultural, community, downtown, and other organizations, including the Rochester Downtown Alliance, to help shape programming, identify new uses, and create recurring activity.

The proposed Festival & Events Coordinator adds dedicated capacity to develop and nourish these relationships and identify opportunities for events and programming that may not originate through traditional venue booking. Experience Rochester is also evaluating a distinct Chateau identity or brand that can support this broader community-focused role.

Success would be a Chateau that provides the venue, infrastructure, professional support, and partnerships that allow other organizations to create activity, while Experience Rochester also brings additional regional and ticketed programming to the building.

## 9. What DMC funding source would be used?

We understand a budget amendment will need to be a part of the Chateau discussion, which was known at the time of passing this two-year budget. Additionally, sufficient funding is available between projects that have budget reserve, but little additional work remaining, DMC related sales tax collected but unspent and undesignated, unallocated GSIA, and the remaining GSIA that will be received through the end of the current legislatively established DMC timeline.

## 10. How would operations continue after the current agreement ends?

Experience Rochester has developed an “activation light” operating approach that would allow the Chateau to remain active around construction to the extent practical, rather than assuming a full closure. The operating proposal anticipates lighter activation during construction, followed by a ramp-up in programming and events later in 2027 as the capital improvements are completed and the full capabilities of the venue become available.

The primary challenge today is certainty and timing. Until the operating partnership and capital program are approved, the City cannot establish a construction schedule, bid the work, or confidently commit to 2027 bookings. This also limits the ability to respond to organizations currently considering 2027 programming at the Chateau.

Once direction is established, the City and Experience Rochester can coordinate booking, construction phasing, and facility management as one transition plan, identifying work that can occur while the building remains active and any improvements that may require temporary closure.

Priority will be given to maintaining community access and accommodating important community events where possible. Experience Rochester's event-management capacity provides greater flexibility to work around construction and communicate with users and the public.

For this reason, timely decisions on the operating partnership and capital framework are important to continuity of operations. Greater certainty this fall allows 2027 programming, design, bidding, and construction to move forward together, with the goal of increasing activation as improvements are completed.

## 11. What is the proposed capital stack?

Current City Council direction is to advance the approximately $6.2 million capital framework for DMC funding, consistent with the Chateau's role as a City/DMC investment within Heart of the City.

The City is also evaluating grants, State resources, historic tax credits, philanthropic support, and other eligible funding sources, primarily for ongoing operational and capital expenses that can be expected for a historic building of this nature. Experience Rochester's contribution is expected primarily through ongoing operations, staffing, programming, and activation.

There is a tradeoff between additional funding leverage and timing. Some outside sources require applications, matching funds, or longer approval timelines that could delay construction and the planned ramp-up of programming in 2027.

As the property owner, the City is taking on the long-term responsibility for operation, maintenance, lifecycle needs, and preservation of the Chateau, protecting the capital investment and the building's continued public use.

### 12. How would the public investment be protected?

The Chateau will remain a City-owned public asset, and the City has a long-established responsibility for owning, operating, maintaining, and reinvesting in significant public facilities and infrastructure, including the Mayo Civic Center, BioBusiness Center, Library, Airport, parking facilities, parks, utilities, streets, and other municipal buildings.

The proposed DMC improvements are primarily building-integrated, durable investments that remain with the Chateau regardless of who operates the facility. A change in operator would not change City ownership or eliminate the public value of those improvements.

The City is committing to the long-term maintenance, lifecycle replacement, preservation, and stewardship of the Chateau. The operating agreement will separately establish Experience Rochester's responsibilities, performance expectations, reporting, and remedies if those expectations are not met.

Any future material change in use, sale or transfer, or disposition of DMC-funded assets can be addressed through the final funding and operating agreements, including appropriate protections for the public and DMC investment.

EXHIBIT 1

# Chateau Theatre — Expenditures & Funding to Date

*DMCC Funds Accounting – Chateau Theatre*

| Cost Category | Actual Expenditures | What It Included |
|---|---|---|
| Acquisition / Phase I | $6,706,218 | Chateau acquisition and associated purchase/closing costs. |
| Initial Building Improvements / Phase II | $2,871,473 | Initial stabilization, roof, second floor and escalator removal and other early improvements. |
| HVAC Improvements | $2,072,996 | Major HVAC replacement and associated mechanical/electrical work. |
| Restroom Improvements | $451,913 | Design and construction of restroom renovations. |
| Operating / Professional Services | $240,045 | Activation and professional services. |
| **TOTAL CHATEAU EXPENDITURES** | **$12,342,645** | **Total expenditures from all funding sources.** |
| **Of Total: DMC Funding Used** | **$10,824,045** | **DMC Sales Tax and DMC GSIA funding used for acquisition and improvements.** |
| **Of Total: Non-DMC Funding Used** | **$1,518,600** | **City and other non-DMC funding sources used toward Chateau costs.** |

# $6^{TH}$ STREET BRIDGE, NEIGHBORHOOD SAFETY & RIVERFRONT IMPROVEMENTS

SEPTEMBER 2026

**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.

Planned for completion in Summer 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 that are separated from non-motorized dedicated paths, and trail connections to the existing Zumbro River Trail underpass, and expand safe access to the river's edge. 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**

- The project has achieved the 100% final design milestone.
- U.S. Army Corps of Engineers Section-408 permit and 404 permit approvals are expected in early fall 2026.
- The FEMA Conditional Letter of Map Revision permit approval is expected within the next 30 days.

- Substantial progress has been made negotiating multiple agreements with the Canadian Pacific Kansas City Southern Railroad which are expected to be finalized in the next 60 days. Agreements needing to be finalized include three utility permits, two Construction, and Maintenance Agreements. A right of way easement and multi-use trail license agreements have already been completed.
- Construction work is expected to begin in Winter 2026 and will continue through Summer 2028.

**Risks to Scope, Budget, Timeline, or Delivery**

- Final negotiations on land acquisition are underway which could impact budget.
- When construction begins, unanticipated expenses could emerge.

**Upcoming Requests or Decision Points**

When bids are received on the project in Winter 2026/2027, 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.

# DISCOVERY WALK

SEPTEMBER 2026

### Request of the Board

None; this report is intended for information only.

### 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.

The Discovery Walk Project 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 in contingency for a total project budget of $21,071,548. The total cost including design, construction, activation and close out is $18,789,261, with a remaining unallocated budget of $2,280,668.

**Risks to Scope, Budget, Timeline, or Delivery**

Current private development occurring between the 500-600 block is impacting Discovery Walk. Developer is required to restore to original condition upon completion of the project.

**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 biomedical, research and technology innovation and a keystone of 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 in turn supports a live-work-play innovation district, integrates lifestyle amenities with research and healthcare infrastructure, reinforcing the innovation environment

**Attachments / Exhibits**

None.

# DOWNTOWN COMMERCIAL HISTORIC DISTRICT

SEPTEMBER 2026

**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 and project is complete
- 224 1st Ave SW (Old City Hall): Electrical and safety improvements are complete.
- 326–328 S. Broadway: Tuck pointing is complete. Permit for elevator has been approved and work is underway
- 319 S. Broadway: Mechanical replacements are complete.
- 324 (Fagan) Finishing architectural and engineering design work. Planning to start construction soon.
- 330 (Bucky) Broadway Ave S: Second floor has been framed, electrical and plumbing are complete, now working on finishing carpentry and trim.
- 22 3rd Street – Agreements for 2nd round of funding have been executed. Starting work on roof and mechanicals soon.

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 continue to experience 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.

# DOWNTOWN RIVERFRONT

SEPTEMBER 2026

**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.

<u>Overall Riverfront Program Scope:</u>

- 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

<u>MPCA Zumbro Trailhead</u>: A key implementation project within the riverfront program, the Zumbro Plaza Trailhead Project focuses on the following guiding principles.

1. <u>Strengthen the 3rd Street Connection</u>
   Prioritize 3rd Street as an active, welcoming corridor that draws people into and through the riverfront. Use color, lighting, wayfinding, and visual cues to capture movement from Broadway, nearby trails, UMR, and surrounding destinations.
2. <u>Connect People to the Zumbro River</u>
   Build a stronger relationship between people and the Zumbro River through river-inspired forms, materials, interpretive elements, and sensory experiences. Use seating, art, lighting, and programming to encourage visitors to pause, reflect, and engage with the riverfront.
3. <u>Create a Memorable, Year-Round Experience</u>
   Use bold, colorful, and interactive elements. Lighting, art, and playful seating should create a unique destination during the day and at night. The space should feel lively, photogenic, and recognizable while remaining flexible for seasonal change and future adaptation.
4. <u>Support Comfort, Accessibility, and Everyday Use</u>
   Create an inclusive riverfront that feels comfortable, safe, and enjoyable for students, workers, families, and visitors. Incorporate inviting green space, seating options, shade, and gathering spaces.

5. Integrate into Future Redevelopment of the Site
   Design with flexibility in mind to help ensure that elements can adapt or transition as the site evolves over time.

This two-phased project will allow Phase I to meet the minimum requirements of the MPCA grant agreement scope and also finalize the design of a Phase II enhanced riverfront connection, and destination-oriented public amenity. Specifically Phase I creates a riverfront access point that will improve pedestrian and bicycle connectivity from east of the Zumbro River to destinations downtown. Improvements include a trailhead, adjacent public seating, and stormwater run-off filtering. Phase II creates an enhanced public gathering space, an artful and lively connection along 3rd Street SE to draw people between the riverfront and Broadway Avenue and transforms 3rd Street SE and the trailhead into a nighttime focused destination gathering space that promotes lingering in downtown.

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:
  - Phase 1 design budget: $65,000-$75,000.
  - Phase 1 construction budget: Funded through an MPCA grant (~$500,000) and supported by a $50,000 DMC local match (allocated from existing Riverfront DMC CIP funds)
  - Phase 2 construction budget: $650,000 ($530,000 if Phase I & Phase II are constructed at the same time) to be funded through a drawdown of existing DMC CIP Riverfront funds if/when timing and other project conditions allow.

Timeline:

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

- MPCA Trailhead Subproject:
  - Phase I & II Design is scheduled to be completed by the end of 2026.
  - Phase I Construction happening between March – June 2027.
  - Phase II Construction will commence if/when project conditions allow.

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.
- Riverfront Development RFQ:
  - With the Sherman Riverfront project now underway, staff are looking ahead to the next phase of implementation of the Downtown Waterfront Small Area Plan
  - DMC and the City are working internally to identify the appropriate strategy, sequencing, and scope for an upcoming Request for Qualifications to engage development partners for riverfront redevelopment opportunities.
- 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 Phase I subproject remains on schedule and on budget.
- Near-Term Activities:
  - Coordination to accelerate installation of bike/ped Eco-Counter infrastructure.
  - Ongoing coordination with Canadian Pacific on ADA-compliant rail crossing surface 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 and enhance riverfront public gathering space 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 Canadian Pacific 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**

As design progresses, staff expect that a request for the final authorization of construction funding could be presented as soon as Q42026.

There may also be future DMC consideration of:

- Advancing additional riverfront phases
- Coordination with potential redevelopment opportunities or future funding sources
- Advancement of a development partner RFQ, including future Board discussion on the proposed strategy and timing

**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.

# HEART OF THE CITY

SEPTEMBER 2026

**Request of the Board**

None; this report is intended for information only.

**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 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 Ann Hamilton who created the “A Song for Water” artwork on the plaza pavers.  In working with the artist, 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.  Post smooth paver installation community member interviews were also conducted.

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 widening the ADA pedestrian access route which improves ease of navigating during hosted events hosted in the plaza.

**Current Status**

- The enhanced wayfinding signage installation will be completed during the fall of 2026.
- Planning to update and amend the Peace Plaza Ordinance to create a ADA Pedestrian Access Route that remains an obstruction free walking zone at all times.
- The City has completed the installation of the speaker and sound system for the Peace Plaza area and is coordinating the operations of the system to align with the future operator of the Chateau Theatre.
- The snowmelt system evaluation process is expected to begin in the next several weeks.
- Paver surface adjustments are advancing.
  - May 2026: Board Approval of budget funding for paver surface adjustments.
  - September 2026: Council approval of Contract, begin construction, mediate any work impacting Thursdays on First.
  - October 2026: Complete construction of Paver subsurface modifications.

**Risks to Scope, Budget, Timeline, or Delivery**

None at this time.

**Upcoming Requests or Decision Points**

None.

**DMC Alignment**

This project directly supports DMC goals related to designing for well-being by embedding 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.

**Attachments / Exhibits**

None.

# INTERIM WAYFINDING

SEPTEMBER 2026

**Request of the Board**

None; this report is intended for information only.

**Program Baseline**

The interim wayfinding program supports safe, intuitive navigation for residents, patients, visitors, employees, and customers during ongoing downtown construction associated with Destination Medical Center (DMC) investments. The program helps maintain access to businesses, healthcare facilities, parking, and community destinations while being nimble enough to frequently changing conditions.

Since the prior report, the program has continued to expand from construction-mitigation signage into a coordinated system of business-access signs, pedestrian guidance, branded installations, access maps, and partner-supported communication tools. The project team has also worked with downtown partners to strengthen navigation and visibility during multiple concurrent construction projects.

<u>Partnerships and coordination:</u> The team has provided sign-display holders for Rochester Downtown Alliance communications in downtown skyways and has also provided signage and directional banners supporting temporary pedestrian access routes for Mayo Clinic.

<u>Expanded wayfinding efforts:</u> Business-access signs have been developed to respond to quickly changing construction closures. Directional signs and banners have also been used to help visitors, patients, residents, and employees navigate temporary pedestrian routes along 2nd Street SW.

<u>Printed access maps:</u> Tear-off construction access maps have been provided to hotels and businesses near Saint Marys Hospital, giving patients and visitors an easy reference for navigating access routes through the construction area.

<u>Business-support banners:</u> Branded banners have been produced for businesses experiencing significant construction impacts, helping reinforce visibility and communicate that they remain open and accessible.

<u>Downtown access and visibility:</u> New assets include a column-wrap design at the Civic Center Parking Ramp; strategic signage around the Saint Marys campus identifying business access and accessible routes into the hospital; signage expansion in the 19th Avenue section of 2nd Street SW; map decals at skyway and subway levels of downtown parking ramps; and additional sign assets near the Mayo Civic Center, Rochester Public Library, and 3rd Avenue pedestrian bridge.

The program is funded with DMC General State Infrastructure Aid (GSIA) funds. Annual budgets of $100,000 were approved for 2025, 2026, and 2027, for a total program budget of $300,000. In 2025, $18,769 of the $100,000 budget was spent. In 2026 $66,388 has been spent thus far. There is $114,842 remaining of the $200,000 budget through 2026.

**Timeline:**

- **Spring–Summer 2026:** Expanded deployment of business-access signs, temporary pedestrian-route guidance, downtown skyway display holders, parking-ramp map decals, campus-access signage, and additional community-destination sign assets.
- **Late Summer 2026:** Comprehensive deployment of downtown map signage to coincide with the University of Minnesota Rochester's upcoming student move-in period. Additionally, an extensive wayfinding design set is anticipated for the 14th Avenue area, extending toward Highway 52 and identifying Saint Marys access points.
- **Fall 2026:** Planned rollout of a multi-method evaluation including intercept surveys, observation, and a QR-based survey tool to assess the effectiveness of interim wayfinding. Findings will be available for the December 2026 board meetings.
- **2026–2027:** Ongoing updates and targeted expansions aligned with construction sequencing, user feedback, and business-access needs. The City received a $33,000 National Endowment for the Arts grant that will be used to enhance the interim wayfinding by incorporating art.

**Risk to Scope, Budget, Timeline, or Delivery**

Ongoing construction changes may require signage, access information, and pedestrian guidance to be updated on short notice. As construction activity shifts, the program may need to adjust the timing, location, and type of wayfinding assets to maintain clear access for businesses, healthcare destinations, parking, and community destinations.

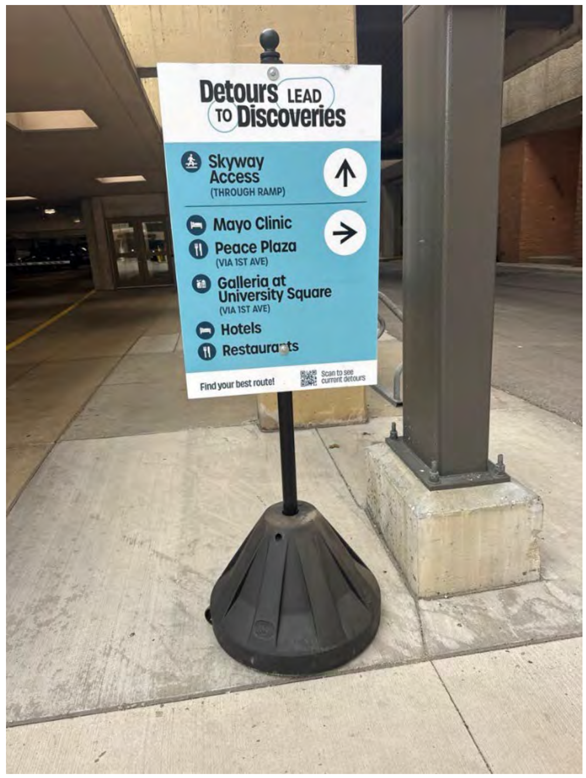
**Upcoming Requests or Decision Points**

The next phase of work will focus on continued responsive deployment, evaluation of the interim wayfinding system, and planning for future targeted expansions. The evaluation will help inform future improvements, while the 14th Avenue and arts-based wayfinding efforts may require further scope development and coordination.

**DMC Alignment**

Interim wayfinding advances DMC goals by improving access to healthcare, businesses, parking, and public destinations during significant downtown construction. The program supports a more welcoming, accessible, and navigable downtown environment while helping sustain business visibility, visitor confidence, and economic activity. Its continued expansion also supports DMC priorities related to accessibility, placemaking, and a high-quality public realm.

**Attachments / Exhibits**

# CIVIC CENTER NORTH (SHERMAN)

SEPTEMBER 2026

### Request of the Board

None; this report is intended for information only.

### 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.

### Current Status

Sherman team has received all necessary authorizations, and they closed on the property on Monday, August 17.  Based on communications with the Sherman team, their contractor, Frana, has begun mobilizing to the site. A groundbreaking celebration was held on September 17, 2026 in Rochester.

According to the current construction schedule, the low-rise building is expected to be completed in February 2028, with the high-rise building following in June 2028.

### 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 required construction to begin by September 14.

### Upcoming Requests or Decision Points

None.

### 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.

# BIOLABS ROCHESTER

SEPTEMBER 2026

**Request of the Board**

None; this report is intended for information only.

**Approved Project or Program Baseline**

Since the Board's May update, the project has reached several important milestones as BioLabs Rochester transitions from construction and pre-opening planning into operations. Construction is substantially complete, equipment installation is underway, BioLabs has hired its Rochester Site Director and is building out the local operating team, nine initial sponsors have committed to support the facility, and the first prospective tenant has been approved through the BioLabs selection process.

**Current Status**

<u>Construction and Facility Readiness</u>

Construction of the approximately 16,000-square-foot BioLabs Rochester facility is substantially complete. The project has transitioned from interior construction into final commissioning, equipment installation, and operational readiness in preparation for opening. Laboratory and operational equipment is now being moved into the facility, representing the final major phase in transforming the third floor of Two Discovery Square into a fully equipped shared laboratory environment for emerging biotechnology and HealthTech companies.

<u>Staffing and Operational Readiness</u>

BioLabs has hired Carmen Schicklberger, Ph.D., MBA, as Site Director for BioLabs Rochester, resolving one of the primary operational risks identified in the May Board update. Carmen will lead facility operations, startup support, and development of the BioLabs Rochester innovation network. She joins BioLabs from the University of Minnesota, where she served as chief operations officer and founded the Minnesota Bioinnovation Accelerator, and brings additional experience in biotechnology startup operations and business development. BioLabs has also posted additional positions necessary to support operation of the Rochester facility and is continuing to build out the local team in preparation for opening.

Geof Hannigan, Ph.D., continues to serve as Mayo Clinic's Director of Startup Engagement, working with DMC and BioLabs to identify prospective resident companies and connect those companies with Mayo Clinic physicians, scientists, and business development teams.

Tenant Recruitment

The tenant pipeline has advanced significantly since May and is increasingly moving from broad lead generation toward prioritization and conversion of high-potential companies.

As of July, the recruitment effort had touched 172 startups, generated 118 lead conversations, and resulted in 17 site tours. Site tours nearly doubled from the previous month as the team increased its focus on active opportunities. Approximately ten companies were identified as having strong potential to become tenants in the near to mid-term.

BioLabs Rochester also convened its first Selection Committee meeting in August, resulting in approval of the first prospective tenant for the Rochester facility. Additional high-potential companies are expected to move through future Selection Committee meetings.

This represents an important milestone for the project. The tenant pipeline was identified as a key watch item in May. While recruitment remains an ongoing priority, the pipeline has matured considerably and has begun producing companies approved for residency.

Mayo Clinic Connectivity

Work has continued to strengthen the Mayo Clinic component of the BioLabs Rochester value proposition. Mayo Clinic and its partners are developing more efficient pathways for prospective BioLabs companies to establish appropriate research, clinical, and commercialization relationships with Mayo.

Current work includes two proof-of-concept collaborations in development and eight additional opportunities identified for potential advancement. The team is also working to address common barriers to collaboration, including identification of appropriate Mayo innovators, early collaboration scoping, contracting timelines, and pathways for establishing initial relationships that can expand into more complex collaborations over time.

These efforts are intended to ensure that BioLabs Rochester provides companies not only with laboratory infrastructure, but also with meaningful pathways into Mayo Clinic's clinical, research, and commercialization capabilities.

Sponsorship

The BioLabs Rochester sponsorship program has also advanced significantly, with nine initial sponsors committed to support the facility and its resident companies. The sponsorship strategy is intended to bring equipment, technology, expertise, programming, and industry relationships into the BioLabs environment. Outreach continues to additional regional and national companies, including potential equipment partners and life science companies that could support BioLabs programming and resident startups.

Marketing and Business Development
With the facility approaching operations, market activation is increasingly focused on converting awareness into prospective tenants and industry relationships.

DMC, Mayo Clinic, and BioLabs continue to coordinate recruitment through DMC's broader business development program, Mayo Clinic relationships, BioLabs' national network, investors and accelerators, and domestic and international outreach. Upcoming activity includes Investment in Healing, Meeting on the Mesa, and planning for the 2027 J.P. Morgan Healthcare Conference.

Applications are also being opened more broadly for early-stage biotechnology and HealthTech companies interested in joining the inaugural BioLabs Rochester community.

**Risks to Scope, Budget, Timeline, or Delivery**

- **Operational Ramp-Up:** With construction substantially complete, the primary focus has shifted to equipment installation, commissioning, staffing, and establishing the systems necessary to support resident companies.
- **Tenant Conversion:** The recruitment pipeline has strengthened considerably since May, and the first prospective tenant has been approved. Converting additional high-potential prospects into committed resident companies remains the primary near-term business development priority.
- **Mayo Clinic Connectivity:** Access to Mayo Clinic expertise is a significant differentiator for BioLabs Rochester. Continued work is required to establish efficient and repeatable pathways for resident companies to identify and pursue appropriate Mayo Clinic collaborations.
- **Sustained Pipeline Development:** Long-term success will require maintaining a strong recruitment pipeline beyond the inaugural group of companies and continually replenishing that pipeline through DMC, Mayo Clinic, BioLabs, investors, accelerators, and other regional, national, and international partners.

**Upcoming Requests or Decision Points**

None.

**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.

The progress since May represents an important transition for the project. The focus is moving from constructing the facility and preparing for operations to activating the asset with companies, people, industry partners, and Mayo Clinic connections.
The hiring of the Site Director, substantial completion of construction, commitment of nine initial sponsors, growth of the recruitment pipeline, and approval of the first prospective tenant demonstrate meaningful progress toward that objective.

As BioLabs Rochester becomes operational, DMC's focus will increasingly shift toward leveraging the facility as a business development asset. BioLabs provides DMC and its partners with a tangible platform for attracting promising companies to Rochester, connecting them with Mayo Clinic and the broader ecosystem, and creating opportunities for those companies to establish and grow a longer-term presence in Discovery Square.

**Attachments / Exhibits**

None.

# UMR TALENT DEVELOPMENT INFRASTRUCTURE

SEPTEMBER 2026

### Request of the Board

None; this report is intended for information only.

### Approved Project or Program Baseline

At its May 2026 meeting, the DMC Corporation Board approved DMC funding to support the expansion of the University of Minnesota Rochester within Discovery Square. The project represents an approximately $10.4 million investment in new and expanded laboratory classrooms, teaching space, and related improvements within One and Two Discovery Square.

The project is intended to accommodate continued enrollment growth at UMR while strengthening life science and HealthTech workforce development within the Discovery Square Innovation District. The expansion places additional students, faculty, and researchers in close proximity to Mayo Clinic, BioLabs Rochester, and the growing network of companies and innovation partners located within the district.
Since the May approval, the project has received the additional approvals necessary to move toward implementation.

### Current Status

DMCC Approval
On May 21, the DMCC Board approved funding to support permanent improvements associated with UMR's expansion in Discovery Square. The DMC investment supports the continued development of talent and educational infrastructure as an important component of the district's HealthTech innovation ecosystem.

City Council Approval
On June 1, the Rochester City Council unanimously approved the funding package for the project. The approximately $7.7 million public funding package includes up to $3 million in DMC state infrastructure funding and approximately $4.7 million in previously authorized local sales tax funding for UMR capital improvements.

University of Minnesota Board of Regents Approval
On June 11, the University of Minnesota Board of Regents approved UMR's expansion into Discovery Square and the leasing of additional space necessary for the project. The University anticipates occupying the expanded space beginning in fall 2027.

The approved expansion includes approximately 12,600 square feet of new and expanded laboratory classroom and support space, including laboratory classrooms supporting microbiology, biology, chemistry, and physics.

Project Implementation
With the required DMCC, City Council, and Board of Regents approvals now in place, DMC, the City of Rochester, UMR, and project partners are advancing implementation. DMC and City staff are currently working with UMR to draft the Development Assistance Agreement that will establish the terms and conditions governing the use of DMC funding and implementation of the approved project.

## Risks to Scope, Budget, Timeline, or Delivery

- **Project Implementation:** The project is transitioning from approvals into implementation. Final agreements, design, construction coordination, and other project-development activities will need to be completed to maintain the anticipated schedule.
- **Schedule:** UMR currently anticipates occupying the expanded Discovery Square space beginning in fall 2027.
- **Project Changes:** Consistent with existing DMCC policy, any material deviation from the approved project would require additional review. DMCC Resolution 51-2017 establishes circumstances requiring reconsideration, including material deviations from the Development Plan, significant changes in the character of an approved project, certain substantial changes in project size, or significant decreases in overall project cost.

## Upcoming Requests or Decision Points

No additional Board action is anticipated at this time. Near-term work will focus on completion of the Development Assistance Agreement and continued coordination among UMR, the City of Rochester, DMC, and project partners as design and implementation advance.

Staff will continue monitoring the project against its approved scope, budget, schedule, and DMC funding requirements and will return to the appropriate governance bodies if future approvals are required.

## DMC Alignment

UMR's expansion advances DMC's long-term strategy for Discovery Square by strengthening an increasingly important component of the innovation district: talent infrastructure.

UMR experienced approximately 20% enrollment growth between fall 2024 and fall 2025 and projects enrollment to exceed 2,500 students by 2030. The additional laboratory and instructional capacity is intended to allow that growth to continue while expanding hands-on education in disciplines directly relevant to Rochester's HealthTech economy.

The location is also strategically important. UMR students, faculty, and researchers will be located alongside BioLabs Rochester and in close proximity to Mayo Clinic and Discovery Square companies. UMR specifically identified the opportunity for greater experiential learning, research, and talent development through this proximity as an important benefit of the expansion.

As Discovery Square matures, its success will depend not only on attracting companies and investment, but also on developing the talent those companies need to grow. UMR's expansion strengthens that connection by placing additional science education and workforce development capacity directly within the innovation district.

**Attachments / Exhibits**

None.

# LOOM (ONWARD)

SEPTEMBER 2026

## Request of the Board

None; this report is intended for information only.

## Approved Project or Program Baseline

The Loom Apartments project was 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 included 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.

<u>Approved funding and scope</u>
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.

<u>Timeline of material changes</u>
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. The Agreement has been executed between the parties, but the land swap has not occurred yet.

## Current Status

The developer currently has the property listed for sale.  Realty Growth Inc. is the listing agent and is working with a potential purchaser of the site.

### Risks to Scope, Budget, Timeline, or Delivery

**GSIA Deadline:** The $4 million GSIA allocation expired August 15, 2026. Onward has been notified that the $4 million GSIA has been unallocated for the project.

### Upcoming Requests or Decision Points

None.

### DMC Alignment

As originally proposed, the Loom Apartments project strongly advanced 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.

**City of Rochester, MN**
201 4th Street SE
Rochester, 55904
507-328-2900
**www.rochestermn.gov**

August 26, 2026

Onward Investors LLC
10900 Wayzata Blvd., Suite 700
Minnetonka, MN 55305

Re: Withdrawal of GSIA Funding Award

To Whom It May Concern:

This letter serves as formal notification that the Destination Medical Center (DMC) General State Infrastructure Aid (GSIA) funding award previously approved for Onward Investors Loom Apartments project has been withdrawn.

As outlined in the funding approval (Resolution) and related documentation, recipients were required to satisfy all applicable conditions and meet established project milestones by August 15, 2026. Our records indicate that the required deadline was not met, and the outstanding requirements necessary to maintain the funding commitment were not completed by the specified date.

Because the August 15, 2026, deadline has passed without fulfillment of the required conditions, the DMC/City is unable to continue reserving GSIA funds for the project. Accordingly, the funding commitment is hereby withdrawn effective immediately.

We appreciate the time and effort invested in a potential project and recognize the challenges that can arise during project development. The withdrawal of this funding does not necessarily preclude Onward Investors from pursuing future funding opportunities that may become available, subject to the eligibility requirements and application procedures in effect at that time.

If you have any questions regarding this determination or would like to discuss future funding opportunities, please contact me at 507-328-2003 or bsvenby@rochestermn.gov.

Sincerely,

Brent Svenby
Senior Administrative Analyst
City of Rochester

cc: Josh Johnsen, City of Rochester
Catherine Malmberg, DMC

# MAYFLOWER (GERRARD)

SEPTEMBER 2026

**Request of the Board**

None; this report is intended for information only.

**Approved Project or Program Baseline**:

At the February 6, 2025 meeting the DMCC Board (and City Council and its subsequent meeting) voted to authorize the use of $2,372,500 of General State Infrastructure Aid (GSIA) to support this project. The following timeline is what is being pursued in the development agreement:

- 4-unit workforce for-sale Condo Project in partnership with First Homes – timely commence construction such that it can be placed in service to comply with First Homes other financing from the state of Minnesota.
- Market Rate Apartment building with corner retail space on mid-block passageway – timely commencement of construction such that it can be placed in service by approximately March 31, 2027.
- Public Realm – completed by June 1, 2027.

In December 2025, the DMCC authorized an extension of the GSIA allocation to the project until May 31, 2026, contingent upon all the same project components as the original approval.

**Current Status**

The project has experienced delays due primarily to changing market conditions, including higher interest rates and escalating construction costs. These conditions have affected the financial feasibility of both the market-rate housing development and the proposed affordable ownership component.

- First Homes has withdrawn from the project due to developer not starting the project in time for their grant from the state of Minnesota.
- City staff continue to work with the developer and project partners to evaluate alternatives and determine a financially feasible path forward while maintaining the project's public realm, housing, and corridor development objectives.

- The developer continues to advance the project and is evaluating modifications to the original development program and financing structure. Current considerations include:
    - Evaluating potential public financing tools, including Tax Increment Financing (TIF), to support the housing component and potentially reposition the project as a mixed-income or workforce housing development.
    - Evaluating an increase in the amount of ground-floor commercial space to strengthen the project's mixed-use character and activate the 2nd Street corridor.
    - Reconsidering the four-unit affordable condominium component as an affordable rental project. Construction cost escalation has increased the anticipated cost of the units beyond the previously agreed-upon sales structure with First Homes, creating challenges for the original affordable homeownership model.

**Risks to Scope, Budget, Timeline, or Delivery**

**Budget: $2,372,500**

- Land Acquisition: $1,442,672
- Construction of Public Improvements: $929,828
- Higher construction costs and interest rates have created a financing gap for the private development that was not anticipated when the original project concept was approved. The developer and City are evaluating whether additional financing tools could improve project feasibility.

**Timeline**

- Demolition of the existing homes and site preparation is complete.
- The project schedule has been delayed while the developer evaluates revised development and financing options. A revised construction schedule will be established once the development program and financing plan are further defined.

**Upcoming Requests or Decision Points**

None. The City, DMC, and the developer will continue evaluating revisions to the development program and financing structure. ‘

Depending on the final project concept, future actions may include consideration of amendments or extensions related to the existing GSIA commitment and consideration of additional public financing tools, including potential TIF assistance for a mixed-income or workforce housing development. Any revised proposal requiring City or DMCC approval will be brought forward once the development program, financing structure, project costs, and schedule are sufficiently defined.

## DMC Alignment

The 2nd Street corridor is a key East-West link to the 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.

# WTV LINER HOUSING (AEON)

SEPTEMBER 2026

**Request of the Board**

None; this report is intended for information 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.

<u>Project Scope</u>

- 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 include 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

<u>Sustainability & Infrastructure</u>

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

<u>Budget & Funding</u>

- On December 18, 2025, Aeon received over $17.5 million from MHFA
- 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
- Potential additional TIF remains critical to closing the remaining funding gap

Timeline

- Parking ramp completion: end of 2026
- LINK BRT opening: 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.

Key Updates

- Aeon and the design team led by LSE are at 100% CDs and are engaging in some plan addenda now to address missing components and value engineering
- KA Construction is pricing these plan updates
- Aeon is working with and has an initial LOI from an investor and is talking with a construction lender
- Aeon and Family Service Rochester are beginning work on supportive housing due diligence and will soon engage with the County

**Risks to Scope, Budget, Timeline, or Delivery**

- Funding gap: Remaining gap due to deep affordability levels and infrastructure costs; 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 and approval.

**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.

# PUBLIC INFRASTRUCTURE ASSETS: MERIDIAN GATES

SEPTEMBER 2026

**Request of the Board**

None; this report is intended for information only.

**Approved Project or Program Baseline**

This security gate system enhances public safety in the DMC district. The purchase cost was $467,300, funding by a cost share between the City, Mayo Clinic and DMC (approximately $155,767 each). This investment allows 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 downtown.

**Current Status**

The Meridian gates are in the City's possession and have already been deployed for "Thursdays Downtown".

**Risks to Scope, Budget, Timeline, or Delivery**

None at this time.

**Upcoming Requests or Decision Points**

None.

**DMC Alignment**

Community Safety: The shared security gate system provides the City with a deployable, professional-grade perimeter management capability for community events.

**Attachments / Exhibits**

None.

# THERMAL ENERGY NETWORK

SEPTEMBER 2026

### Request of the Board

None; this report is intended for information only.

### Approved Project or Program Baseline

The Downtown Building Energy Transition (DBET) is a multi-phase project replacing the decommissioned waste to energy district steam system, which had been providing the energy to heat and cool Rochester's downtown municipal buildings, with geothermal energy and creation of a Thermal Energy Network (TEN). The Thermal Energy Network project utilizes submerged closed loop heat exchangers located in aquifers to supply a shared ambient loop that allows connected buildings to draw heat in winter and reject heat in summer, utilizing natural gas as a backup energy source and allowing waste energy from the connected facilities to be captured and utilized within other connected facilities. Phase 2, which began construction in January 2025 and became operational in December 2025, connects the Mayo Civic Center, Rochester Art Center, Rochester Civic Theatre, Rochester Public Library and connection points for future public/private facilities through a shared thermal energy network, the first operational system of its kind in Minnesota serving multiple public buildings entirely with renewable geothermal energy.

This effort builds on the City's broader sustainability trajectory, including the 2017 Energy Action Plan, Rochester Public Utilities' commitment to 100 percent net renewable electricity by 2030, and the 2024 Sustainability and Resiliency Community Work Plan. The overall estimated project cost is $25,597,000, with approximately $8.2 million expected to be recovered through elective pay provisions under the Inflation Reduction Act (30% base credit plus 10% apprenticeship/workforce participation and 10% energy community site credits).

In addition, the DMC CIP includes $4.9 million to support the eventual development of a private thermal energy network.

### Current Status

The Thermal Energy Network serving Mayo Civic Center, Rochester Public Library, Rochester Civic Theatre and Rochester Art Center came online and began serving the energy property for connected facilities in December 2025. Commissioning is currently ongoing with the cooling sequences for this system in progress and the heating sequence verification complete.

We expect these activities to be complete, and the project fully closed out in October 2026. The City’s tax consultants are preparing the final elective pay tax credit for submission in the fall of 2026.

**Risks to Scope, Budget, Timeline, or Delivery**

Inflation Reduction Act Direct Pay Tax Incentives are currently projected to cover $8.2M of the overall project budget with $3.1M already captured from the Phase 1 scope at City Hall. The filing for the remaining tax credit from the Phase 2 Thermal Energy Network scope is expected to take place at the conclusion of commissioning activities.

**Upcoming Requests or Decision Points**

None.

**DMC Alignment**

The Municipal Thermal Energy Network supports DMC goals by strengthening the resilience and sustainability of key downtown public assets, including the Mayo Civic Center, Rochester Public Library, Rochester Art Center, and Rochester Civic Theatre. As the first multi-building public geothermal network in Minnesota, the project advances sustainability priorities while reducing long-term energy costs for downtown public facilities.

Potential connections to future public/private development would further both DMC's sustainability objectives and the vibrancy of the downtown district.

**Attachments / Exhibits**

None.

# WEST TRANSIT VILLAGE INFRASTRUCTURE

SEPTEMBER 2026

**Request of the Board**

None; this report is intended 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. In May 2024, the first major DMC capital investment in the West Transit Village was approved, $3.9 million in DMC GSIA to support the senior housing development proposed by Aeon. 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 bus rapid transit system.

There are more than 42 different major plan components that need to align to realize the 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 minimal public impact. The proposed 2025 DMC CIP budget of $1,000,000 is a placeholder figure while staff and consultants from Mayo, City, and DMC 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**

Completion of the Mayo West Transit Ramp is expected by the end of 2026. Rochester Public Transit is aligning service changes to serve the completed ramp as a fixed route stop prior to the start of BRT service.

BRT-related work at the West Transit Village continues to progress. All utilities are installed and completion of the roadway and sidewalks is expected in early November. The transit station will be completed in spring 2027. Collaboration between all development parties at the site remains strong.

## 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 Ramp and BRT projects serving as the primary schedule drivers toward completion.

## Upcoming Requests or Decision Points

None.

## 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 DMC EXCHANGE

SEPTEMBER 2026

**Request of the Board**

None; this report is intended for information only.

**Approved Project or Program Baseline**

For the past decade, the DMC Annual Meeting has provided an opportunity to report on DMC progress, highlight key accomplishments, and look ahead to the work underway. As DMC enters its next phase, the annual meeting format is intentionally evolving to provide more opportunities to demonstrate progress, engage broader audiences, recognize the work of DMC and its partners, and build confidence in the next 10 years.

The 2026 approach expands the traditional annual meeting into a week-long series of events and experiences across downtown Rochester. Programming will highlight several areas central to DMC's work, including health innovation, talent, housing, public and private investment, infrastructure, and the development of place.

The week will culminate with the DMC Annual Meeting luncheon on Friday, November 20. The luncheon will remain an important opportunity to bring DMC partners and leaders together, while shifting the majority of the program toward the future of DMC and downtown Rochester.

**Current Status**

Communications, event production, partner engagement, branding, audience development, and budget development are currently underway. A broader communications rollout is planned for early September.

**Risks to Scope, Budget, Timeline, or Delivery**

None at this time

**Upcoming Requests or Decision Points**

Board members will receive calendar holds and additional information regarding opportunities to attend and participate in key events. Staff will continue to refine event scopes, budgets, communications, production plans, and partner roles as planning advances.

**DMC Alignment**

The week-long approach provides an opportunity to demonstrate progress across all three DMC strategic priorities: Accelerate Health Innovation, Design for Well-Being, and Drive Purposeful Growth. Collectively, the activities are intended to make DMC's work more tangible, reach broader audiences, recognize the partnerships and investment that have contributed to Rochester's progress, and build confidence in the opportunities ahead as DMC enters its next decade.

**Attachments / Exhibits**

Schedule of events (in-progress):

**Monday, November 16: Discovery Square Open House and BioLabs Ribbon Cutting**

An open house highlighting the Discovery Square Innovation District, including the BioLabs ribbon cutting and opportunities to experience the activity and organizations within One and Two Discovery Square.

**Tuesday, November 17: University of Minnesota Rochester State of the Campus**

UMR will host its State of the Campus event in Discovery Square. While not a DMC-hosted event, its inclusion during the week provides an opportunity to highlight UMR's growth and its role in Rochester's talent and innovation ecosystem.

**Wednesday, November 18: TBD – Link BRT**

**Thursday, November 19: Downtown Housing and City Walk Groundbreaking**

A signature housing event is being developed to recognize the developers, investors, architects, designers, builders, and partners who have contributed to downtown housing over the past decade. The event will also include the City Walk groundbreaking, using this significant new investment as a visible example of continued confidence in downtown Rochester's future.

**Friday, November 20: DMC Annual Meeting**

The week will culminate with leadership discussions and tours followed by the DMC Annual Meeting luncheon. Programming is being developed to acknowledge DMC's progress while focusing primarily on the next 10 years and the partnerships, investment, and opportunities ahead.

# BUSINESS DEVELOPMENT

SEPTEMBER 2026

**Request of the Board**

None, this report is intended for information only.

**Highlights & Key Considerations**

DMC's business development work continues to build significant momentum. The broader HealthTech recruitment pipeline is growing and advancing, while BioLabs Rochester is adding a new, highly focused pathway for startups to establish a physical presence in Discovery Square.

Importantly, DMC is now managing two complementary pipelines: the broader business development effort to attract and grow HealthTech companies, and the focused effort to recruit startup residents to BioLabs Rochester.

- Pipeline continues to mature: DMC has generated 336 prospects and 170 qualified opportunities YTD, reaching 85% of the annual opportunity goal. The program has also generated 30 business development wins, already exceeding the annual goal of 20.
- BioLabs adds a new pathway to location: BioLabs recruitment has touched 172 startups, generated 118 lead conversations and resulted in 17 site tours, with approximately 10 high-potential prospective tenants in the near- to mid-term pipeline.
- Focus is shifting toward conversion: With strong activity across both pipelines, the priority for the remainder of 2026 is moving the strongest opportunities toward BioLabs residency, company locations, jobs, investment, and deeper engagement with Rochester and Mayo Clinic.

2026 Goals and Metrics

| Business Development Metric | 2026 Goal | YTD | % of Goal |
|---|---|---|---|
| Prospects | 800 | **336** | **42%** |
| Opportunities | 200 | **170** | **85%** |
| Wins | 20 | **30** | **150%** |

At the end of Q2, DMC had generated 322 prospects, 140 opportunities and 30 wins, demonstrating significant pipeline growth during the first half of the year.

Business Development Activity

**Pipeline Development:** DMC's broader business development program continues to build relationships with HealthTech companies and move the strongest opportunities toward deeper engagement with Rochester, Discovery Square, and Mayo Clinic. Since May, the team has conducted targeted recruitment through SelectUSA, AusMedTech, MedTech MVP, BioTools Innovator, bio:cap, the Mayo Clinic Cardiology and Radiology Innovation Summit, HLTH Europe, BIO, Biotech MN, and direct lead-generation efforts. Additional activity in July and August has included a Chosun University delegation to Rochester, targeted engagement in Boston, a Korea mission with KOTRA, TechBBQ in Copenhagen, and Biotechgate.

At BIO alone, DMC, Mayo Clinic, and BioLabs Rochester conducted more than 80 meetings with HealthTech companies, startup founders, investors, global partners, and prospective BioLabs tenants.

This volume of activity is intentional. Economic development requires significant relationship-building and exploratory engagement before opportunities emerge with the right combination of technology, timing, leadership, Mayo Clinic alignment, and business need. The volume at the top of the funnel creates the qualified pipeline from which future company locations can emerge.

**BioLabs Rochester:** BioLabs gives DMC an important new tool to accelerate conversion, particularly for early-stage life science companies that need laboratory infrastructure and want proximity to Mayo Clinic.

The BioLabs recruitment effort has touched 172 startups, generated 118 lead conversations, and produced 17 site tours, with approximately 10 companies demonstrating meaningful potential to become residents in the near to mid-term.

The first BioLabs Selection Committee convened in August, marking the transition from generating interest to evaluating prospective resident companies. Additional detail on facility readiness, staffing, sponsorship, and tenant recruitment is included in the separate BioLabs Rochester Board update.

Focus for the Remainder of 2026

The next phase of DMC's business development strategy is increasingly about conversion.

- Move the strongest BioLabs prospects through the Selection Committee and toward residency.
- Continue advancing the broader DMC pipeline toward company locations, jobs, and investment.
- Use BioLabs as a landing point for qualified companies generated through DMC, Mayo Clinic, and partner networks.
- Continue national and international recruitment to maintain a strong pipeline of future opportunities.
- Strengthen connections between prospective companies and Mayo Clinic innovators, investors, talent, service providers, and other Discovery Square ecosystem partners.

The original vision for Discovery Square was to create a place where businesses, researchers, clinicians, and entrepreneurs could come together around Mayo Clinic to accelerate healthcare innovation. A decade later, the components of that strategy are increasingly working together: Discovery Square provides the place, DMC builds the company pipeline, Mayo Clinic provides an unmatched innovation anchor, and BioLabs creates a new pathway for promising startups to establish a presence in Rochester.

There is still work ahead, particularly converting pipeline into company locations. However, DMC is generating more opportunities, advancing more companies, and now has a purpose-built asset that can help turn interest in Rochester into investment in Rochester.

**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, expanding global awareness of Rochester as a destination for innovation and growth, and converting qualified opportunities into companies that locate and grow in Rochester.

**Attachments / Exhibits**

None.

**Downtown Rochester Mural Strategy Framework**

**Overview**
The summer internship produced an implementation-ready framework for a repeatable downtown mural and public art program. It recommends starting with one pilot mural, testing the process, collaborating with community partners, and using the results to guide future expansion.

**What DMC EDA Asked For**
DMC asked for a practical program framework that could guide how future projects are planned, funded, commissioned, installed, maintained, and evaluated. The assignment included:

- Research on no more than six comparable city programs and interviews with 6–10 artists and 6–8 local stakeholders.
- A visual inventory of potential downtown sites, with basic site attributes and selection criteria.
- A preferred governance and delivery model, artist-engagement approach, funding strategy, implementation roadmap, and measures of success.
- A final written framework and presentation that DMC and partners could use to move from planning to a pilot project.

**The Internship**
Intern: Lilly Sundsbak, illustrator and designer and student at Columbia College Chicago
Timing: Nine weeks, June through early August 2026

Lilly led research, stakeholder engagement, site documentation, and development of the framework, combining an artist's perspective with operational, financial, regulatory, and community considerations.

DMC EDA served as convener and strategic lead, with the City of Rochester, Rochester Downtown Alliance, arts organizations, artists, educators, and property owners engaged as partners or research participants.

**Key Findings and Recommendations**

| Finding | Recommended response |
|---|---|
| **Start with a pilot** | Use one mural to test governance, permitting, artist selection, budgeting, installation, maintenance, and evaluation before expanding. |
| **Create clear ownership** | Designate one DMC program lead, supported by a mixed artist-selection panel and contracted technical or public-art expertise as needed. |

| | |
|---|---|
| **Build local capacity** | Pair an experienced lead artist with 2–4 paid emerging artists or students; keep eligibility open to illustrators, painters, designers, and other disciplines with appropriate support. |
| **Select sites carefully** | Use the 42-site inventory and 100-point scorecard; prioritize pilot sites scoring 70 or higher. Seventeen sites require panels or alternative media, including 11 historic or unpainted masonry sites that should not be painted directly. |
| **Fund the full lifecycle** | Blend grants, DMC resources, property-owner support, sponsorships, and in-kind contributions. Budget finalist stipends and reserve at least 10% of each project budget for maintenance. |

**Suggested Path Forward**

- Share findings with community partners to gather additional input and feedback
- Consider a pilot project with partners to test concept and refine strategies and tools

# ENERGY AND SUSTAINABILITY

SEPTEMBER 2026

**Request of the Board**

None; this report is intended for information only.

**Highlights & Key Considerations**

Energy Integration Committee

The Energy Integration Committee's (EIC) Action Plan Update was completed and published; an Executive Summary can be found at dmc.mn/energy-integration-committee/. The EIC is currently reviewing the strategies outlined in each phase of the action plan, assessing what is currently underway across each partner organization and determining which ones are best poised for EIC collaboration.

One of these collaboration opportunities is a Thermal Energy Network (TENs) visioning workgroup to develop a TEN-enabling policy, as well as ownership, operation, and financial models. A task force will be convened in 2027, led by the City of Rochester's Public Works Department, where the Sustainability Coordinator position is housed. DMC previously committed $5 million to support private development expansion of the City's Thermal Energy Network. The City paused further analysis of a TENs in December 2024 with future uncertainty of energy efficiency and electrification tax credits at the federal level. DMC previously supported analyses on type of system (ambient loop or 4-pipe) and initial utility costs with private connections. Additional analyses on ownership, operation, and up-to-date financial models will likely be needed and could require additional financial support. We also continue to explore the opportunity to advance geothermal systems in private development projects, such as Aeon's senior affordable housing at West Transit Village.

In addition to TENs, energy storage options and partnerships is another strategy that will be explored in the near-term. The City of Rochester and Olmsted County were both awarded several Solar for Public Buildings grants in 2026, creating an opportunity to pair battery storage with renewable energy. The Minnesota Department of Commerce currently has a battery storage incentive program specifically for pairing battery storage with solar. The EIC plans to share this opportunity and explore projects with private development partners as well.

Finally, several members of the EIC met with the Minnesota Climate Innovation Finance Authority (MnCIFA) this summer during the League of MN Cities Conference hosted in Rochester. This was an opportunity to share projects happening in Rochester and Olmsted County and the results of the EIC Action Plan update, as well as learn about financing opportunities through MnCIFA for future energy projects.

There is particular interest in supporting projects in greater MN and an upcoming September call for proposals.

Sustainable Building Guidelines
With the help of our 2026 Sustainability intern, we have been reviewing and assessing various green building and sustainable development third-party certifications to update the DMC Sustainable Building Guidelines. Our current guidelines were adopted in 2017, almost 10 years ago, and focus solely on buildings. There is significant DMC investment in public infrastructure projects, which are not currently accounted for. The Sustainable Development Guidelines updates will outline the "why" and benefits of sustainable development, will draw connection to and support the metrics of DMC's Design for Well-Being strategic priority, and work to align with requirements of other funding sources like the MN Greater Housing Fund and the State of Minnesota's SB2030. Research has included informational interviews with developers to understand the impact, barriers, or advantages to various third-party green building certifications. Participants were drawn from current or previously supported projects of DMC including Mortenson with One and Two Discovery Square, Aeon with West Transit Village, and the Bryk apartments. We anticipate bringing forward Sustainable Development Guideline recommendations by the end of 2026.

Air Quality Alliance
The Air Quality Alliance (AQA) is a partnership between DMC, the City of Rochester, and Olmsted County. The partnership was formed in 2020 with the initial purchase and installation of air quality monitors within the DMC district to create baseline data for tracking and monitoring changes in air quality and greenhouse gas emissions over time, particularly as development grows and transportation patterns change. The system has grown to include over 15 monitors across Rochester and Olmsted County. The four Vaisala sensors installed downtown in 2020, and the two Olmsted County sensors installed in 2022, are being phased out by the manufacturer and can no longer be serviced. This impacts the ability to ensure the monitors continue to collect and report accurate data. The AQA has been reviewing alternative sensor ownership or leasing options. DMC anticipates replacing two of the four sensors within the district, to ensure we can continue to track air quality as a metric under our Design for Well-Being strategic priority.

Mode Shift/Transportation Demand Management
DMC Sustainability collaborates with the City of Rochester's Mode Shift Coordinator, specifically focusing on programs, pilots, and partnerships. Work this quarter has included collaboration on the spring Bike to Work Day, fall Week Without Driving, and regular coordination with community groups on opportunities to support transportation options.

**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**

- Energy Integration Committee Action Plan Update at [www.dmc.mn/energy-integration-committee/](www.dmc.mn/energy-integration-committee/)

# EQUITABLE ECONOMIC DEVELOPMENT

SEPTEMBER 2026

**Request of the Board**

None; this report is intended for information only.

**Highlights & Key Considerations**

<u>Youth Co-Design Lab – Completion of 2026 Pilot</u>
DMC EDA, in partnership with the City of Rochester, Olmsted County, Rochester Public Schools (RPS), and the University of Minnesota Rochester (UMR), completed the inaugural Youth Co-Design Lab in August. The paid summer program engaged 21 RPS and UMR students in projects focused on workforce and health technology career pathways and youth substance-use prevention. The program concluded with student presentations and a community celebration at Two Discovery Square attended by families, partners, and community leaders.

<u>Community Co-Design Toolkit 2.0 & Community Co-design Leadership Training:</u>
Work continues on the Community Co-Design Toolkit Second Edition, with an anticipated launch this fall. The updated toolkit will be hosted on the City of Rochester website and includes new accessibility features to make the resource easier to access and use by a broader audience. DMC and the City of Rochester will also host the next Community Co-Design Leadership Training in October, continuing to build local capacity to apply co-design practices across community initiatives.

<u>2026 DMC EDA Work Plan Alignment</u>
The 2026 DMC EDA Work Plan embeds equity by expanding community engagement, strengthening leadership, and creating opportunities for broader participation in DMC initiatives. Recent efforts include completing the inaugural Youth Co-Design Lab, advancing the Community Co-Design Toolkit Second Edition for launch this fall, and preparing for the next Community Co-Design Leadership Training in October. These efforts continue to strengthen community participation and build capacity for inclusive engagement across Rochester.

The plan continues collaboration with the Coalition for Rochester Area Housing to address housing disparities for underserved residents, including BIPOC communities and seniors. DMC EDA also continues its partnership with the City of Rochester through the Equity Alliance Equity Series, providing learning opportunities focused on equity, inclusion, and community best practices. Together, these partnerships support the application of equitable economic development principles across DMC and community 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.

# MILITARY MEDICINE AND DEFENSE HEALTH INNOVATION
SEPTEMBER 2026

**Request of the Board**

None; this report is intended for information only.

**Highlights & Key Considerations**

DMC's involvement in military medicine and defense health innovation has developed incrementally over the past year through its economic development, business development, and ecosystem-building work in Discovery Square.

The emerging military medicine and defense health initiative represents a potential extension of DMC's existing work to position Rochester as a globally competitive destination for healthcare innovation.

Rochester has a differentiated opportunity because of the combination of Mayo Clinic's clinical, research, and innovation capabilities, Discovery Square's growing innovation infrastructure, Minnesota's medical technology sector, and an emerging statewide national security ecosystem. A coordinated effort could create new pathways for federal research and innovation investment, company attraction, technology commercialization, workforce development, and national partnerships.

The opportunity is also broader than traditional defense activity. Many of the challenges under consideration, including remote care, healthcare resilience, emergency medicine, supply chain continuity, telemedicine, wearable technology, and care in resource-constrained environments, have direct applications to civilian healthcare and align with DMC's goal of accelerating innovation that improves health while generating economic activity.

The initial planning group includes representatives from Mayo Clinic, DMC, the University of Minnesota, Greater MSP, MN-NS-ECO, the Defense Innovation OnRamp Hub: Minnesota, and other statewide partners. DMC is represented in the planning process, but MN-NS-ECO is currently identified as the statewide coordinating organization.

DMC's role at this stage is to help connect these assets, ensure Rochester is represented as the statewide conversation develops, and position Discovery Square to capture opportunities that align with DMC's mission. The scope and scale of the initiative continue to evolve, and staff will keep the Board informed as the work advances.

Work is expected to continue over the coming months to further define the purpose, governance, scope, funding strategy, and differentiated role of a potential center. The current planning document specifically identifies these as unresolved questions rather than predetermined outcomes.

**Background**

The effort began in 2025 as DMC and regional partners explored opportunities to connect southeastern Minnesota's healthcare and technology assets to the growing Minnesota National Security Ecosystem, or MN-NS-ECO. An initial briefing in August 2025 led to a September 24 roundtable in Discovery Square focused on defense innovation in southern Minnesota, with Congressman Brad Finstad, a member of the House Armed Services Committee, invited to participate alongside MN-NS-ECO members and regional companies.

DMC formally joined MN-NS-ECO in October 2025. MN-NS-ECO is a statewide, industry, academic, and nonprofit-led organization focused on connecting Minnesota companies, research institutions, and other organizations to national security innovation opportunities. Its work includes building collaborative networks, supporting technology commercialization and workforce development, and strengthening engagement with federal, state, and local partners.

DMC's participation is consistent with its broader economic development role: positioning Rochester and Discovery Square as a destination for healthcare innovation, connecting regional assets to new markets and sources of investment, and creating opportunities for companies, researchers, and entrepreneurs to develop and commercialize technologies with both healthcare and broader societal applications.

Over the past several months, the conversation has evolved from general engagement with Minnesota's national security ecosystem toward a more specific opportunity centered on military medicine, defense health, and human systems innovation, areas where Rochester and Mayo Clinic have distinctive capabilities. In April 2026, DMC partnered with Mayo Clinic Military Medicine on the *Medical Strategies for Modern Conflict* Summit, held April 16 and 17 in Discovery Square. The invitation-only summit brought together military, government, healthcare, academic, and industry leaders to consider healthcare resilience, civilian and military collaboration, global health engagement, and medical innovation in modern conflict.

The summit was designed to explore how modern conflict increasingly affects civilian society and healthcare systems, with an emphasis on resilient healthcare systems, whole-of-society solutions, and collaborative networks for crisis response. Importantly for DMC, the partnership also provided an opportunity to introduce national and international participants to Discovery Square and Rochester's broader innovation ecosystem. The original sponsorship strategy specifically identified the opportunity to reinforce Rochester as a physical and intellectual hub for military medical innovation.

Following the summit, DMC hosted Congresswoman Betty McCollum in Discovery Square to discuss the emerging military medicine opportunity and the potential for federal investment to help establish a center of excellence. The discussion included Mayo Clinic Military Medicine leaders Dr. Christopher Russi and Matt Tentis, along with Brian Kilen of the Mayo Clinic Berg Innovation Exchange.

The conversation focused on areas where Rochester has differentiated expertise, including emergency and austere care, remote patient monitoring, telemedicine, medical simulation and training, prolonged casualty care, medical technology development, and translation of innovation between military and civilian healthcare settings.

In June, DMC participated in the MN-NS-ECO Summer Member Luncheon in Saint Paul, which included Congresswoman McCollum, the Ranking Member of the House Appropriations Subcommittee on Defense, and Major General Shawn Manke, Adjutant General of the Minnesota National Guard.

Following this meeting, DMC, Mayo Clinic, MN-NS-ECO, the University of Minnesota, Greater MSP, and other partners have begun developing a broader concept currently described as a National Center for Combat Medicine and Human Systems Innovation.

**Attachments / Exhibits**

None.

# MOBILITY & TRANSIT DEMAND MANAGEMENT

SEPTEMBER 2026

## Request of the Board

None; this report is intended for information only.

## Highlights & Key Considerations

This period focused on building the tools to measure how people travel and on defining the problems the City needs to solve. Recommendations that depend on that work, including a method for checking modeled data against real counts and priorities from the active transportation planning work, are expected during 2027. Shared micromobility changes described below are already in operation.

The City purchased access to Replica, a tool that estimates how people travel: where trips start and end, what mode they use, how far they go, and what time of day. Replica builds these estimates from several sources, including de-identified mobile location data, census and demographic data, road and transit network information, and land use records. It combines them to model a population that travels like Rochester's does overall, *without* following any actual person. The City does not receive records about individual people. The subscription runs through December 31, 2027. Separately, the City's counters record people walking, rolling, scooting, and cycling as they pass a fixed location, but they do not count motor vehicles and cannot show where a trip started or ended. Replica fills that gap. Exhibits 1 and 2 show what it can do.

Because Replica estimates travel rather than observing it, the City will not use a Replica number to report progress until staff have checked those estimates against real counts and written down the method. The City now has both real counts and estimates covering the same area, so that check is closer to being possible, and staff propose doing it with Eco-Counter and Replica over the coming year. Consultants working on DMC-funded projects can use the City's Replica access instead of buying similar data for each project, which saves money and keeps projects working from the same information. To make that happen, project scopes need to name the City's Replica access before a data task is priced into a contract.

The multimodal count program produced its first quarter of validated data from a full set of downtown sites. Ten permanent sites recorded 849,284 passages between April 1 and June 30, 2026, an average of 9,333 per day. These are counts of people passing a counter, not a measure of how many people travel each way across the city, because the counters do not record motor vehicles. Most counters were installed in 2025 and 2026, so year over year comparison is not yet possible at most sites, and weather, construction, and events all affect the numbers. Site level detail is published in the City's regular multimodal count report. Counts are processed on the device, and all that is reported to the City is a tally of pedestrian (person walking or using mobility aid), cyclist, or scooter rider.

Downtown activity is weekday activity. At 2nd St SW and 1st Ave SW, walking and rolling averaged 5,529 counts on weekdays and 1,784 on weekends, about three times as many on a weekday. Shared use paths lean toward weekends, but only slightly. Cycling at the Silver Creek Path Bridge counter, on the south side of the bridge, averaged 230 counts on weekdays and 317 on weekends. The Quarry Hill Trail counter, on the southwest side of Quarry Hill Park, shows a similar pattern. The shared use path gap is much smaller than the downtown gap, which suggests the paths are not weekend recreation routes alone. They carry steady weekday use as well. Staff also purchased two mobile counters and are siting the first deployment. These allow short term counts at locations that do not warrant permanent equipment.

The same ten sites provided a citywide reference point for Bike to Work Day on June 23, co-hosted with DMC. Those sites recorded 1,736 bicycle counts that day, about 16 percent above the June daily average, with activity distributed across the network rather than concentrated near event stations.

These are counts past fixed locations rather than unique people, and June 23 was not the highest single day in June.

Week Without Driving takes place October 1 through 8, co-led by staff and DMC. It includes a leadership participation track, a travel training day at John Marshall High School, and a system wide fare free day on Rochester Public Transit.

Staff finalized the scope of work for the MnDOT Active Transportation Planning Assistance engagement, which runs through December 2026 with supplemental technical assistance into spring 2027, and convened a TDM working group of eleven organizations including DMC. An aggregated problem statement built from partner submissions is scheduled for a City Council study session on September 28. Staff briefed the Pedestrian and Bicycle Advisory Committee and the Sustainability and Resiliency Commission and participated in the Mayor's Town Hall in August.

In shared micromobility, staff launched the scooter and e-bike fleet for the season and created Equity Deployment Zones. These zones require scooters and bikes to be placed in neighborhoods the Active Transportation Plan identifies as having the fewest travel options. Staff also shortened maximum idle times within the DMC district and put No Operation Zone geofencing in place along the Highway 52, 14, and 63 corridors. Coordination on installing on-street parking corrals is ongoing.

**Background**

This work helps more people in Rochester get where they need to go without driving alone, which supports DMC goals for access, connections within the district, the quality of public spaces, and less pressure on streets and parking. It also supports DMC's "America's City for Health" framework, particularly Design for Well-Being. Current work elements include the multimodal count program and its data platforms, a TDM pre-development review checklist and GIS viewer, a multimodal parking inventory app, policy and ordinance alignment, quick-build project prioritization, and shared micromobility enhancements. Since October 2025 the City has invested more than $35,000 in count equipment and data transmission services, DMC Active Transportation funds have supported nearly $15,000 in additional equipment, and Rochester Downtown Alliance contributed previously owned equipment and transmission support. Replica is a separate $18,000 City investment.

A few items are worth tracking as this work continues.

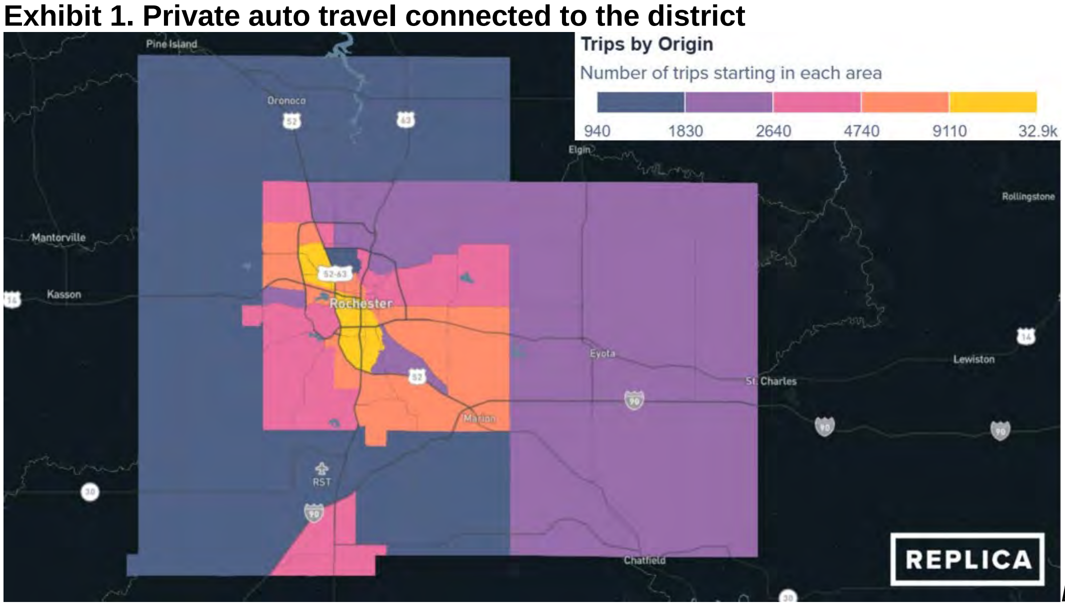
- Several efforts are moving into implementation at the same time, so progress depends on steady coordination across City departments and partners.
- The May report noted a gap between the City's mode shift goals and the tools available to measure them. Replica and the validated count data narrow that gap but do not close it. Until staff finish checking estimates against real counts, the City cannot report progress toward downtown mode share targets.
- The aggregated problem statement going to Council on September 28 is being presented as partner developed, and each participating organization needs to confirm its content first.
- Shared micromobility compliance numbers are still being checked and are not ready to publish. E-device rules are being worked out at the state level through the League of Minnesota Cities.

Likely future board touchpoints include implementation priorities from the MnDOT engagement, outcomes of the September 28 study session, quick-build project prioritization in and around the DMC district, a documented calibration method for modeled mobility data, and the mid-contract shared micromobility update.

**Attachments / Exhibits**

The exhibits below are modeled estimates from Replica, Fall 2025, for a typical weekday. They have not been calibrated against the City's observed counts.

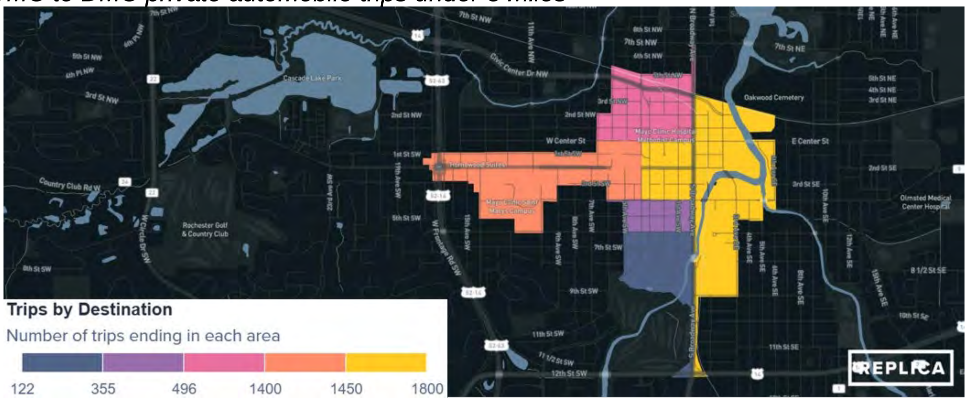
**Exhibit 1. Private auto travel connected to the district**




*Estimated private auto trips starting in Olmsted County that began, ended, or passed through the seven DMC subdistricts on a typical weekday. Replica rates its confidence in this number as high. This total includes the trips shown in Exhibit 2. Trips starting outside Olmsted County are not counted. Source: Replica, Fall 2025*

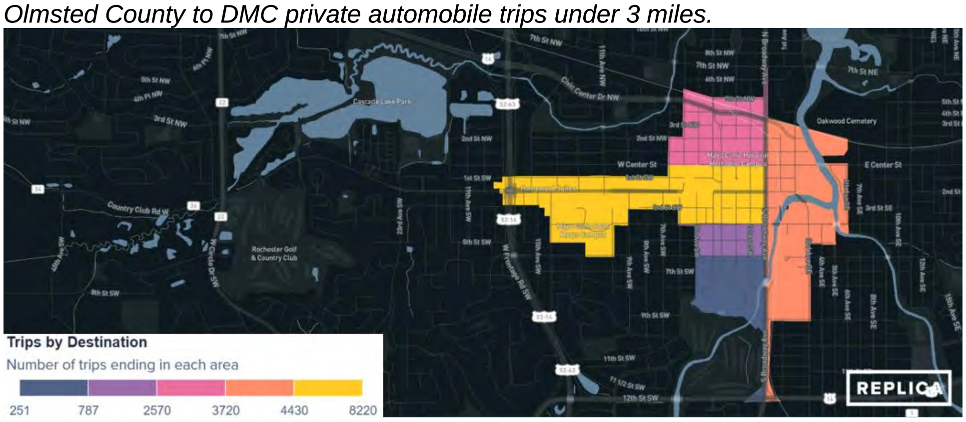
**Exhibit 2 a-c. Short private auto trips connected to the district**

*a. DMC to DMC private automobile trips under 3 miles*

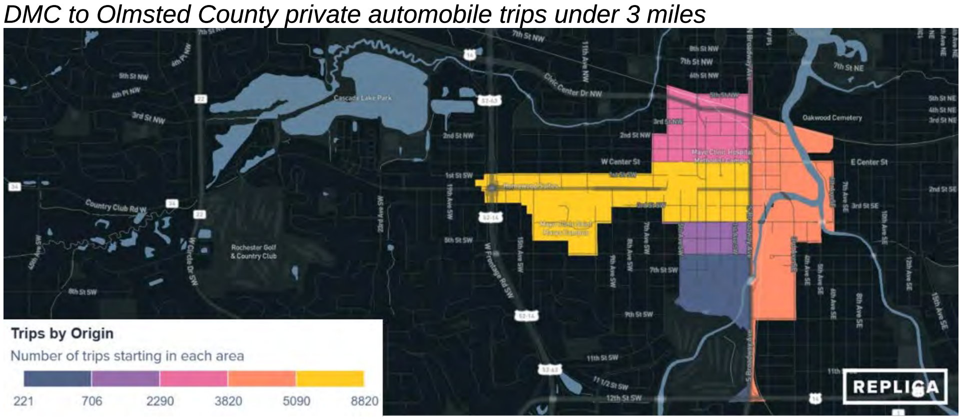



*Estimated private auto trips under three miles on a typical weekday. These are trips already short enough that walking, rolling, cycling, or taking the bus is a realistic option for some people. Many of them are not: people carrying cargo, running several errands in one trip, traveling for medical care, or traveling in winter. These figures show the size of the travel worth looking at, not how much could change. Replica rates its confidence in these numbers as medium. The three figures overlap and should not be added together, because Olmsted County includes the DMC subdistricts.*
*Source: Replica, Fall 2025*

*b. Olmsted County to DMC private automobile trips under 3 miles.*




*c. DMC to Olmsted County private automobile trips under 3 miles*



# TARGETED BUSINESS AND WORKFORCE UTILIZATION
SEPTEMBER 2026

**Request of the Board**

None; this report is intended for information only.

**Highlights & Key Considerations**

Q2 2026 Reporting

Q2 reporting includes workforce and Targeted Business/Disadvantaged Business Enterprise (TB/DBE) participation across seven active construction and professional services projects.

- Women workforce participation: 4.68% compared with the 9% goal.
- Minority workforce participation: 3.69% compared with the 15% goal.
- TB/DBE participation: 10.56%, exceeding the 9.4% average project goal.
- More than 110,000 workforce hours and approximately $45.7 million in project payments are represented in the Q2 reporting.

Workforce Participation

- Women and minority workforce participation continue to remain below overall goals, although performance varies significantly by project.
- The 6th Street Bridge Design project reported 17.98% women participation, exceeding the 9% workforce goal. The 6th Avenue Design project reported 23.82% women participation and 12.86% minority participation, demonstrating strong participation within professional services.
- Biolabs at Two Discovery Square reported 13.75% minority workforce participation, approaching the 15% goal.

Targeted Business / DBE Participation

- Overall TB/DBE participation remains strong at 10.56%, compared with the average project goal of 9.4%.
- The St. Marys Transit Center & Station Stops project reported 16.49% TB/DBE participation, exceeding its 12% goal. Biolabs at Two Discovery Square reported 7.02%, meeting its 7% goal.
- Targeted Business participation is also being tracked for the 6th Street Bridge and 6th Avenue design contracts. Although these professional services contracts did not incorporate formal participation goals, reported participation was 7.15% and 45.59%, respectively.

Capacity Building & Business Development

- **Small Business Capacity Building**: During Hispanic Heritage Month this fall, DMC is partnering with the Small Business Development Center (SBDC) to offer business workshops in English and Spanish, expanding access to technical assistance and business development resources.
- **Real Estate Development & Investment**: On September 24 at Two Discovery Square, DMC will host and share presentations with the Asian Real Estate Association of America (AREAA). Approximately 60 real estate professionals, investors, and developers will visit Rochester to learn about local real estate development, investment opportunities, and the economic drivers shaping Rochester's growth.

**Background**

DMC continues to advance workforce and Targeted Business participation across public and private investments. Q2 2026 reporting shows Targeted Business/DBE participation exceeding the average project goal, while overall women and minority workforce participation remain below established goals.

DMC EDA and the City of Rochester continue to track project performance and identify opportunities to strengthen participation as additional projects move into construction.

DMC Workforce and Targeted Business Participation Quarter 2 2026:

- Current Goals
  - Workforce Participation: Women: **9%**
  - Workforce Participation: Minorities: **15%**
  - Targeted Business/DBE: Goals vary by project and contract.
- Projects Reported
  - Downtown Building Energy Transition
  - West Transit Village Sewer Improvement – LINK
  - Civil Underground Utilities and Infrastructure – LINK
  - St. Marys Transit Center & Station Stops – LINK
  - Biolabs – Two Discovery Square
  - 6th Street Bridge – Design
  - 6th Avenue / Connecting Downtown Rochester – Design

- Anticipated Projects – 2026
  Additional projects are expected to enter reporting as construction begins, including:
  - Maintenance Bay Addition – LINK
  - Driver Facilities and Public Restroom – LINK
  - CityWalk Apartments
  - Civic Center North
  - Reconstruction of portions of 5th Avenue NW and 3rd Street NW
  - 6th Avenue – Connecting Downtown Rochester construction

These projects will expand the number and range of DMC-related investments included in workforce and targeted business reporting.

## Attachments

- Q2 2026 Targeted Business and Workforce Utilization Reporting

# DMC Targeted Business & Workforce Participation Report - Q2 2026

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

## Women Workforce Participation

Goal: 9%

| Project | Total Project Hours | Women Hours | Women % | % of Goal Achieved |
|---|---|---|---|---|
| Downtown Building Energy Transition | 25,132.30 | 19.50 | 0.08% | **0.86%** |
| West Transit Village Sewer Improvement (LINK) | 4,488.25 | 146.00 | 3.25% | **36.14%** |
| Civil Underground Utilities and Infrastructure (LINK) | 46,179.11 | 2,318.25 | 5.02% | **55.78%** |
| St Marys Transit Center & Station Stops (LINK) | 17,236.75 | 630.50 | 3.66% | **40.64%** |
| Biolabs - Two Discovery Square | 7,264.66 | 20.00 | 0.28% | **3.06%** |
| 6th Street Bridge (Design) | 7,690.05 | 1,382.55 | 17.98% | **199.76%** |
| 6th Avenue (Connecting Downtown Rochester)(Design) | 2,796.50 | 666.00 | 23.82% | **264.62%** |
| **All Reported Projects** | 110,787.62 | 5,182.80 | 4.68% | **51.98%** |

## Minority Workforce Participation

Goal: 15%

| Project | Total Project Hours | Minority Hours | Minority % | % of Goal Achieved |
|---|---|---|---|---|
| Downtown Building Energy Transition | 25,132.30 | 223.50 | 0.89% | **5.93%** |
| West Transit Village Sewer Improvement (LINK) | 4,488.25 | 82.50 | 1.84% | **12.25%** |
| Civil Underground Utilities and Infrastructure (LINK) | 46,179.11 | 1,515.09 | 3.28% | **21.87%** |
| St Marys Transit Center & Station Stops (LINK) | 17,236.75 | 420.00 | 2.44% | **16.24%** |
| Biolabs - Two Discovery Square | 7,264.66 | 999.09 | 13.75% | **91.68%** |
| 6th Street Bridge (Design) | 7,690.05 | 488.50 | 6.35% | **42.35%** |
| 6th Avenue (Connecting Downtown Rochester)(Design) | 2,796.50 | 359.50 | 12.86% | **85.70%** |
| **All Reported Projects** | 110,787.62 | 4,088.18 | 3.69% | **24.60%** |

## Targeted Business (TB) Performance

Goal varies based on project.

| Project | Total Project Payments to Date | TB Payments to Date | TB % | Goal | % of Goal Achieved |
|---|---|---|---|---|---|
| Downtown Building Energy Transition | $ 6,828,967.41 | $ 18,770.25 | 0.27% | 4.00% | **6.87%** |
| West Transit Village Sewer Improvement (LINK) | $ 1,742,611.31 | $ 49,314.60 | 2.83% | 12.00% | **23.58%** |
| Civil Underground Utilities and Infrastructure (LINK) | $ 8,484,929.34 | $ 855,457.45 | 10.08% | 12.00% | **84.02%** |
| St Marys Transit Center & Station Stops (LINK) | $ 19,345,880.47 | $ 3,189,435.41 | 16.49% | 12.00% | **137.39%** |
| Biolabs - Two Discovery Square | $ 4,938,941.00 | $ 346,632.00 | 7.02% | 7.00% | **100.26%** |
| | | | | **Avg. Goal** | **% of Avg. Goal Achieved** |
| **Projects with Established TB Goals** | $ 41,341,329.53 | $ 4,459,609.71 | 10.79% | 9.40% | **114.76%** |
| **Projects without Established Goals** | | | | | |
| 6th Street Bridge (Design) | $ 4,193,443.00 | $ 299,942.84 | 7.15% | N/A | N/A |
| 6th Avenue (Connecting Downtown Rochester)(Design) | $ 135,188.32 | $ 61,633.75 | 45.59% | N/A | N/A |
| **Projects without TB Goals** | $ 4,328,631.32 | $ 361,576.59 | 8.35% | N/A | N/A |

***Average goal reflects the simple average of established TB goals. Projects without an established TB goal are excluded from goal-performance calculations.***