DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. 191-2026

A RESOLUTION APPROVING DOWNTOWN HISTORIC DISTRICT INFRASTRUCTURE PROJECT REQUESTS

The following Resolution was offered by Mark Thein, seconded by Kim Norton.

BACKGROUND RECITALS

A. The Destination Medical Center Corporation ("**DMCC**") established five long-term goals for the Destination Medical Center ("**DMC**") initiative, including creating a comprehensive and strategic plan, new jobs, tax revenues, and achieving the highest quality patient, companion, visitor, employee, and resident experience.

B. The DMCC has long recognized the important role of historic preservation to achieve these goals. The Development Plan adopted by the DMCC on April 23, 2015, as amended (the "**Development Plan**") recommended strategies and programs to encourage preservation efforts: "The preservation of historic landmarks and districts is an important part of a City's historic fabric. . . . As the DMC implementation process moves forward, we recommend the EDA work with federal agencies, state agencies and local organizations to evolve strategies and programs to incent historic preservation [in the] DMC District."

C. On January 22, 2024, the City of Rochester (the "**City**") established a downtown commercial historic district of thirty-two properties (the "**Commercial Historic District**") located within the development district boundaries as adopted in the Development Plan (the "**Development District**").

D. On May 23, 2024 the DMCC established a downtown property preservation program (the "**Program**"). The Program provides an application and general state infrastructure aid funding process for public infrastructure projects within the Commercial Historic District.

E. The Program provides an opportunity of funding up to 50% of a capital improvement project (not to exceed $500,000 per property) within the Commercial Historic District if such project (i) meets the definition of a "public infrastructure project" (as defined in Minnesota Statutes, Section 469.40, subdivision 11); (ii) lies within the Development District and is defined as a "contributing property" within the Commercial Historic District; (iii) is consistent with the Development Plan; (iv) achieves a capital improvement that is intended to be a permanent asset of the Commercial Historic District; and (v) satisfies certain statutory requirements, including prevailing wages and use of American-made structural steel, as well as local requirements, such as sustainable building standard, women- and minority-owned construction contracting, and workforce development (collectively, the "**Program Requirements**").

F. The following projects have been submitted for funding consideration under the Program: (i) the owner of the property located at 7 2nd Street SW has requested funding for a project involving exterior envelope preservation and interior reuse; and (ii) the owner of the

property located at 22 3rd St SW has requested funding for a project involving stairway, window, and sprinkler improvements (collectively, the "**Proposed Projects**").

G. The Destination Medical Center Economic Development Agency has recommended approval of the Proposed Projects based on the summary and recommendation attached as **Exhibit A** and DMCC must now act on the request.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the DMCC Board of Directors, that the DMCC approves the Proposed Projects costs based on the following findings:

1. The Proposed Projects are a public infrastructure project within the meaning of Minnesota Statutes, Section 469.40, subdivision 11.

2. The Proposed Projects lie within the Development District and are defined as a contributing property within the Commercial Historic District.

3. The Proposed Projects are consistent with the Development Plan.

4. The Proposed Projects achieve a capital improvement that is intended to be a permanent asset of the Commercial Historic District.

5. The Proposed Projects will satisfy the necessary statutory and local requirements set forth in the Program.

BE IT FURTHER RESOLVED, that the approval of the Proposed Projects are expressly subject to the following conditions:

1. The Proposed Projects must meet all City requirements.

2. The Proposed Projects must meet all conditions set forth in **Exhibit A**.

3. The final payment will be based on the actual costs and will not exceed 50% of the cost of the Proposed Projects.

4. The funds provided to the Proposed Projects must satisfy the terms and conditions of this Resolution, including, but not limited to, the parameters of the Program and the Program Requirements as set forth in the Recitals, which are incorporated herein.

5. The recipient of the funds must provide certification that the Program requirements have been satisfied, including but not limited to the statutory and local requirements of the Program.

6. The DMCC Board shall receive an annual report concerning Program updates, expenditures, metrics to evaluate the success of the Program, and recommendations concerning future funding in the capital improvement plan.

BE IT FURTHER RESOLVED, that DMCC Resolution No. 51-2017 is incorporated fully herein by reference.

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

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The question was on the adoption of the Resolution and there were 7 YEAS and 0 NAYS, as follows:

BOARD OF DIRECTORS
Destination Medical Center Corporation

	YEA	NAY	OTHER
Douglas M. Baker, Jr.	X		
Kristin Beckmann	X		
Kim Norton	X		
Randy Schubring	X		
Mark Thein	X		
Pamela Wheelock	X		
Paul D. Williams	X		

RESOLUTION ADOPTED on February 5, 2026.



ATTEST: _____
Pamela Wheelock, Chair
Destination Medical Center Corporation

EXHIBIT A

DMC
Destination Medical Center

DOWNTOWN HISTORIC DISTRICT INFRASTRUCTURE REQUESTS

FEBRUARY 2026

Requested Board Action

- Review downtown property preservation program funding requests.
- Approve and recommend Rochester City Council approve the requests for $500,000 and $6,320.

The DMC EDA recommends that the following project be advanced for funding under the DMC Downtown Property Preservation Program. This recommendation follows the review and evaluation of the project funding request. Note that the projects below are also seeking City of Rochester loan and pre-renovation grant funding.

Specifically, the DMC EDA recommends that the DMCC board of directors:

- Designate the proposed project(s) as a DMC "public infrastructure project"
- Approve the recommended project(s) as consistent with the DMC Development Plan
- Allocate DMC funding to the project(s) and in the amount(s) described in the table below

Address	Commonly Known As	Project Description	Category of Investment	Total Project Cost	Recommended DMC Funding
7 2nd Street SW	Olmsted Co Bank Building	Exterior envelope preservation and interior reuse	Building Safety & Preservation, Adaptive Reuse	$17,377,300	$500,000
22 3rd St SW	Kruesel's	Stairs, windows, and sprinklers	Building Safety and Preservation	$12,840	$6,320
TOTAL				$17,390,140	$506,320

Highlights & Key Considerations

The Olmsted County Bank Building request outlines a project that includes a three-story addition to the historic building. The amount requested will only be used for allowable expenses under the revised Adaptive Reuse category for the existing building.

Background

In response to both the DMCC board and City Council supporting the Downtown Commercial Historic District, DMC and City staff prepared funding applications, webpages and marketing materials, and created shared processes to administer this program. In partnership with the City of Rochester, the Downtown Historic District preservation program was launched on July 1, 2024.

Since that time, City and DMC EDA staff have engaged with the property owners and tenants of eligible properties to inform them of the various historic district property preservation programs.

When the DMCC board of directors approved the historic district property preservation program, it did so with the following conditions, to which staff adhere:

Approval conditions:

- Meet the DMC statutory definition of “public infrastructure project”
- Proposed projects must result in a capital improvement that is intended to be a permanent asset of the downtown historic district
- Proposed projects must occur at a contributing property of the current City of Rochester downtown commercial historic district, excluding properties owned by a public or Mayo Clinic entity

Funding guidelines:

- DMC funding covers up to 50% of any eligible expenditure.
- DMC funding be limited to a maximum of $500,000 per property, as determined by the parcel identification number (PIN)
- To allow property owners and tenants maximum opportunity to prioritize capital investments, funding may be applied for and received more than once, subject to the $500,000 maximum described above
- To align historic district construction activity with other major downtown improvements, including Link BRT and Bold. Forward. Unbound. in Rochester, program funding will remain available for request through December 31, 2029 or until rescinded by action of the DMCC.

Reporting and program evaluation categories:

- Adaptive Reuse: Improvements to the “core and shell” to prepare the building for adaptive reuse excluding costs of interior fit regardless of purpose.
- Building System Upgrades: HVAC, electrical, plumbing, etc.
- Building Safety and Preservation: Exterior envelope sealing, accessibility improvements, etc.
- Code Modernization: Improvements made to legacy properties in relation to ADA or other regulatory compliance, preparation of reuse, future reinvestment, sale, etc.

Public Realm Update:
Mend Collaborative has prepared a draft report including recommendations to improve the public realm in the Downtown Commercial Historic District. The report is under review by the City of Rochester, Destination Medical Center, and partners before a February City Council presentation.

Attachments / Exhibits

None at this time.