

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. 78-2019

Authorizing Report to the Legislature Pursuant to Statute

The following Resolution was offered by Paul Williams, seconded by Nick Campion.

BACKGROUND RECITALS

A. Minnesota Laws, Chapter 143, Article 10 (the "Act") provides that by February 15 of each year, the Destination Medical Center Corporation ("DMCC") and the City of Rochester (the "City") must jointly submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over local and state government operations, economic development, and taxes and to the Commissioners of Revenue and Employment and Economic Development, and to Olmsted County. The DMCC and the City must also submit the report as provided in Minnesota Statutes Section 3.195. The report must include the following specific elements:

- (1) the development plan and any proposed changes to the development plan;
- (2) progress of projects identified in the development plan;
- (3) actual costs and financing sources, including the amount paid with state aid under section 469.47, and required local contributions of projects completed in the previous two years by the corporation, city, county, and the medical business entity;
- (4) estimated costs and financing sources for projects to be started in the next two years by the corporation, city, county, and the medical business entity; and
- (5) debt service schedules for all outstanding obligations of the city for debt issued for projects identified in the plan.

B. The DMCC and City staff have prepared a draft report, due on February 15, 2019, and attached here as Exhibit A.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that the Chair or Vice Chair of the DMCC is authorized to execute and submit the report to the Minnesota Legislature as required by the Act, in form similar to the report attached here as Exhibit A, as may be modified through further discussions with the City, and to take such other actions as are necessary and appropriate to effectuate the timely submission of the report to the Minnesota Legislature.

The question was on the adoption of the Resolution and there were 8 YEAS and 0 NAYS, as follows:

BOARD OF DIRECTORS
Destination Medical Center Corporation

	<u>YEA</u>	<u>NAY</u>	<u>OTHER</u>
Dana L. Bailey	<u>X</u>	_____	_____
James V. Bier	<u>X</u>	_____	_____
James R. Campbell	<u>X</u>	_____	_____
Nick Campion	<u>X</u>	_____	_____
Michael E. Dougherty	<u>X</u>	_____	_____
Kim Norton	<u>X</u>	_____	_____
R.T. Rybak	<u>X</u>	_____	_____
Paul D. Williams	<u>X</u>	_____	_____

RESOLUTION ADOPTED on February 5, 2019.



ATTEST: _____
R.T. Rybak, Chair
Destination Medical Center Corporation

EXHIBIT A
to Resolution B

January 29, 2019

The Honorable Dan Hall
Chair, Local Government Committee
Minnesota State Senate
3111 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Mike Freiberg
Chair, Government Operations Committee
Minnesota House of Representatives
509 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Patricia Torres Ray
Local Government Committee
Minnesota State Senate
2225 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Nick Zerwas
Government Operations Committee
Minnesota House of Representatives
301 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Jeremy Miller
Chair, Jobs and Economic Growth Finance
and Policy Committee
Minnesota State Senate
3107 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Tim Mahoney
Chair, Jobs and Economic Development
Finance Division
Minnesota House of Representatives
365 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Bobby Joe Champion
Jobs and Economic Growth Finance and
Policy Committee
Minnesota State Senate
2303 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Bob Gunther
Jobs and Economic Development Finance
Division
Minnesota House of Representatives
277 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Julie Rosen
Chair, Finance Committee
Minnesota State Senate
3235 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Lyndon Carlson Sr.
Chair, Ways and Means Committee
Minnesota House of Representatives
479 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Richard Cohen
Finance Committee
Minnesota State Senate
2301 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Pat Garofalo
Ways and Means Committee
Minnesota House of Representatives
295 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Roger Chamberlain
Chair, Taxes Committee
Minnesota State Senate
3225 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Paul Marquart
Chair, Taxes Committee
Minnesota House of Representatives
597 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Ann Rest
Taxes Committee
Minnesota State Senate
2217 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Greg Davids
Taxes Committee
Minnesota House of Representatives
283 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

Commissioner Cynthia Bauerly
Minnesota Department of Revenue
600 North Robert Street
St. Paul, MN 55101

Commissioner Steve Grove
Minnesota Department of Employment and
Economic Development
1st National Bank Building
332 Minnesota Street, Suite E200
St. Paul, MN 55101-1351

The Honorable James V. Bier
Chair, Olmsted County
Board of Commissioners
151 4th St SE
Rochester, MN 55904

Re: Destination Medical Center
February 15, 2019 Report

Dear Senators, Representatives, Commissioners and Chairs:

On behalf of the Destination Medical Center Corporation (the "DMCC") and the City of Rochester (the "City"), we are pleased to submit this report on the progress of the Destination Medical Center initiative, in accordance with Minnesota Statutes, Sections 469.40 – 469.47 (the "Act").

The year ending on December 31, 2018, was another remarkable year for the Destination Medical Center ("DMC") initiative. The Act required that private investment lead the way for this private-public model of partnership: over \$200,000,000 in Mayo Clinic and other private investment had to occur before any state funding would begin to flow. That threshold was met, and exceeded, in 2017.

In 2018, we certified a total of \$130,954,237, for the year ending December 31, 2017, which includes \$86,392,524 in Mayo Clinic investments and \$44,561,713 in other private investments. The cumulative total of Mayo Clinic and other private investments, since 2013, is \$428,662,787 in capital expenditures. Moreover, the City has contributed \$28,579,124 in certified expenditures from July 1, 2013, through December 31, 2017.

There are currently 23 projects either proposed, under construction, or completed, the majority of which are private investments with no DMC-provided public assistance. Approved DMC projects thus far are expected to generate over 1,900 construction jobs. This extraordinary combination of private investment, Mayo Clinic expenditures, City contributions and state funding is making Destination Medical Center a reality.

In 2018, in addition to major strides in planning and development, much focus was given to DMCC Phase 1 priorities:

Discovery Square: Discovery Square is a sixteen square block area in the Development District and is a keystone to the DMC economic development strategy. As a live, work, and play environment, it represents the future of biomedical research, education, and technology innovation.

The first phase of Discovery Square is called One Discovery Square, a 90,000 square foot building designed to support the acceleration and translation of the most promising health-related therapies and technology. It is scheduled to open in 2019.

Heart of the City: Heart of the City creates a true center of the City, where Mayo Clinic, commercial, hospitality, retail, and residential meet. Heart of the City extends and enhances Peace Plaza to create active experiences and gateways to the other DMC districts, and is also home to the historic Chateau Theatre, which is being renovated and is scheduled to open in the summer of 2019. A schematic design for the Heart of the City district has been completed, and operating and governance models and sources of funding are being examined.

Transportation: A forward-thinking transportation plan is integral to DMC's success, and great momentum occurred in 2018. The City authorized integrated transit studies, which examined four areas in depth: downtown transit circulator, street and use operations, parking and travel demand management, and a city loop. The final report was adopted in 2018 and provides the basis for development of a transportation strategy and implementation plan that supports economic development and the realization of the DMC vision.

This report will provide a brief background of Destination Medical Center and then provide the responses required by the Act.

I. Destination Medical Center: Background.

A. Development Plan.

One of the primary goals of the Act was the adoption of a Development Plan. In September 2013, the DMCC established specific goals and objectives for the Development Plan: to create a comprehensive strategic plan, and over the life of the project, to stimulate over \$5

billion in private investment that will be supported by \$585 million in public funds, create 35,000-45,000 new jobs, generate \$7.5 billion to \$8.5 billion in net new tax revenue, and achieve the highest quality patient, visitor and resident experience.

The Development Plan is the strategic framework for the Destination Medical Center initiative, establishing a comprehensive business and economic development strategy. It addresses several items, including land use, transportation and infrastructure planning, market research, funding priorities, business and economic development and market strategies.

Upon making the findings set forth in the Act, including finding that the City had approved the Development Plan, the DMCC adopted the Development Plan on April 23, 2015. The Development Plan is posted on the DMCC website: www.dmc.mn.

B. Mission Statement.

The DMCC's mission statement provides a framework to guide its work:

With Mayo Clinic at its heart, the Destination Medical Center (DMC) Initiative is the catalyst to position Rochester, Minnesota, as the world's premier destination for health and wellness; attracting people, investment, and jobs to America's City for Health and supporting the economic growth of Minnesota, its bioscience sector, and beyond.

C. Website.

The DMCC's website is: www.dmc.mn. The website contains the regular meeting schedule, meeting agendas, minutes and other information on DMCC activities, as well as project updates, investor and developer information, sub-district descriptions, market research, and ongoing activities of the Destination Medical Center Economic Development Agency ("DMC EDA"). The City's website, www.rochestermn.gov, also has a link to the DMCC website.

II. Specific Elements Required to Be Included in the Report.

The Act requires that certain elements be included in this annual report. Some of what is presented here has been referenced above.

A. "The Development Plan and any proposed changes to the Development Plan."

The Development Plan was initially adopted on April 23, 2015, and amended in 2016 to modify the Destination Medical Center Development District, the geographic area in the City of Rochester in which public infrastructure projects are implemented to support DMC. The Development Plan can be found at the DMCC website: www.dmc.mn.

B. "Progress of projects identified in the Development Plan."

According to the Act, a project must be approved by the DMCC before it is proposed to the City. The DMCC must review the project proposal for consistency with the adopted Development Plan. Since the adoption of the Development Plan on April 23, 2015, several projects have been approved by the DMCC.

The Historic Chateau Theatre: is located in the “Heart of the City” district as described in the Development Plan. The DMCC approved the acquisition of the Chateau Theatre by the City in the purchase price amount of \$6,000,000, of which Mayo Clinic contributed \$500,000. The acquisition of this historically-designated landmark is considered key to the planning and enhancement of the Heart of the City district. Construction has begun on capital improvements, and discussions are underway with respect to the development of an interim programming and management model.

The Titan Hilton Hotel (formerly known as the “Broadway at Center” project): is located in the “Downtown Waterfront” district as described in the Development Plan. This mixed-use project includes a 264-room hotel, restaurants, retail space, a skyway connection, and a five level parking ramp with 630 spaces. The project is expected to generate approximately \$125 million in private investment and is under construction. Completion of the hotel is expected in 2019.

The Berkman Apartments (formerly known as the “Alatus Project”): is located on 2nd Street SW in the “Saint Marys” district as described in the Development Plan. This mixed-use project involves the construction of an approximately 350,628 square foot, thirteen-level commercial and residential complex. It will include 374 market-rate rental units, create 240 construction jobs, and is expected to generate \$115 million in private investment. Project completion is targeted for early 2020.

Urban on First: is located south of 4th Street SW between 1st Avenue SW and Broadway Avenue, and is in the “Discovery Square” district as described in the Development Plan. This approximately \$38 million mixed use project includes 156 market rate rental units and street level commercial and retail space. The anticipated completion date is 2019.

One Discovery Square (formerly known as Discovery Square Phase One): is on First Avenue SW in the “Discovery Square” district as described in the Development Plan. This approximately \$35 million bio-science building will be a center of innovation and will house companies whose mission is to accelerate bio-science discoveries to market. The building will include laboratory, office, collaborative and retail space. As noted above, this project is the first phase of achieving a key component of the Development Plan: providing jobs in the bio-science sector. Groundbreaking occurred in November, 2017, and completion is expected in 2019.

Bloom Waterfront: This is an approximately 880,000 square foot multi-use development, located in the “Downtown Waterfront” district as described in the Development Plan. It includes senior living and memory care, retail, parking, hotel and condominiums, and commercial space. The proposal is currently under discussion with respect to the scope and size of the project.

Wells Fargo Renovation: This project is a renovation of a 92,000 square foot existing building, located in the “Heart of the City” district as described in the Development Plan. This project is a catalyst for the public realm in the Heart of the City district and will achieve connections of the pedestrian subway, the street, and the skyway. Interior construction has begun.

Hotel Indigo Renovation: The Hotel Indigo project involves renovation an existing 172-room Holiday Inn, located in the “Heart of the City” district as described in the Development Plan. Opening of the new hotel is scheduled for September, 2019.

Hyatt House: The Hyatt House project is located in the “Central Station” district as described in the Development Plan. It is a 172-room extended-stay hotel, and construction is anticipated to begin in early 2019.

Finally, there are several other projects underway in the initial stages of planning and are expected to come to fruition in 2019. The status of these projects will be reported in a future annual report.

In addition to the approved projects noted above, the DMCC and the City have approved a Capital Improvement Plan (“CIP”) for public infrastructure projects for 2019. Projects identified in the CIP are categorized as follows: Public Realm Improvements, Infrastructure, and Transit.

Public Realm Improvements include:

- Heart of the City, Theatre Square and 1st Avenue, Alley
- Chateau Theatre Improvements
- 3rd Street SW Reconstruction and Design

Infrastructure Projects include:

- 4th Street Reconstruction
- Sanitary Sewer Replacements and Upgrades
- North Broadway Reconstruction
- Reconstruction of 6th/7th Avenues NW/SW

Transit Projects include:

- Phase 1 DMC Transit Plan Implementation
- Arrive Rochester Implementation
- Integrated Transit Studies Implementation
- Dedicated Bike Lanes on 3rd and 4th Avenues and Center Street
- Mobility Hub Site Selection and Circulator Route Development

C. “Actual costs and financing sources, including the amount paid under Minnesota Statutes Section 469.47, and required local contributions of projects completed in the previous two years by the DMCC, City, Olmsted County and Mayo.”

The Act requires that an annual certification of private investment by Mayo Clinic or other private investors be made to DEED by April 1 of each year, and DEED must certify that \$200,000,000 of private investment has been made before any state funding may be paid. This threshold was met and exceeded in 2017. In 2018, the total amount of private and Mayo Clinic certified investments was an additional \$130,954,257.

In compliance with Minnesota Statutes Section 469.47, attached is the revised, annual certification of Mayo Clinic and other private investment that was submitted to DEED on May 14, 2018, and the revised annual certification of City expenditures, that was submitted to DEED on May 31, 2018 (Exhibit A). DEED conducted its own audit process of the certified expenditures,

requested revisions, and then approved the expenditures. The DEED certifications, dated June 18, 2018, are also attached (Exhibit B).

In addition, we offer the following information:

1. Through December 31, 2018, State Infrastructure Aid in the amount of \$8,975,212 has been received. No State Transit Aid has been received.
2. Actual costs paid by the City from commencement through December 31, 2018 have totaled \$47,481,234, based on year-end unaudited costs. The funding source has been City internal borrowing, which is being repaid by the City's 0.25% DMC sales tax. The City has also issued capital debt. Just as the Mayo Clinic investments and other private investments have underscored the commitment to DMC, so too have the City contributions.
3. Through December 31, 2018, Olmsted County has contributed \$7,500,000.
4. The 2019 combined operating and capital improvements budget for the DMCC totals \$37,212,867. Of this amount \$3,000,000 will be provided by Olmsted County from its 0.25% DMC sales tax. The remaining amount is to be provided by the City of Rochester from a variety of City funding sources. In addition, Mayo Clinic has pledged financial and in-kind funding to the DMC EDA in the amount of \$1,276,632.

D. "Estimated costs and financing sources for projects to be started in the next two years by the DMCC, City, Olmsted County and Mayo."

The Development Plan sets forth a framework and examples of projects that may be considered for funding in the next several years. Each project will be approved on an individual basis. See also the response to "B" and "C," above.

E. "Debt service schedules for all outstanding obligations of the City for debt issued for projects identified in the plan."

The debt service schedule is attached as Exhibit C.

CONCLUSION

Thank you for your consideration of this annual report. On behalf of both the DMCC and the City, we welcome your comments or questions. We look forward to continued progress on the Destination Medical Center initiative in 2019.

R.T. Rybak, Chair
Destination Medical Center Corporation

Kim Norton, Mayor
City of Rochester

Enclosures

cc: Legislative Reference Library

EXHIBIT A

Revised Annual Certification of Mayo Clinic and Other Private Investment Submitted to DEED
on May 14, 2018

and

Revised Annual Certification of City Contributions Submitted to DEED on May 31, 2018

EXHIBIT A

DESTINATION MEDICAL CENTER CORPORATION
201 4th St. SE.
Rochester, Minnesota 55904

May 14, 2018

Shawntera Hardy
Commissioner
Minnesota Department of Employment and Economic Development
1st National Bank Building
332 Minnesota Street, Suite F-200
Saint Paul MN 55101

RE: Destination Medical Center Corporation: Certification of Expenditures
REVISED AS OF MAY 9, 2018

Dear Commissioner Hardy:

On behalf of the Destination Medical Center Corporation ("DMCC") and Mayo Clinic, I am pleased to forward the following revised materials for the April 1, 2018 certification, pursuant to Minnesota Statutes Section 469.47, Subdivision 2. Since our original submission of the Certification of Expenditures, dated March 27, 2018, we have been working with Jeremy LaCroix and have revised certain numbers, as follows:

1. DMCC Certification: I enclose the revised DMCC certification of expenditures made by an individual or entity, other than Mayo Clinic, for the period ending on December 31, 2017 ("Attachment 1"). The City of Rochester, Minnesota, assisted with the compilation of this report. The amount of expenditures set forth in this report is \$44,561,713.88.

2. Mayo Clinic Certification: The Mayo Clinic certification has not changed since our original submission. I enclose correspondence and accompanying materials from Jeffrey W. Bolton, Vice President of Administration at Mayo Clinic, dated March 21, 2018 ("Attachment 2"). Mayo Clinic is certifying expenditures for the period of January 1, 2017 through December 31, 2017 in the amount of \$86,392,524.43.

3. Summary of Expenditures: The revised summary page, entitled, "Certification of Expenditures, Destination Medical Center" is enclosed,

Commissioner Shawntera Hardy
May 14, 2018
Page 2

setting forth total cumulative expenditures through December 31, 2017, in the amount of \$428,662,787 ("Attachment 3").

Thank you for your consideration, and please do not hesitate to contact either DMCC or Mayo Clinic if you need further information. We look forward to continuing to work with the State of Minnesota, City of Rochester, Olmsted County, Mayo Clinic, and our other partners on the Destination Medical Center initiative.

Sincerely,



R.T. Rybak
Chair
Destination Medical Center Corporation

Encl.

cc: Destination Medical Center Corporation Board of Directors
Jeffrey W. Bolton, Mayo Clinic
Jeremy LaCroix

Attachment 1

2017 Tracking Worksheet UPDATED May 9, 2019

Building Permits within the DMC Boundary
(Does not include Mayo Projects)

Year	Completed
2015	\$ 50,000.00
2016	\$ 227,000.00
2017	\$ 3,156,738.00
TOTAL	\$ 3,433,738.00

2016/2017 Destination Medical Center - Partially Completed Projects Tracking

Project	Address	Total Building Permit Value	2016		2017	
			Partial Completed Work Claimed	Completed Work Claimed	Partial Completed Work Claimed	Completed Work Claimed
1st Avenue Flats	400 NW 1 Avenue	\$ 8,719,735.57	\$ 4,976,244.00	\$ 3,743,491.57		
Lofts at Mayo Park	123 SE 6 Avenue	\$ 6,900,000.00	\$ 6,347,552.97	\$ 552,447.03		
501 on First	501 SW 1 Avenue	\$ 12,977,182.75	\$ 12,534,186.96			
Flats on 4th (Buckeye)	412 SE 3 Avenue	\$ 13,082,292.00	\$ 8,906,937.40			
Total		\$ 41,679,210.32	\$ 32,764,921.33	\$ 4,295,938.60		
Dollar Value of building permits finalized in 2016			\$ 1,555,125.00			
Dollar amount submitted for partial work in 2016			\$ 31,209,796.33			

2017 Destination Medical Center - Partially Completed Projects Tracking

Project	Address	Total Building Permit Value	2017	
			Partial Completed Work Claimed	Completed Work Claimed
Broadway @ Center	10 East Center Street	\$ 84,282,463.00	\$ 33,866,963.98	
Discovery Square	202 SW 4 Street	\$ 16,009,000.00	\$ 2,965,073.30	
Dollar amount submitted for partial work in 2017		\$ 100,291,463.00	\$ 36,832,037.28	
TOTAL			\$ 44,561,713.88	

2017 Tracking Worksheet UPDATED May 9, 2019

2017 Destination Medical Center - Partially Completed Projects Tracking

Project	Address	2017	2017							2018 or 2019			
		Partial Completed Work Claimed	Permit Number	Value	Completion Date	Permit Number	Value	Completion Date	Permit Number	Value	Completion Date	Total Permits	Balance to Claim
Broadway @ Center	10 East Center Street	\$ 33,856,953.98	R15-0081CB	\$ 1,000,000.00		R15-0484CB	\$ 45,000,000.00		R15-0447CB	\$ 38,282,463.00		\$ 84,282,463.00	\$ 50,415,499.02
Discovery Square	202 4th Street SW	\$ 2,965,073.30	R17-0384CB	\$ 1,750,000.00		R17-0454CB	\$ 1,290,000.00		R17-0492CB*	\$ 12,969,000.00		\$ 16,009,000.00	\$ 13,041,926.70

* permit not issued yet

\$ 100,291,468.00 \$ 63,459,425.72

TOTAL for 2017 \$ 36,832,037.28
 Dollar amount finalized in 2017 \$ -
 Dollar amount submitted for partial work in 2017 \$ 36,832,037.28

2016 Destination Medical Center - Partially Completed Projects Tracking

Project	Address	2016			2017				2017	
		Partial Completed Work Claimed	Permit Number	Value	Completion Date	Permit Number	Value	Completion Date		Total Permits
1st Avenue Flats	400 NW 1 Avenue	\$ 4,976,244.00	R16-0024MFB	\$ 622,000.00		R16-0008MFB	\$ 8,097,735.57	6/26/2017	\$ 8,719,735.57	\$ 3,743,491.57
Lofts at Mayo Park	129 SE 6 Avenue	\$ 6,347,552.97	R15-0079MFB	\$ 794,323.00	3/6/2017	R16-0011MFB	\$ 6,106,677.00	8/17/2017	\$ 6,900,000.00	\$ 552,447.00
501 on First	501 SW 1 Avenue	\$ 12,534,186.96	R15-0053MFB	\$ 1,555,125.00	9/2/2016	R15-0058MFB	\$ 11,422,057.75		\$ 12,977,182.75	
Flats on 4th (Buckeye)	412 SE 3 Avenue	\$ 8,906,937.40	R15-0107MFB	\$ 2,400,000.00		R16-0009MFB	\$ 10,682,292.00		\$ 13,082,292.00	
TOTAL for 2016		\$ 32,764,921.33							\$ 41,679,210.32	\$ 4,295,938.60
Dollar amount finished in 2016		\$ 1,555,125.00								
Dollar amount submitted for partial work in 2016		\$ 31,209,796.33								
TOTAL for 2017										\$ 4,618,350.39

Being Claimed for 2016

\$ 442,995.79
\$ 4,175,354.60

2015 Building Permits (Entire Year)
CLOSED BUILDING PERMITS
 (Within DMIC boundary, does not include Mayo Projects)
 (Status as of 1/31/2016)

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Lic. Pmt	Owner	2016 Permit Status	2016 Permit Issue Date	Current Permit Status	Current Permit Status Date	Changed as of 1/31/2016	
1	Commercial Bldg	Alteration	R15-0057CB	5/14/2015	000110	10 SW 3 ST, ROCHESTER MN 55902	\$50,000	Interior expansion into an existing restaurant space (Tap Room on 3rd)	ALVIN E BEAURE INC ALVIN E BEAURE 2960 W Hwy 14 ROCHESTER MN 55901	ECN ENTERPRISES LLC 10 3 ST SW ROCHESTER MN 55902	YOC Issued	Finalized	4/9/2015	4/9/2015	Yes

\$50,000

2016 Building Permits (Final Year)
2016 Building Permits
 (When DAC Building does not include Mayo Projects
 (Status as of 3/6/2017))

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Permit Number	Within DAC	Address Info	Permit Value	Work Description	Mayo Project	Le Pool	Owner	Current Permit Status	Current Permit Status	Changed 08/27/2019
1	Commercial Bldg	115-00000	12/15/16	114484	Yes	320 S BROADWAY AVE ROCHESTER, MN 55904	\$142,000	Alterations to existing office space (RSP Architects)	No	STARR CONSTRUCTION INC. DBA CONSTRUCTION COLLABORATIVE Steve Stellan 320 S BROADWAY ROCHESTER, MN 55904	RSP Architects 320 BROADWAY S Suite B ROCHESTER, MN 55904	Final	4/4/2017	Yes
2	Multi-Family Bldg	115-00016	01/19/16	102401	Yes	110 S 8 AVE, ROCHESTER MN 55904	\$1,100,000	New 52,000 sq ft, 20 unit, 4 - story apartment building with U.G parking (Lots at Mayo Park)	No	W&B Construction Paruck Bels 4000 Baker Road, Suite 400 Minneapolis, MN 55403	EASTBANK LOFTS LLC 1120 2 1/2 South MINNEAPOLIS, MN 55415	C of D Issued	2/7/2017	Yes
3	Multi-Family Bldg	115-00016	7/19/2016	104052	Yes	400 WY 1 AVE ROCHESTER MN 55901	\$3,750,000	New 74,484 sq ft 4-story apartment with underground parking (1 Avenue Plaza Apartments)	No	EAGLE BUILDING COMPANY LLC CHAD WEBB 720 WINSTON BLVD STE 300 MINNEAPOLIS, MN 55413	11AF Limited Partnership 2227 7 ST NW Rochester, MN 55901	C of D Issued	6/26/2017	Yes
4	Multi-Family Bldg	115-00016	12/19/2016	106234	Yes	220 S BROADWAY AVE 1004 ROCHESTER, MN 55904	\$85,000	Alterations to existing condo to kitchen and bathroom (Holiday Inn Downtown - #1504)	No	ROBERT GILL BUILDERS, INC KIRK GILL 511 Northern Hills Dr NE Rochester, MN 55909	Jeanne Narcross 1804 South Broadway ROCHESTER, MN 55904	Final	4/12/2017	Yes

\$227,000

Some of highlighted dollar amounts were included in 2016 as the 2016 as partially completed projects. See sheet titled 2016 Destination Medical Center - Partially Completed Projects Tracking for the amount counted in 2016 and the amount to be counted in 2017.

2017 Building Permits (Entire Year)
CLOSED BUILDING PERMITS
 (Within OMC Boundary does not include Mayo Projects)

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Within OMC Boundary	Permit Number	Address Info	Permit Valuation	Work Description	Mayo Project	Lic. Prof.	Owner	Current Permit Status	Current Permit Date
Commercial Bldg	Alteration	R17-0080CB	2/8/2017	Yes	073789	1211 SW 2 ST, ROCHESTER, MN 55902	\$288,000	Removal of existing pool and spa (Asian Suite)	No	THATCHER POOLS Brod Thatcher 2884 EASTWOOD RD SE ROCHESTER, MN 55904	US Hotels Rochester Venture, LLP 3211 West 65th St Steen Falls, SD 57187	Finalized	4/28/2017
Commercial Bldg	Alteration	R17-0040CB	2/8/2017	Yes	081707	28 SW 2 AVE, ROCHESTER, MN 55902	\$15,900	Jewels Collections (Kahler Grand - Suite 3)	No	Kramer Contracting, LLC Adam Kramer 4330 4th St. NE Rochester, MN 55908	KAN 20 2ND AVENUE LLC 70 2 AVE SW ROCHESTER, MN 55902	Finalized	2/18/2017
Commercial Bldg	Alteration	R16-0448CB	2/15/2017	Yes	017897	101 SW 1 AVE S10, ROCHESTER, MN 55902	\$650,000	Alterations to existing space for bank tenant (Associated Bank - Marinet Hotel)	No	ALVIN E BENKE, INC AARON E BENKE 2880 W Hwy 14 ROCHESTER, MN 55901	Doug Harbor 2655 Campus Dr Plymouth, MN 55441	Finalized	6/28/2017
Commercial Bldg	Alteration	R17-0082CB	4/17/2017	Yes	081707	101 SW 1 ST, ROCHESTER, MN 55902	\$200,000	Inerior Suite Floor and Office Remodel (Lester Jewelers)	No	Heft Builders, Inc. Jay Heft 2423 Rivers Edge Dr. Ste. 1 Abbeys WI 54720	Neale Lester 101 1st St SW ROCHESTER, MN 55902	Finalized	8/30/2017
Commercial Bldg	Alteration	R17-0140CB	5/15/2017	Yes	014442	38 SE 3 ST 302, ROCHESTER, MN 55904	\$105,000	Fill up an existing tenant space (Manson Healthcare / Compass Group - Unit #302)	No	BUILDGORE BRIAN MOSEY 30 3 ST SE SW 600 ROCHESTER, MN 55904	Titan Development and Investment 30 3 ST SE ROCHESTER, MN 55904	Finalized	8/14/2017
Commercial Bldg	Alteration	R17-0184CB	8/23/2017	Yes	078774	221 SW 1 AVE, ROCHESTER, MN 55902	\$85,000	Adding two new walls with a new door in an existing space. (Bio-Business Building - Well Living Lab)	No	KNUTSON CONSTRUCTION Tom Lennar 5885 BANDEL RD NW ROCHESTER, MN 55901	CITY OF ROCHESTER 201 4 ST SE ROCHESTER, MN 55904	Out of C bound	9/11/2017
Commercial Bldg	Alteration	R17-0280CB	9/28/2017	Yes	081658	222 SW 6 AVE, ROCHESTER, MN 55902	\$9,000	RETAINING WALL	No		TRINITY EVANGELICAL LUTHERN CHURCH 222 6 AVE SW ROCHESTER, MN 55902	Finalized	7/14/2017
Demolition	Residential	R17-0038D	10/23/2017	Yes	017721	514 SW 4 AVE, ROCHESTER, MN 55902	\$16,500	demo of house		FRASER CONSTRUCTION Rick Penz 3725 ENTERPRISE DR SW ROCHESTER, MN 55902	RESIDENCE AT DISCOVERY SQUARE LLC 3688 CHAPPUS TRL FARIBAULT, MN 55021	Finalized	11/17/2017
Demolition	Residential	R17-0037D	10/23/2017	Yes	017720	518 SW 4 AVE, ROCHESTER, MN 55902	\$16,500	demo of house		FRASER CONSTRUCTION Rick Penz 3725 ENTERPRISE DR SW ROCHESTER, MN 55902	RESIDENCE AT DISCOVERY SQUARE LLC 3688 CHAPPUS TRL FARIBAULT, MN 55021	Finalized	11/17/2017
Demolition	Residential	R17-0036D	10/23/2017	Yes	017719	524 SW 4 AVE, ROCHESTER, MN 55902	\$16,500	demo of house		FRASER CONSTRUCTION Rick Penz 3725 ENTERPRISE DR SW ROCHESTER, MN 55902	RESIDENCE AT DISCOVERY SQUARE LLC 3688 CHAPPUS TRL FARIBAULT, MN 55021	Finalized	11/17/2017
Demolition	Residential	R17-0040D	10/23/2017	Yes	017717	316 SW 6 ST, ROCHESTER, MN 55902	\$16,000	demo of house		FRASER CONSTRUCTION Rick Penz 3725 ENTERPRISE DR SW ROCHESTER, MN 55902	RESIDENCE AT DISCOVERY SQUARE LLC 3688 CHAPPUS TRL FARIBAULT, MN 55021	Finalized	11/17/2017
Demolition	Residential	R17-0041D	10/23/2017	Yes	017724	507 SW 3 AVE, ROCHESTER, MN 55902	\$16,500	demo of house		FRASER CONSTRUCTION Rick Penz 3725 ENTERPRISE DR SW ROCHESTER, MN 55902	RESIDENCE AT DISCOVERY SQUARE LLC 3688 CHAPPUS TRAIL FARIBAULT, MN 55021	Finalized	11/28/2017
Demolition	Residential	R17-0043D	10/23/2017	Yes	017726	508 SW 4 AVE, ROCHESTER, MN 55902	\$16,500	demo of house		FRASER CONSTRUCTION Rick Penz 3725 ENTERPRISE DR SW ROCHESTER, MN 55902	RESIDENCE AT DISCOVERY SQUARE LLC 3688 CHAPPUS TRL FARIBAULT, MN 55021	Finalized	11/28/2017
Multi-Family Bldg	Alteration	R17-0006FPB	2/27/2017	Yes	061610	297 SW 5 AVE, ROCHESTER, MN 55902	\$1,878,400	Replacing windows and doors (Rochester Towers)	No	FRASER CONSTRUCTION Rick Penz 3725 ENTERPRISE DR SW ROCHESTER, MN 55902	3688 CHAPPUS TRL ROCHESTER CONDOMINIUM ASSOCIATION 207 5 AVE SW ROCHESTER, MN 55901	Finalized	12/18/2017
Sign	Business	R17-0028B	4/12/2017	Yes	081632	429 NW 1 AVE, ROCHESTER, MN 55901	\$2,950	Wall sign (1 Avenue Flats Apartments)		OWNER	1AF Limited Partnership 2227 7 ST NW Rochester, MN 55901	Closed	5/8/2017

\$3,168,738

Attachment 2



200 First Street SW
Rochester, Minnesota 55905
507-284-2511
mayoclinic.org

March 21, 2018

Shawntera Hardy
Commissioner
Minnesota Department of Employment and Economic Development
1st National Bank Building
332 Minnesota Street, Suite E-200
Saint Paul, MN, 55101-1351

Dear Commissioner Hardy:

Attached with this letter is Mayo Clinic's certification of qualified expenditures of the medical business entity for the Destination Medical Center (DMC) initiative for the period starting January 1, 2017 and ending December 31, 2017. The amount of qualified investment is approximately \$86.4 million.

Overall, Mayo Clinic expended more than \$270.0 million on capital projects and equipment in Rochester in 2017. Major projects included: Saint Marys Radiology Consolidation and Complex Intervention Unit upgrades, Precision Medicine and Jacobson Building upgrades. Again, Mayo Clinic is taking a conservative approach this year when counting eligible investments and expenditures for purposes of meeting the DMC investment goals.

We look forward to working with the State of Minnesota, City of Rochester, Olmsted County, and other stakeholders to strengthen our economy and further strengthen Minnesota's position as the world's premier destination medical center.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey W. Bolton".

Jeffrey W. Bolton
Vice President, Administration
Mayo Clinic

cc: Kevin McKinnon, Deputy Commissioner Economic Development,
Minnesota Department of Employment and Economic Development

Permitted Expenditures from July 1, 2013 to December 31, 2017

Approval Date	Project/Req Number	Project/Equipment Name	Total Expenditures reported for 2017	Total Spent as of December 31st 2017
02/18/11	7R100580	Mary Brigh East Expansion		
11/09/12	7R110910	Dermatology Remodel	45,808.76	2,061,039.85
11/09/12	7R121480	Sports Medicine Center	-	9,123,648.24
07/03/13	7R121370	2915 Warehouse Infrastructure	-	5,686,939.49
07/10/13	7R130470	Core 200 SMH Operating Room Renovation	-	693,219.52
07/10/13	7R100320	Anatomic Pathology Office Remodel	-	1,411,411.46
07/10/13	7R121490	Psychiatry and Psychology Master Plan, Phase 1A - Genesee Main	-	478,041.94
07/11/13	7R120570	Development Remodel	-	1,213,985.91
09/01/13	7R130980/7R130981	Bed Tower Modernization MB east	4,639,579.17	2,679,274.32
08/01/13	7R130990/7R130991	Dom/Flia 3 Modernization	-	42,726,006.50
08/14/13	7R130850	Remodeling laboratory space on Guggenheim 5.	-	7,751,953.95
08/29/13	7R130810	Saint Marys Hospital Chiller Addition	-	265,065.75
09/25/13	7R130180	Institute Hills Chiller Replacement	55,736.11	4,537,740.23
11/06/13	7R130820	Radiation Oncology Room "E" Linear Accelerator Replacement	-	441,903.16
12/11/13	7R110200	DLMP Phlebotomy Remodel	-	188,793.94
02/05/14	7R120870	Mary Brigh Electrical Upgrades (Phase 3)	-	1,615,646.60
02/21/14	7R121420	SDSC Expansion Construction Only	-	2,002,781.62
02/26/14	7R121080	Creation of the consolidated freezer and BAP facility at the 2915 Warehouse	45,583.81	21,220,745.84
02/26/14	7R130690	Remodeling of multiple laboratories on Guggenheim 8	-	4,006,693.46
03/19/14	7R131440	Four Operating Rooms Off Core 700	-	774,090.58
04/23/14	7R131300	Remodeling within the Metabolomics Core on Alfred 5	-	3,082,756.73
2Q2014	R2007523 / 7R131300	Thermo TSQ Triple Quadrupole MS (assets 147506 & 145344)	-	616,212.48
04/23/14	7R131420	Remodeling within Opus 1 to accommodate space for a new CT machine.	-	596,292.00
04/30/14	7R131270	Employee and Community Health Southeast Clinic	-	480,162.90
04/30/14	7R120690	Cardiac Catheterization Procedure Room 103 Remodel - Saint Marys, Mary Brigh 4	-	4,326,200.60
06/04/14	7R140130	Gonda 5, 5th PET/CT Installation & Uptake	-	412,584.91
08/18/14	7R140540	Executive, Development and International Program Expansion - Mayo East 5	-	301,874.69
07/02/14	7R131400	DOM 3/4 Infrastructure Revisions for Remodeling	65,586.13	1,389,522.23
07/23/14	7R130780	Clinical Genome Sequencing, Lab Expansion	-	2,109,759.78
08/14/14	CPC2010723 / 7R130820	Varian Medical Systems (asset 145374)	-	296,600.82
08/20/14	7R140480	CMCT and Prev. Med. Relocation Gonda 18 to Mayo East 17	-	3,334,879.00
03/04/15	7R140790	Cancer Center Station Eisenberg 4-3	438.66	358,383.16
03/18/15	7R140780	CT Simulator I Replacement Charlton S-259, S-261	-	892,147.20
11/13/14	CPC2010473/7R140780	CT Scanner - 5yr (Asset 162815)	-	191,170.81
04/29/15	7R150070	Charlton 2 Incremental 3T Body Scanner	(57,356.37)	687,812.80
04/29/15	CPC2015146/7R150070	3T Siemens Skyra MRI (asset 166875, 167065-167082)	-	749,773.48
05/13/15	7R150080	SMC, Mary Brigh Main NH, MR-MCR 1.5T Replacement Scanner	4,325.60	1,837,261.00
05/13/15	CPC2015438/7R150080	GE; 1.5T Optima MR450W (asset 165064, 165346-165359)	-	448,573.83
05/13/15	7R150090	SMC, Mary Brigh Main NH, MR-MCR 1.5T Replacement Scanner	36,962.20	1,130,282.00
05/13/15	CPC2015436/7R150090	DISCOVERY MRI Mary Brigh (assets 169437, 171643, 171651, 171661-171672)	-	595,824.68
07/22/15	7R130230	Renovation Mary Brigh Main, PACU - Phase 4	(1,855,452.80)	1,513,704.55
05/14/15	7R140390	SMH Mary Brigh East Corridor Relocation	(710,774.57)	2,059,423.01
02/25/15	7R140970	Dr. Lee Diamond Reactor Lab Remodel on Med Scd SL	-	4,717,723.26
7/23/2014	7R131280	MR-RO-CN-1-MR/PET Installation	-	226,408.57
3rd qtr 2014	CPC2007008/7R131280	GE; DISCOVERY MR750 PET (Assets 149876, 150145-150157, 150668-150670)	-	781,558.09
8/20/2014	7R140140	CT Scanner Replacements (3L, 3Z & 4J) - somatom - CH 2	-	3,698,538.02
3rd qtr 2014	CPC2010198/7R140140	Somatom Force CT (Asset 157628)	-	561,057.62
12/11/2014	7R140770	Linear Acc Replace Rm "C"	-	1,831,372.00
08/14/14	CPC2010723/7R140770	VARATHON MEDICAL; TRUE BEAM (Asset 162800)	-	185,937.00
08/14/14	CPC2010184/7R140770	SIEMENS; CT EDGE (Asset 163463)	-	2,895,908.00
08/14/14	CPC2010189/7R140770	SIEMENS; SOMATOM DEFINITION (Asset 164325)	-	856,459.02
10/9/2014	7R140160	Incremental MRI Body Scanner	-	862,578.20
08/14/14	CPC2010058/7R140160	SIEMENS; SKYRA 3T MRI (Asset 157191, 157322-157339)	-	603,048.87
12/12/2013	7R121290	G03 Build 2 CT Bays	-	1,859,239.00
11/13/14	CPC2010188/7R121290	SIEMENS; SOMATOM FORCE CT (Asset 149843)	-	656,293.35
05/08/14	CPC2008778/7R120690	PHILIPS; XPER FD20 (Assets 147302, 147339, 147392)	-	1,750,000.00
1/6/2015	7R140090	Neurology Renovation, Mayo 8	(69,974.07)	1,649,213.30
8/21/2014	7R140220	Mayo 8 - Lobby Remodel	112,425.84	4,986,359.39
4/28/2015	7R140700	Vascular OR Core 801 SMH	43,499.52	1,137,290.91
5/30/2014	7R140170	Rad Vascular Imaging Ste 90	-	1,059,949.88
5/8/2014	CPC2008468/7R140170	SIEMENS MEDICAL; ARTIS ZEE (Asset 146871, 146872)	-	144,461.29
2/4/2014	7R130050	CT MBM Incremental Interventional CT	-	985,408.00
8/1/2013	CPC2002220/7R130050	SIEMENS; DEFINITION EDGE CT (Asset 148622, 148623)	-	1,268,114.01
10/15/2014	7R140150	CH N Neuro Scanner CN I-119C	-	1,315,697.00
8/14/2014	CPC2010082/7R140150	SIEMENS; PRISMA 3T MRI and Accessories (Asset 157677, 157935-157946)	-	581,796.54
12/11/14		USPS Building Purchase (Asset 156757, 156758)	-	2,241,875.00
8/14/2014	CPC2007616/7R140130	Land for Ronald McDonald House (Asset 147588, 147589)	-	2,165,017.25
2/17/2018	7R151530	GE; DISCOVERY 710 PET Scanner (Asset 148369)	-	1,000,203.16
5/25/2016	7R151390	Fixed Wing Building	-	2,103,046.58
6/29/2016	7R150870	Hematopathology Consolidation, Hilton Building 7th Floor	1,836,040.25	533,262.51
8/31/2016	7R160520	Vacate EI 7-1/7-2 Dermatology Phototherapy Phototherapy Relocation	39,758.94	2,018,886.34
3/31/2016	7R151490	Relocation of Respiratory Care Unit	1,137,125.26	439,830.58
6/30/2016	7R150740	Linen Service Depot-3939 Building	245,660.20	1,184,489.68
7/8/2016	7R151570	Media On Demand Replacement Project	273,510.53	1,882,309.32
4/27/2016	7R150760	Temporal Bone Lab remodel (original 8600K)	112,322.22	699,440.19
6/8/2016	7R160650	Dr. Misra Laboratory, Gugg 6	136,929.00	126,259.12
9/14/2016	7R160340	Lab Remodel Gugg 17 and 18	363,525.66	314,232.69
		Space assignment for Dr. Burns and Dr. Scarsbrick surgery - Guggenheim 6	333,405.62	391,938.91
				372,474.03

Permitted Expenditures from July 1, 2013 to December 31, 2017

Approval Date	Project/Req Number	Project/Equipment Name	Total Expenditures reported for 2017	Total Spent as of December 31st 2017
9/28/2015	7R151450	Guggenheim 13 Space Remodel	256,672.72	286,997.78
6/30/2016	7R140810	Charlton Desk R Lobby Remodel	249,106.10	377,796.77
11/1/2015	7R151060, 7R15106E	Jacobson Building Operating Rooms	21,153,895.46	22,137,558.17
2/17/2016	7R150100	Charlton 1 PET/CT (DRX- 1 Replacement) E-3006	116,278.15	132,048.22
2/11/2016	CPC2021626/7R150100	GE - Discovery PET/CT 710 (Asset 178322)	1,500,726.20	1,500,726.20
May 2016	7R150010	Gastroenterology & Hepatology Renovation	3,723,570.66	4,259,346.50
9/29/2016	CPC2026475/7R150010	Stryker Sales Corporation - Alfred 6 Integration (Assets 180598-180603)	1,126,322.95	1,126,322.95
9/29/2016	CPC2026506/7R150010	Philips Fluoroscopy (Assets 181122-181123)	1,335,625.38	1,335,625.38
Aug 2016	7R150670	7T MRI Scanner	1,691,147.03	1,736,567.54
2/1/2014	7R140100	SMH Campus Radiology Consolidation	6,281,596.56	21,136,889.07
11/1/2015	7R150830	Mary Brigh East Tower Additional Floors	3,432,502.56	16,479,534.76
	7R150670	Eisenberg 7-1 and 7-2	4,126,548.97	4,849,479.74
12/1/2015	7R150970	Pre Post Expansion on Gonda 2 Gonda 2-467	-	266,028.69
11/19/2015	7R131510	Franklin Heating Station Chiller #4 Replacement	1,933,784.10	2,261,035.76
11/4/2015	7R141050	Mary Brigh 4, Room 106 Heart Rhythm Services Remodeling	63,691.13	538,965.91
5/5/2016	CPC2023942/7R141050	Siemens - Fluoroscopy 106 (Asset 172294)	-	1,508,299.00
11/4/2015	7R141060	Mary Brigh 4, Room 111 Heart Rhythm for Equipment Replacement	165,584.82	217,834.13
8/11/2016	CPC2024041/7R141060	Siemens - Siemens fluoroscopy room 111 (Asset 179184)	801,942.00	801,942.00
11/4/2015	7R150850	Charlton North MR-MCR NU 3T Replacement Scanner	8,081.69	354,930.50
	CPC2019384/5/7R150850	MAGNETOM Prisma 3T (asset 173601)	-	2,184,842.00
11/4/2015	7R150840	Charlton North MR-MCR NT 1.5 Replacement Scanner	-	584,533.06
	CPC2019387/7R150840	SIEMENS; 1.5T OPEN 70CM (assets 169436,171642,171650,171652-171660)	-	1,186,732.00
5/1/2015	7R141150	Research Biplane Angiography System Replacement	-	78,970.28
5/1/2015	R2017007/7R141150	SIEMENS; ARTIS ZEE BIPLANE (asset 165045-165046)	-	1,158,442.00
		41st Street Professional Complex	-	9,831,862.38
May-16	7R160100, 7R160101, 7R160102, 7R160103	Precision Medicine Initiative	5,970,163.27	7,607,020.82
2Q16	R2025131/7R160100	Motoman (PO 20026936)	-	2,516,220.00
2Q16	R2025134/7R160100	Autogen (Assets 175437-175447)	-	1,982,857.97
2Q16	R2025138/7R160100	Hamilton Star (Assets 171685, 172326)	-	440,763.20
2Q16	R2025143/7R160100	Hamilton Bios Freezer	-	2,503,726.93
2Q16	R2025249/7R160100	PerkinElmer Spectrophotometer	-	39,920.00
3Q16	R2026730/7R160100	Hamilton Robotic Upgrades	-	45,951.00
4Q16	R2027700/7R160100	Hamilton Tube Handler - REQ# 2027700	-	34,358.20
3Q16	R2026141/7R160100	Verse M2 - REQ# R2026141	-	340,609.88
11/1/2015	7R150570, 7R15057A-7R15057D	Mary Brigh East Operating Rooms	106,703.55	727,444.67
8/1/2016	CPC2025789/7R15057B	Siemens - Artis Zeego Card. Thorax (Asset 180570)	1,466,062.00	1,466,062.00
8/1/2016	CPC2026999/7R15057DA	GE - Discovery IGS 740 (Asset 179172)	1,363,946.45	1,363,946.45
12/1/2015	7R151460	Gonda 14 Radiographic Room DR Conversion E15-3011 RAD-MCR-GO14-R	90,732.87	105,773.10
12/1/2015	7R151470	Gonda 14-158 Duo DR Replacement, E15-3014 RAD-MCR-GO14-158	1,016.96	154,034.23
12/1/2015	7R150980	West Pre/Post Remodel, Mary Brigh Main	2,010,591.64	2,022,954.79
8/19/2015	7R150650	Radiology - Charlton 1, VG6 Replacement E15-3003	-	138,704.91
8/19/2015	CPC2015772/7R150650	GE; DISCOVERY 670 PRO	-	948,408.45
9/21/2016	7R160970	Cardiovascular Diseases Patient Appointment Coordinator	199,698.79	199,698.79
12/21/2016	7R151630	Reproductive Endocrinology and Infertility Relocation	1,786,697.67	1,786,697.67
12/21/2016	7R160540	Remodel Mary Brigh 6 to increase Medical ICU capacity	1,463,708.66	1,463,708.66
12/31/2016	7R151000	Mayo Building - Substation MA-E-5 Replacement	37,118.48	37,118.48
5/25/2016	7R151380	Pharmacokinetics Core Relocation	469,019.61	469,019.61
6/14/2017	7R151560 & 7R170130	Remodel Baldwin 1 for ISP / Baldwin 1 Entry Vestibule Replacement	636,655.65	636,655.65
3/15/2017	7R151400	Mycology/TB Expansion Hilton 8	410,237.26	410,237.26
3/15/2017	7R160790	CMIL/NIL Relocation and Expansion, Hilton 7	1,323,106.20	1,323,106.20
9/6/2017	7R151290	Human Cellular Therapy N2 Tank Storage Facility	71,806.10	71,806.10
9/6/2017	7R160160	Conversion of OR 609 from Hybrid OR to Conventional OR	80,436.86	80,436.86
9/6/2017	7R170260	Gonda 2 Decontamination Space Remodeling	26,399.07	26,399.07
9/30/2017	7R170730	Eisenberg AHU S-55 Replacement to Support REI Practice Relocation	83,127.11	83,127.11
2/2/2017	7R161520	41st Street.	4,213,273.20	4,213,273.20
8/10/2016	7R160940	Guggenheim 15-02 integration of core facility and laboratory program	310,941.02	310,941.02
3/8/2017	7R160110	Aging Center Space Remodel, Guggenheim 7	446,685.01	446,685.01
6/22/2016	7R160750	Stabile 11 Lab construction - Revzin	312,541.43	312,541.43
12/7/2016	7R161510	Installation of Open MRI System, Opus 1	249,960.81	249,960.81
1/11/2017	7R170020	Lab renovation ST 11, CRM recruit, Dr. Quinn Peterson	100,234.22	100,234.22
10/5/2016	7R160980	Saint Marys Campus Complex Intervention Unit	2,162,065.10	2,162,065.10
1/4/2017	7R160290 & 7R160280	E16-3005 MR MCR-GO3 1.5 MR Scanner #1	1,223,227.91	1,223,227.91
11/10/2016	CPC2026320/7R160280	Siemens - MAGNETOM Aera (Asset 182886; 182863-182861)	1,688,565.00	1,688,565.00
11/10/2016	CPC2026961/7R160280	Siemens - MR Elastography #1+D (Gonda 3)	-	-
11/2/2016	7R160280	Gonda 3-1 3T Incremental Body Scanner #1, E16-3005	-	-
11/2/2016	7R160290	Gonda 3-1 3T Incremental Body Scanner #2, E16-3012	-	-
3/30/2017	7R161300	RMC S-8 AHU Replacement	156,973.45	156,973.45
12/7/2016	7R140380	SMOP/Radiology Desk	324,190.93	324,190.93
5/25/2016	7R151430	Mary Brigh Main SMC Radiology Hybrid Procedural Suite - MR Suite	1,331,028.89	1,331,028.89
5/5/2016	CPC2023488/7R151430	Philips - Ingenia 1.5T Omega HP R5 Q1 (Asset 183632; 183885-183897)	1,474,847.09	1,474,847.09

Attachment 3

**Certification of Expenditures
Destination Medical Center**

For Calendar Year 2017_

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

REVISED AS OF MAY 9, 2018

The Medical Business Entity and the Destination Medical Center Corporation (DMCC) Board of Directors (assisted by the City of Rochester) hereby submits to the Department of Employment and Economic Development (DEED) the following report for expenditures that relate to the Destination Medical Center (DMC) Development for the calendar year 2017, and the certifications required to support the documentation under the City of Rochester Commissioner of Employment and Economic Development State Infrastructure Aid Agreement.

Expenditures Reported this Year

Total Expenditures Reported This Year by Medical Business Entity ¹	\$ 86,392,524.00
Total Expenditures Reported This Year for other Private Entities ^{1,2}	\$ 44,561,713.00
TOTAL Expenditures This Year	\$ 130,954,237.00

All Expenditures claimed since June 30, 2013

Previous Years Expenditures (cumulative)	\$ 297,708,550.00
TOTAL Expenditures This Year (from Box 3)	\$ 130,954,237.00
All Claimed Expenditures as of 12/31/2017 (Box 4 plus Box 5)	\$ 428,662,787.00
Qualified Expenditures claimed in 2017 (Box 6 minus \$200,000,000)	\$ 228,662,787.00

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

General State Infrastructure Aid Qualified for (Box 7 multiplied by .0275)	\$ 6,288,226.64
State Transit Aid Qualified for (Box 7 multiplied by .0075 and then multiplied by .6)	\$ 1,028,982.54

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

For Expenditures By the Medical Business Entity:

 5/11/18
 Mayo Clinic Chief Financial Officer Date

For all other Expenditures

 5/18/18
 Destination Medical Center Corporation Date

¹ Expenditures need to be after June 30, 2013

² Other Private Entities' certification of expenses may be certified retroactively in 2014 after the DMC District and plan are adopted.



May 31, 2018

Mayor Ardell F. Brede
201 4th Street SE – Room 281
Rochester, MN 55904-3782
Phone: (507) 328-2700 Fax: (507) 328-2727

FIRST CLASS CITY • FIRST CLASS SERVICE



Shawntera Hardy
Commissioner
Minnesota Department of Employment and Economic Development
Economic Development Division
1st National Bank Building
332 Minnesota Street Suite E200
St Paul, MN 55101-1351

RE: City of Rochester Revised DMC Certificate of Contributions for January 1, 2017
through December 31, 2017

Dear Commissioner Hardy:

The City of Rochester is hereby revising our certification of our local contributions for calendar year 2017 towards the local matching contributions for the Destination Medical Center development. The original certification of 2017 expenses, dated March 23, 2018, was for the amount of \$15,187,203.07. The prior year certification was in the amount of \$13,389,711.00, for a combined total of \$28,576,914.07. Since that time, after review with internal and DEED staff, changes were made to the certified total.

For 2017, upon review, we made an adjustment in the total expense claimed for DMC EDA related costs. The cumulative effect of this change is an increase to our certification for 2017. Our new certified 2017 amount is \$15,189,413 for a combined all year's total of \$28,579,124

This revised certification is pursuant to the executed agreement between DEED and the City of Rochester. The certification is made based on unaudited numbers. Pursuant to that agreement, the City may revise this certification based on adjustments made prior to June 1 of this year.

The City sincerely appreciates the assistance that has been and continues to be provided to us from you and your staff as we undertake this important DMC Development for Minnesota.

Sincerely,

A handwritten signature in cursive script that reads "Ardell F. Brede".

Ardell F. Brede, Mayor
City of Rochester



Shawntera Hardy, Commissioner
DEED
Page 2
May 31, 2018

c: Kevin McKinnon
Jeremy Lacroix
R.T. Rybak, Chair DMC Corporation
Steve Rymer
Lisa Clarke

Aaron Parrish
Brent Svenby
Kathleen Lamb
Dale Martinson
Eric Theuer

**Certification of Contributions
City of Rochester**

For Calendar Year 2017

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

The City of Rochester hereby submits to the Department of Employment and Economic Development (DEED) the following report for Contributions that relate to the Destination Medical Center (DMC) Development for the calendar year 2017, as required by the City of Rochester Commissioner of Employment and Economic Development State Infrastructure Aid Agreement. The city may revise this certification based on audit adjustments prior to June 1.

GENERAL STATE AID

General Aid Contributions Reported this Year

TOTAL Contributions Reported This Year by the City of Rochester¹ 1

General State Aid Qualified for this Year (Medical Entity/DMCC match also required)

General State Infrastructure Aid Qualified for (Annual Exp. multiplied by \$2.55) 2

Cumulative City General Aid Contributions

Cumulative Previous Contributions 3

Contributions This Year 4

Cumulative Contributions as of 12/31/2017 5

Cumulative State Aid Qualified for as of 12/31/2017 6

State GSIA expended this year 7

TRANSIT AID

Transit Aid Contributions Reported this Year

Transit Aid Contributions Reported This Year by the City of Rochester^{1,2} 8

Transit State Aid Qualified for this Year (Medical Entity/DMCC match also required)

State Transit Aid Aid Qualified for 9

Cumulative City Transit Aid Contributions

Cumulative Previous Contributions 10

Contributions This Year (from Box 8) 11

Cumulative Contributions as of 12/31/2017 12

Cumulative State Aid Qualified for as of 12/31/2017 13

State Transit Aid expended this year 14

By providing my signature below, I am hereby certifying the information stated herein is accurate, true and complies with the provisions of Statute 469.47 of the State of Minnesota and the approved methodology as outlined in the City of Rochester Commissioner of Employment and Economic Development State Infrastructure Aid Agreement.

DeeDee F. Breda
Mayor, City of Rochester

5/31/18
Date

[Signature]
City Administrator, City of Rochester

5/31/18
Date

¹ Funds expended need to be after June 30, 2013

² Transit Aid match may come from the City or Olmsted County

EXHIBIT B

DEED Certifications Dated June 18, 2018

**EMPLOYMENT AND
ECONOMIC DEVELOPMENT**

June 18, 2018

R.T. Rybak, Chair
Destination Medical Center Corporation
The Minneapolis Foundation
800 IDS Center
80 S 8th Street
Minneapolis, MN 55402

Jeff Bolton, Chief Administrative Officer
Mayo Clinic
200 First Street SW
Rochester, MN 55905

Dear Mr. Rybak and Mr. Bolton:

Thank you for submitting the 2017 Certification of Expenditures for Destination Medical Center (DMC). We are excited to assist with this initiative to make the Mayo Clinic, Rochester, and Minnesota a premier medical destination.

Your certification listed \$86,392,524 in Mayo Clinic expenditures and \$44,561,713 in other expenditures. The Mayo Clinic provided DEED with information on all invoices and payments (more than 7,500 entries) to account for their certification amount. You also provided an independent third party report from Ernst & Young LLP stating the law and procedures for certifying expenditures which are being followed properly. Additionally, DEED staff reviewed invoices and payments in your certification. We selected 39 expenditures totaling more than \$3.2 million. We selected one expenditure from each of the 29 new projects listed. We also selected 10 random entries from previously reviewed projects. All invoices for the selected expenditures were on file and payments were made in a timely fashion. DEED staff also confirmed that projects had building permits after June 30, 2013. DEED acknowledges the expenses and payments met guidelines and the internal accounting and auditing system the Mayo Clinic has in place is sufficient.

Additionally, the DMCC and the City of Rochester provided DEED with a list of 23 completed projects for \$3,433,738 in expenditures. DEED randomly selected 10 permits and was provided the permit application, permit, project closeout, and map of projects. From this information, DEED confirmed the projects' values, dates, eligibility, and completion. The city also approved \$41,127,976 in expenditures on six projects that are partially completed. The total 2017 Certification of Expenditures was \$44,561,713. DMCC contracted with Clifton Larson Allen (CLA) to complete a review on its Certification to insure it is correct. CLA issued an opinion that the amount of the DMCC certification process was correct.

Economic Development Division

1st National Bank Building ■ 332 Minnesota Street ■ E200 ■ Saint Paul, MN 55101-1351
651-259-7432 PHONE ■ 800-657-3858 TOLL FREE ■ 651-296-5287 Fax ■ www.mn.gov/deed

As required by law, I have determined that the amount of 2017 Destination Medical Center Expenditures are the \$130,954,237 as you certified. DMC cumulative Expenditures are now \$428,662,787. As directed by statute, \$200 million is subtracted from this amount to provide Qualified Expenditures of \$228,662,787. Based on this figure and adequate general aid contributions from the city, I have determined the City of Rochester has qualified for \$6,288,277 of General State Infrastructure Aid in 2017. As per state statute, this payment will be made prior to September 1.

Thank you again for your efforts on this groundbreaking economic development effort.

Regards,



Shawntera Hardy
Commissioner

C: Jerry Bell, Chair of Economic Development Agency Board of Directors
Lisa Clarke, Economic Development Agency Executive Director
Brent Svenby, City of Rochester



EMPLOYMENT AND ECONOMIC DEVELOPMENT

June 18, 2018

The Honorable Ardell F. Brede
Mayor, City of Rochester
201 4th Street SE – Room 281
Rochester, MN 55904-3708

Dear Mayor Brede:

Thank you for submitting the 2017 Certification of Contributions for Destination Medical Center (DMC). We are excited to assist with this initiative to make the Mayo Clinic, Rochester, and Minnesota a premier medical destination.

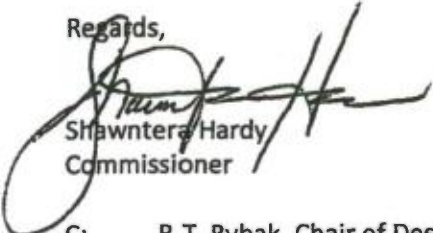
Your revised 2017 Certification listed \$15,189,413 in city contributions between July 1, 2013 and December 31, 2017. You provided a detailed listing of more than 900 expenditures. These expenditures consisted of direct DMC expenses paid by the city as well as DMC Corporation and DMC Economic Development Authority expenses paid for by the city. From that list, DEED randomly selected 39 expenses for review. We reviewed invoices, payments and city payroll files for accuracy and eligibility.

Additionally, the city provided DEED with an independent third party report from Clifton Larson Allen stating the law and procedures for certifying contributions are being followed properly.

The amount of your contributions qualifies you for \$38,733,003 million of general aid, however Expenditures from Mayo Clinic and others were \$428,662,787. This amount of Expenditures reduces the amount of general aid to the city to \$6,288,227. Your excess Contributions will be credited towards future years. We will be providing payment of \$6,288,227 to you prior to September 1 as mandated by statute.

Thank you again for your efforts on this groundbreaking economic development effort.

Regards,



Shawntera Hardy
Commissioner

C: R.T. Rybak, Chair of Destination Medical Center Corporation
Jeff Bolton, Chief Administrative Officer Mayo Clinic
Jerry Bell, Chair of Economic Development Agency Board of Directors
Lisa Clarke, Economic Development Agency Executive Director

Economic Development Division

1st National Bank Building ■ 332 Minnesota Street ■ E200 ■ Saint Paul, MN 55101-1351
651-259-7432 PHONE ■ 800-657-3858 TOLL FREE ■ 651-296-5287 Fax ■ www.mn.gov/deed

AN EQUAL OPPORTUNITY EMPLOYER AND SERVICE PROVIDER

Exhibit C

Debt service schedule

EXHIBIT C

Post-Sale

\$21,265,000

Rochester, Minnesota
General Obligation Tax Increment Revenue Bonds, Series 2017B
(Parking Ramp Project)

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
02/01/2018	-	-	-	-
08/01/2018	-	-	540,639.84	540,639.84
02/01/2019	550,000.00	5.000%	381,628.13	931,628.13
08/01/2019	-	-	367,878.13	367,878.13
02/01/2020	735,000.00	5.000%	367,878.13	1,102,878.13
08/01/2020	-	-	349,503.13	349,503.13
02/01/2021	775,000.00	5.000%	349,503.13	1,124,503.13
08/01/2021	-	-	330,128.13	330,128.13
02/01/2022	815,000.00	5.000%	330,128.13	1,145,128.13
08/01/2022	-	-	309,753.13	309,753.13
02/01/2023	855,000.00	5.000%	309,753.13	1,164,753.13
08/01/2023	-	-	288,378.13	288,378.13
02/01/2024	895,000.00	5.000%	288,378.13	1,183,378.13
08/01/2024	-	-	266,003.13	266,003.13
02/01/2025	940,000.00	5.000%	266,003.13	1,206,003.13
08/01/2025	-	-	242,503.13	242,503.13
02/01/2026	990,000.00	5.000%	242,503.13	1,232,503.13
08/01/2026	-	-	217,753.13	217,753.13
02/01/2027	1,035,000.00	5.000%	217,753.13	1,252,753.13
08/01/2027	-	-	191,878.13	191,878.13
02/01/2028	1,090,000.00	2.000%	191,878.13	1,281,878.13
08/01/2028	-	-	180,978.13	180,978.13
02/01/2029	1,110,000.00	2.250%	180,978.13	1,290,978.13
08/01/2029	-	-	168,490.63	168,490.63
02/01/2030	1,135,000.00	3.000%	168,490.63	1,303,490.63
08/01/2030	-	-	151,465.63	151,465.63
02/01/2031	1,170,000.00	2.750%	151,465.63	1,321,465.63
08/01/2031	-	-	135,378.13	135,378.13
02/01/2032	1,200,000.00	2.750%	135,378.13	1,335,378.13
08/01/2032	-	-	118,878.13	118,878.13
02/01/2033	1,235,000.00	2.875%	118,878.13	1,353,878.13
08/01/2033	-	-	101,125.00	101,125.00
02/01/2034	1,270,000.00	2.875%	101,125.00	1,371,125.00
08/01/2034	-	-	82,868.75	82,868.75
02/01/2035	1,305,000.00	3.000%	82,868.75	1,387,868.75
08/01/2035	-	-	63,293.75	63,293.75
02/01/2036	1,345,000.00	3.000%	63,293.75	1,408,293.75
08/01/2036	-	-	43,118.75	43,118.75
02/01/2037	1,385,000.00	3.000%	43,118.75	1,428,118.75
08/01/2037	-	-	22,343.75	22,343.75
02/01/2038	1,430,000.00	3.125%	22,343.75	1,452,343.75
Total	\$21,265,000.00	-	\$8,185,705.47	\$29,450,705.47

SIGNIFICANT DATES

Dated Date.....	11/16/2017
Delivery Date.....	11/16/2017
First Coupon Date.....	8/01/2018

Yield Statistics

Bond Year Dollars.....	\$254,390.21
Average Life.....	11.963 Years
Average Coupon.....	3.2177754%
Net Interest Cost (NIC).....	2.7176241%
True Interest Cost (TIC).....	2.6417803%
Bond Yield for Arbitrage Purposes.....	2.6130470%
All Inclusive Cost (AIC).....	2.6889724%

IRS Form 8038

Net Interest Cost.....	2.6154299%
Weighted Average Maturity.....	11.612 Years

Series 2017B GO TIF Draft | SINGLE PURPOSE | 10/16/2017 | 12:02 PM

