

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. 112-2021

Authorizing and Approving the April 1, 2021 Report to DEED Pursuant to Statute

The following Resolution was offered by Paul D. Williams, seconded by James V. Bier.

BACKGROUND RECITALS

A. Minnesota Statutes, Section 469.47, provides that by April 1 of each year, the medical business entity (Mayo Clinic) must certify to the Commissioner of the Department of Employment and Economic Development (“DEED”) the amount of expenditures made by Mayo Clinic in the preceding year. For expenditures made by an individual or entity other than Mayo Clinic, the Destination Medical Center Corporation (“DMCC”) must compile the information on the expenditures and may certify the amount to DEED. The certification to DEED must be in the form prescribed by DEED and include any documentation and supporting information regarding the expenditures that DEED requires (the “April 1, 2021 Report”). By August 1 of each year, DEED must determine the amount of expenditures for the previous year.

B. Staff from the City of Rochester and the Destination Medical Center Economic Development Agency have prepared the draft report due on April 1, 2021, and attached hereto as Exhibit A.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that the Chair or Treasurer of the DMCC is authorized to execute and submit the April 1, 2021 Report to the Minnesota Department of Employment and Economic Development as required by Minnesota Statutes, Section 469.47, in form similar to the form attached hereto as Exhibit A, as may be modified through further discussions with Mayo Clinic or the City of Rochester, and authorizes the Chair or Treasurer to make such other modifications, and to take such other actions as are necessary and appropriate to effectuate the timely submission of the report to DEED.

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> |
|----------------------|------------|------------|--------------|
| James V. Bier | <u>X</u> | _____ | _____ |
| James R. Campbell | <u>X</u> | _____ | _____ |
| Brooke Carlson | <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> | _____ | _____ |
| Pamela Wheelock | <u>X</u> | _____ | _____ |

RESOLUTION ADOPTED on March 23, 2021.

ATTEST: _____



R.T. Rybak, Chair
Destination Medical Center Corporation

EXHIBIT A

EXHIBIT A

Certification of Expenditure Destination Medical Center

For Calendar Year 2020

Due to Commissioner of Employment and Economic Development (DEED) by April 1, 2021

The Medical Business Entity and the Destination Medical Center Corporation (DMCC) Board of Directors (assisted by the City of Rochester) hereby submit 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 2020, 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 | \$60,341,258.46 | 1 |
| Total Expenditures Reported This Year for other Private Entities ^{1,2} | \$83,760,222.85 | 2 |
| TOTAL Expenditures This Year | \$144,101,481.31 | 3 |

All Expenditures claimed since June 30, 2013

| | | |
|--|--------------------|---|
| Previous Years Expenditures (cumulative) | \$962,794,654.81 | 4 |
| TOTAL Expenditures This Year ³ (from Box 3) | \$144,101,481.31 | 5 |
| All Claimed Expenditures as of 12/31/20 (Box 4 plus Box 5) | \$1,106,896,136.12 | 6 |
| Qualified Expenditures claimed in 2020 (Box 6 minus \$200,000,000) | \$906,896,136.12 | 7 |

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

| | | |
|---|-----------------|---|
| General State Infrastructure Aid Qualified for (Box 7 multiplied by .0275) | \$24,939,643.74 | 8 |
| State Transit Aid Qualified for (Box 7 multiplied by .0075 and then multiplied by .6) | \$4,081,032.61 | 9 |

By providing my signature below, I am hereby certifying that, to the best of my knowledge, the information stated herein is accurate, true, and complies with the provisions of Minnesota Statutes Section 467.47 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:

Mayo Clinic Chief Financial Officer

Date

For all other Expenditures:

Destination Medical Center Corporation

Date

¹Expenditures need to be after June 30, 2013

²Other Private Entities' certification of expenses may be certified retroactively in 2014 after the Destination Medical Center District and Development Plan are adopted.

³This figure is based solely upon project building permit costs. Minn. Stat. § 469.47, subd 1(d) permits additional expenditures, and discussion is underway as to how to document such additional expenditures, which may result in adjustments.

Building Permits within the DMC Boundary

(Does not include Mayo Projects)

| Year | Completed Projects |
|--------------|-------------------------|
| 2016 | \$ 32,000.00 |
| 2018 | \$ 8,540,000.00 |
| 2019 | \$ 11,172,232.00 |
| 2020 | \$ 1,618,471.00 |
| TOTAL | \$ 21,362,703.00 |

2018/2019/2020 Destination Medical Center - Partially Completed Projects Tracking

| Project | Address | Total Building Permit Value | 2018 | 2019 | 2020 |
|------------------|-----------------------|-----------------------------|--------------------------------|------------------------|------------------------|
| | | | Partial Completed Work Claimed | Completed Work Claimed | Completed Work Claimed |
| Berkman (Alatus) | 217 & 301 14th Ave SW | \$ 93,315,800.00 | \$ 25,936,546.00 | \$ 59,063,337.00 | \$ 8,315,917.00 |
| | | \$ 93,315,800.00 | \$ 25,936,546.00 | \$ 59,063,337.00 | \$ 8,315,917.00 |

2019/2020 Destination Medical Center - Partially Completed Projects Tracking

| Project | Address | Total Building Permit Value | 2019 | 2020 | 2021 |
|-------------|------------------|-----------------------------|--------------------------------|-------------------------|------------------------|
| | | | Partial Completed Work Claimed | Completed Work Claimed | Completed Work Claimed |
| Hyatt House | 315 1st Ave. NW | \$ 32,253,475.00 | \$ 6,940,448.00 | \$ 24,151,076.04 | |
| Eleven02 | 101 11th Ave. SW | \$ 29,690,975.00 | \$ 4,159,810.90 | \$ 24,377,346.96 | |
| | | \$ 61,944,450.00 | \$ 11,100,258.90 | \$ 48,528,423.00 | |

2020 Destination Medical Center - Partially Completed Projects Tracking

| Project | Address | Total Building Permit Value To Date | 2020 | 2021 |
|----------------------|-------------|-------------------------------------|--------------------------------|------------------------|
| | | | Partial Completed Work Claimed | Completed Work Claimed |
| Two Discovery Square | 415 2Ave SW | \$ 9,700,000.00 | \$ 5,553,179.85 | |

TOTAL \$ 83,760,222.85

| Sub Type Level | Category Level | Permit Number | Permit Issue Date | Parcel Number | Address Info | Permit Valuation | Work Description | Owner | Permit Status | Date Finaled |
|-------------------|-----------------------|---------------|-------------------|---------------|---|------------------|--|--|---------------|--------------|
| Commercial Bldg | Alteration | R16-0162CB | 5/12/2016 | 014315 | 4 SW 3 ST, ROCHESTER, MN 55902 | \$32,000 | Reroof south 1,720 sq ft section with adhered EPDM (Grand Rounds Restaurant) | INDIGO FUSION HOLDINGS LLC 720 NORTHERN HILLS DR NE ROCHESTER, MN 55906 | Finalied | 5/22/2020 |
| Sign | Business | R18-0093S | 9/25/2018 | 083045 | 10 E CENTER ST, ROCHESTER, MN 55904 | \$40,000 | Wall signs "Hilton" for downtown location | Titan Development/Brian Moser 30 3 ST SE STE 600 ROCHESTER, MN 55904 | Finalied | 2/19/2020 |
| Commercial Bldg | Alteration | R18-0451CB | 5/7/2019 | 081707 | 20 SW 2 AVE, ROCHESTER, MN 55902 | \$8,500,000 | Renovation and reduction of existing hotel rooms. (Kahler Grand Hotel) | Christopher Ness 20 2 AVE SW ROCHESTER, MN 55902 | C of C Issued | 12/15/2020 |
| Commercial Bldg | Alteration | R19-0070CB | 4/2/2019 | 083045 | 10 E CENTER ST 220, ROCHESTER, MN 55904 | \$92,750 | Tenant improvements to include completion of mechanical and electrical and finishes. (J. Powers Office Space) | Powqers Ventures 2112 2nd St SW Suite 100 Rochester, Mn 55902 | CO Issued | 2/19/2020 |
| Commercial Bldg | Alteration | R19-0184CB | 7/10/2019 | 025241 | 415 S BROADWAY AVE, ROCHESTER, MN 55904 | \$310,000 | Fit-up for RPS classroom in south half of building. North half will be whitebox for future tenant. (Incubator Classroom) | Traci Downs 14 4th St SW Suite 202 Rochester, MN 55902 | CO Issued | 3/23/2020 |
| Commercial Bldg | Alteration | R19-0230CB | 10/29/2019 | 083795 | 202 SW 4 ST 250, ROCHESTER, MN 55902 | \$1,109,744 | New tenant improvement will occupy space on the second level, office space. (Discovery Square Building) | Silver Lake Investors 700 Meadow Lane North Minneapolis, MN 55422 | CO Issued | 7/21/2020 |
| Commercial Bldg | Phased Partial Permit | R19-0290CB | 11/8/2019 | 080524 | 220 S BROADWAY AVE, ROCHESTER, MN 55904 | \$350,000 | Structural package for operable exterior wall and roof for new restaurant in building. (Hotel Indigo) | Jim Toninato 5713 Grand Ave Suite B Duluth, MN 55807 | Finalied | 9/2/2020 |
| Commercial Bldg | Alteration | R19-0403CB | 11/20/2019 | 073709 | 1211 SW 2 ST, ROCHESTER, MN 55902 | \$100,000 | Demo 85 tub/surrounds, replace vanities. Demo 3 ADA tubs in units 140, 413 & 405. (Aspen Suites) | Regency Hotel Management Company 1211 2nd St SW Rochester, MN 55902 | C of C Issued | 3/27/2020 |
| Commercial Bldg | Alteration | R19-0326CB | 12/11/2019 | 080524 | 220 S BROADWAY AVE, ROCHESTER, MN 55904 | \$2,250,000 | Core and shell for Crave restaurant. Refer to R19-0290 for Structural. (Hotel Indigo - Crave Restaurant) | Jim Toninato 5713 Grand Ave Suite B Duluth, MN 55807 | C of C Issued | 9/3/2020 |
| Multi-Family Bldg | Phased Partial Permit | R19-0053MFB | 8/5/2019 | 017784 | 324 SW 1 AVE, ROCHESTER, MN 55902 | \$340,000 | Earth retention for 50 unit multifamily with retail on the 1st floor. (The 324 Apartments) | Marc Bassara 3033 Excelsion Boulevard Suite 10 Minneapolis, MN 55416 | Finalied | 11/16/2020 |
| Multi-Family Bldg | Phased Partial Permit | R19-0017MFB | 8/21/2019 | 017784 | 324 SW 1 AVE, ROCHESTER, MN 55902 | \$660,000 | Footing/foundation for a 50 unit multifamily with retail on the 1st floor. (The 324 Apartments) | 988 Rochester, LLC - Clark Gassen 1907 Wayzata Blvd Suite 180 Wayzata, MN 55391 | Finalied | 11/16/2020 |
| Multi-Family Bldg | New | R19-0048MFB | 9/16/2019 | 017784 | 324 SW 1 AVE, ROCHESTER, MN 55902 | \$5,675,738 | 50 unit multifamily with retail on the 1st floor. (The 324 Apartments) | Marc Bassara 3033 Excelsion Boulevard Suite 10 Minneapolis, MN 55416 | CO Issued | 11/16/2020 |
| Multi-Family Bldg | Alteration | R19-0092MFB | 11/8/2019 | 083687 | 511 SW 3 AVE, ROCHESTER, MN 55902 | \$250,000 | Fit out of shell space for common area and community room for the residents. (Residence at Discovery Square) | Vance Vinar 3686 CHAPPUIS TRAIL FARIBAULT, MN 55021 | CO Issued | 4/14/2020 |
| Multi-Family Bldg | Alteration | R19-0104MFB | 11/8/2019 | NOPN99 | 728 SW 1 AVE, ROCHESTER, MN 55902 | \$34,000 | Replacement of existing gypsum ceiling, batt insulation and rigid foam on the underside of a parking garage. (Point of View Condo Association) | POV Condo Association 728 1st Ave SW Rochester, MN 55902 | C of C Issued | 2/18/2020 |
| Commercial Bldg | Alteration | R20-0057CB | 04/01/20 | 11555 | 1215 2 ST SW, ROCHESTER, MN 55902 | \$26,000 | Contractor to remove and replace equipment, antennas and coax. (Roc Fiksdal Motel) | Verizon Wireless | Finalied | 4/28/2020 |
| Commercial Bldg | Alteration | R20-0159CB | 07/08/20 | 82430 | 206 BROADWAY AVE S, ROCHESTER, MN 55904 | \$262,128 | Interior fit-up of fourth floor for office and training. (MN Public Defenders Office) | Cornerstone Management | C of C Issued | 10/5/2020 |
| Multi-Family Bldg | Alteration | R20-0022MFB | 06/17/20 | 18102 | 211 2 ST NW 2003, ROCHESTER, MN 55901 | \$80,000 | Combining apartment 2003 and 2004 into one apartment. (Charter House) | CHARTERHOUSE INC - Deborah Kenitz | Finalied | 10/29/2020 |
| Multi-Family Bldg | Alteration | R20-0016MFB | 05/22/20 | 18102 | 211 2 ST NW 417, ROCHESTER, MN 55901 | \$130,000 | Remodel of suite 417. (Charter House) | CHARTERHOUSE INC - Deborah Kenitz | Finalied | 11/18/2020 |
| Multi-Family Bldg | Alteration | R20-0001MFB | 01/28/20 | 18102 | 211 2 ST NW 804, ROCHESTER, MN 55901 | \$70,000 | Combining apartment 804 and 805 into one apartment. (Charter House) | CHARTERHOUSE INC - Deborah Kenitz | Finalied | 9/23/2020 |
| Commercial Bldg | Alteration | R20-0017CB | 05/28/20 | 82434 | 211 BROADWAY AVE S, ROCHESTER, MN 55904 | \$89,000 | Remodel of existing office space into two apartments condos. (211 S. Broadway) | NINE UNLIMITED LLC | C of O Issued | 9/25/2020 |
| Commercial Bldg | Addition | R20-0185CB | 08/11/20 | 81808 | 214 BROADWAY AVE N, ROCHESTER, MN 55906 | \$10,000 | Adding to the existing deck. (Hollandberry Pannekoeken Restaurant) | Tasos Psomas | Finalied | 9/14/2020 |
| Multi-Family Bldg | Alteration | R20-0028MFB | 07/07/20 | 17870 | 224 1 AVE SW, ROCHESTER, MN 55902 | \$134,536 | Remove and replace existing blasted EPDM roof. (Residences of Old City Hall) | Multiple Financial Services | Finalied | 8/13/2020 |
| Commercial Bldg | Alteration | R20-0124CB | 06/12/20 | 17784 | 324 1 AVE SW, ROCHESTER, MN 55902 | \$755,000 | MinnWest Bank new branch office tenant fit out at the 324 Apartment Building. (MinnWest) | Minnwest Bank | C of O Issued | 10/2/2020 |
| Commercial Bldg | New | R20-0157CB | 06/17/20 | 70415 | 400 5 AVE SW, ROCHESTER, MN 55902 | \$22,107 | Replace existing retaining wall with new modular retaining wall. (Christ United Methodist Church) | CHRIST UNITED METHODIST C | Finalied | 7/2/2020 |
| Commercial Bldg | Alteration | R20-0141CB | 05/27/20 | 77284 | 705 2 ST SW, ROCHESTER, MN 55902 | \$39,700 | Re-roof of existing building. Tear off and re-roof asphaltic shingles. (Gift of Life Transplant House) | Gift of Life Transplant House | Finalied | 6/22/2020 |
| Commercial Bldg | Phased Partial Permit | R20-0243CB | 11/04/20 | 83796 | 415 2 AVE SW, ROCHESTER, MN 55902 | \$7,500,000 | Footing, foundations and underground utilities. (Two Discovery Square) | Rochester 2 Associates LLC | Issued | 11/4/2020 |
| Commercial Bldg | Phased Partial Permit | R20-0281CB | 12/18/20 | 83796 | 415 2 AVE SW, ROCHESTER, MN 55902 | \$2,200,000 | Structural steel. (Two Discovery Square) | Rochester 2 Associates LLC | Issued | 12/18/2020 |

Partial Completed Projects

TOTAL

\$31,062,703

\$21,362,703