

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. 127-2022

Ratifying and Confirming the Revised April 1, 2022 Report to DEED Pursuant to Statute

The following Resolution was offered by Brooke Carlson, seconded by Paul D. Williams.

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.

B. On March 10, 2022, pursuant to Resolution No. EC-7-2022, the Executive Committee of the DMCC Board authorized the Chair or Vice Chair of the DMCC to execute and submit the certification to DEED, and to modify the document as necessary upon subsequent discussions with Mayo Clinic or the City of Rochester (the “City”).

C. Upon further review, the City has recommended modifying the April 1, 2022 certification by subtracting certain expenditures in the Total Expenditures Reported This Year of other Private Entities line by the amount of \$160,000. The revised Certification of Expenditures (the “Revised April 1 Certification”) is attached as Exhibit A.

RESOLUTION

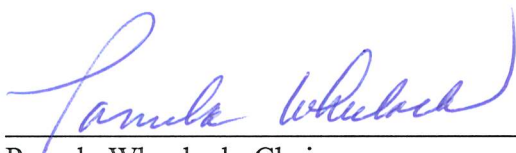
NOW, THEREFORE, BE IT RESOLVED, that the Destination Medical Center Corporation Board of Directors ratifies and confirms the action of its Executive Committee and the submittal to the Minnesota Department of Employment and Economic Development as required by Minnesota Statutes, Section 469.47, approves the Revised April 1, 2022 Certification, 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 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>
Douglas M. Baker, Jr.	<u>X</u>	_____	_____
James R. Campbell	<u>X</u>	_____	_____
Brooke Carlson	<u>X</u>	_____	_____
Kim Norton	<u>X</u>	_____	_____
R.T. Rybak	<u>X</u>	_____	_____
Mark Thein	<u>X</u>	_____	_____
Pamela Wheelock	<u>X</u>	_____	_____
Paul D. Williams	<u>X</u>	_____	_____

RESOLUTION ADOPTED on May 18, 2022.

ATTEST: 

Pamela Wheelock, Chair
Destination Medical Center Corporation

EXHIBIT A

EXHIBIT A

Revised Certification of Expenditures Destination Medical Center

For Calendar Year 2021

Due to Commissioner of Employment and Economic Development (DEED) by April 1, 2022

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 2021, 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	\$110,586,916.31	1
Total Expenditures Reported This Year for other Private Entities ^{1,2}	\$44,560,906.89	2
TOTAL Expenditures This Year	\$155,147,823.20	3

All Expenditures claimed since June 30, 2013

Previous Years Expenditures (cumulative)	\$1,106,896,136.12	4
TOTAL Expenditures This Year ³ (from Box 3)	\$155,147,823.20	5
All Claimed Expenditures as of 12/31/21 (Box 4 plus Box 5)	\$1,262,043,959.32	6
Qualified Expenditures claimed in 2021 (Box 6 minus \$200,000,000)	\$1,062,043,959.32	7

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

General State Infrastructure Aid Qualified for (Box 7 multiplied by .0275)	\$29,206,208.88	8
State Transit Aid Qualified for (Box 7 multiplied by .0075 and then multiplied by .6)	\$4,779,197.82	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.

2021 Tracking Worksheet

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

Year	Completed Projects
2014	\$ 38,400
2018	\$ 584,079
2019	\$ 7,585,007
2020	\$ 14,490,740
2021	\$ 438,000
TOTAL	\$ 23,136,226

2019/2020 Destination Medical Center - Partially Completed Projects Tracking

Project	Address	Total Building Permit Value	2019		2020		2021	
			Partial Completed Work	Completed Work	Partial Completed Work	Completed Work	Partial Completed Work	Completed Work
Hyatt House	315 1st Ave. NW	\$ 32,253,475.00	\$ 6,940,448.00	\$ 24,151,076.04	\$ 24,151,076.04	\$ 1,161,950.96	\$ 1,161,950.96	\$ 1,161,950.96
Eleven02	101 11th Ave. SW	\$ 29,690,975.00	\$ 4,159,810.90	\$ 24,377,346.96	\$ 24,377,346.96	\$ 1,153,817.14	\$ 1,153,817.14	\$ 1,153,817.14
		\$ 61,944,450.00	\$ 11,100,258.90	\$ 48,528,423.00	\$ 48,528,423.00	\$ 2,315,768.10	\$ 2,315,768.10	\$ 2,315,768.10

2020 Destination Medical Center - Partially Completed Projects Tracking

Project	Address	Total Building Permit Value To Date	2020		2021	
			Partial Completed Work	Completed Work	Partial Completed Work	Completed Work
Two Discovery Square	415 2Ave SW	\$ 20,161,480.00	\$ 5,553,179.85	\$ 14,608,300.15	\$ 14,608,300.15	\$ 14,608,300.15

2021 Destination Medical Center - Partially Completed Projects Tracking

Project	Address	Total Building Permit Value To Date	2021	
			Partial Completed Work	Completed Work
Brky Apartments	401 N Broadway	\$ 25,000,000.00	\$ 4,500,612.64	\$ 4,500,612.64

TOTAL \$ 44,560,906.89

Commercial Bldg	R14-0084CB	3/14/2014	017665	101 E CENTER ST, ROCHESTER, MN 55904	\$38,400	Replaced all old windows, replace some brick that is bad and fill some holes	IA & K Properties	Finald	11/17/2021
Commercial Bldg	R18-0144CB	8/1/2018	017926	21 SW 1 ST, ROCHESTER, MN 55902	\$684,079	Interior renovation of existing retail bank including electrical, plumbing and HVAC. (Wells Fargo)	Wells Fargo	CO	10/13/2021
Commercial Bldg	R19-0364CB	10/17/2019	018102	211 NW 2 ST 1311, ROCHESTER, MN 55901	\$75,000	Alteration to an existing dwelling unit. (Charter House)	CHARTERHOUSE INC - Deborah Kenitz	Finald	12/2/2021
Commercial Bldg	R19-0308CB	12/9/2019	048779	624 SW 3 AVE, ROCHESTER, MN 55902	\$800,000	Adding an elevator to an existing 60,791 sq church. (Zumbro Lutheran Church)	ZUMBRO EVANGELICAL LUTHERAN	CO	1/26/2021
Commercial Bldg	R19-0361CB	12/27/2019	025320	708 SW 1 AVE, ROCHESTER, MN 55602	\$47,924	Whirlpool equipment removal and adding mechanical room. (Rochester Area Family YMCA)	YOUNG MENS CHRISTIAN ASSOCIATION	Finald	12/6/2021
Demolition	R19-0015D	7/3/2019	017784	324 SW 1 AVE, ROCHESTER, MN 55902	\$50,000	Demolition of single story art building and existing parking lot	Ackerberg Group	Finald	12/6/2021
Demolition	R19-0017D	7/25/2019	075680	1101 SW 2 ST, ROCHESTER, MN 55902	\$35,000	Demo of Virgil's Building	ROCHESTER HOTEL PARTNERS LLC	Finald	12/6/2021
Demolition	R19-0021D	9/6/2019	017760	405 SW 1 AVE, ROCHESTER, MN 55902	\$40,000	Tear down and remove entire Damsey restaurant structure	Premier Bank	Finald	12/6/2021
Commercial Bldg	R19-0211CB	2/21/2020	83133	601 SW 2 ST, ROCHESTER, MN 55902	\$5,437,083	Footing, foundation to level to for 6 story 110 unit hotel with 2 levels of underground parking. (TownePlace Suites by Marriott)	Portland Hotel LLC	Finald	8/13/2021
Commercial Bldg	R19-0432CB	2/19/2020	81707	19 SW 1 AVE ROCHESTER, MN 55902	\$1,300,000	Tenant improvement new restaurant space within Kahler Hotel. (Oldie Brick House)	Ringneck Restaurants Inc	CO	11/23/2020
Multi-Family Bldg	R20-0020MFB	08/28/20	11576	11111 2 ST SW, ROCHESTER, MN 55902	\$30,913	Reinforcement of existing roof structure to accommodate the Increase snow loading due to the 1102 Hotel built next to it. (Eleven02 Hotel Snow Drift)	Tyler Miles	Finald	12/13/21
Sign	R20-0086S	08/25/20	83133	123 G AVE SW, ROCHESTER, MN 55902	\$612,000	Wall signs for Towneplace Suites [lit] "TOWNEPLACE SUITES BY MARRIOTT", "Will & Charlie's Pub	Persona Sign Company	Finald	12/13/21
Commercial Bldg	R20-0050CB	04/08/20	83795	202 4 ST SW 240, ROCHESTER, MN 55902	\$612,468	Built out of second level space for new office use tenant. (Discovery Square)	Silver Lake Investors	CO	06/28/21
Multi-Family Bldg	R20-0013MFB	04/20/20	17786	325 1 AVE SW, ROCHESTER, MN 55902	\$727,504	Roofing, tuckpointing, window replacement, new entry doors, carpet, water piping, HVAC, lighting and misc. alteration throughout building. (Newbridge Apartments)	Tapestry Companies	CC	03/01/21
Sign	R20-0073S	07/14/20	17784	33 4 ST SW, ROCHESTER, MN 55902	\$23,336	Wall signs for The Hue [lit]	ACKY-324 LLC	Finald	12/13/21
Commercial Bldg	R20-0053CB	08/05/20	83133	601 2 ST SW, ROCHESTER, MN 55902	\$11,660,444	New 6 story 110 guest room hotel with 2 levels of underground parking. (TownePlace Suites by Marriott)	TPS ROCHESTER LLC	CO	08/13/21
Demolition	R20-0009D	5/20/20	75694	18 1 Ave SE, Rochester 55904	\$824,075	Demolition and removal of existing building (former Post Bulletin building) on site	PB Rochester Investments LLC	Finald	12/13/21
Commercial Bldg	R21-0027CB	2/4/2021	14505	44 SE 4 ST, ROCHESTER, MN 55904	\$ 20,000.00	Partial remodel of main level. Adding conference room, moving office, updating bathroom. (Schatz Law Firm)	Michael Schatz	Finald	8/27/2021
Commercial Bldg	R21-0031CB	2/10/2021	17894	155 SW 1 AVE, #140, ROCHESTER, MN 55902	\$ 80,000.00	Interior alteration to existing by expanding kitchen line, adding a new hood and oven. (Bruegger's Bagel)		C of C Issued	4/30/2021
Commercial Bldg	R21-0156CB	5/24/2021	48779	624 SW 3 AVE, ROCHESTER, MN 55902	\$ 75,000.00	Remodel of approximately 1620 sq.ft. of existing space into a space for youth. (Zumbro Lutheran Church)	ZUMBRO EVANGELICAL LUTHERAN Sara Lichty	C of C Issued	12/2/2021
Commercial Bldg	R21-0167CB	6/4/2021	81808	210 N BROADWAY AVE, #103, ROCHESTER, MN 55906	\$ 75,000.00	Fit-up of the Suite #103 at the Queen Center (210 N. Broadway) for "The Fit Loan".	SKIATHOS LLC	C of C Issued	10/19/2021
Commercial Bldg	R21-0352CB	10/7/2021	17926	21 SW 1 ST, #102, ROCHESTER, MN 55902	\$ 25,000.00	Interior demolition and remodel for Wells Fargo	ROCHESTER PROPERTY OWNER LLC Kenitz	C of C Issued	10/28/2021
Multi-Family Bldg	R21-0005MFB	3/2/2021	18102	211 NW 2 ST, #816, ROCHESTER, MN 55901	\$ 125,000.00	Remodel of apartment #816. (Charter House)	CHARTERHOUSE INC - Deborah Kenitz	Finald	9/8/2021
Multi-Family Bldg	R21-0037MFB	7/27/2021	81810	207 SW 5 AVE, APT 608, ROCHESTER, MN 55902	\$ 38,000.00	Kitchen Remodel	Clindy Boese	Finald	12/15/2021

\$23,136,226



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

March 3, 2022

Steve Grove
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 Grove:

Attached with this letter is Mayo Clinic's certification of qualified expenditures of the medical business entity for the Destination Medical Center (DMC) initiative from January 1, 2021, to December 31, 2021. The amount of qualified investment is approximately \$110.6 million. Major projects included the continued modernization of Mayo Clinic Hospital, Saint Marys Campus; many improvements to Mayo Clinic's downtown Rochester, Minnesota, campus; and investment in DMC's Discovery Square life science sub-district.

As in prior years, Mayo Clinic is taking a conservative approach when counting DMC-eligible capital expenditures. Overall, we spent more than \$340 million on capital projects and equipment in Rochester in 2021 including improving our medical tissues archive and purchasing world-class medical equipment. In total, we plan to invest more than \$1 billion in Rochester facilities and equipment between now and 2025. Through 2021, our DMC investment totals more than \$762 million.

Looking back on 2021, I am grateful for our hard-working staff—in Minnesota and across the globe—who have put the needs of the patient first and sustained Mayo Clinic as a beacon of hope and healing. Last year, our dedicated Mayo Clinic team served more than 1.4 million patients, administered more than 1.1 million COVID-19 tests, and expended more than \$1 billion on research activities. Mayo Clinic also committed to investing in our people and our communities, including a guaranteed 4% minimum salary increase for eligible allied health staff in 2022 and community investments in Rochester totaling more than \$8.5 million including significant contributions to the Coalition for Rochester Area Housing, the Southeast Regional Crisis Center, and COVID-19 outreach and education.

Together, these commitments to our patients, our people, and the places where we live and work demonstrate Mayo Clinic's continued efforts to sustain and grow Rochester as a global destination medical center. We remain committed to achieving the long-term DMC development and investment goals and, despite COVID-19, we remain on a strong path. We look forward to continuing our DMC partnership with the city of Rochester, Olmsted County, and state of Minnesota.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Christina Zorn".

Christina Zorn, J.D.
Chief Administrative Officer
Mayo Clinic