

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. 125-2022

Authorizing Report to the Legislature Pursuant to Statute

The following Resolution was offered by Pamela Wheelock, seconded by Kim Norton.

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, 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, 2022, and attached as Exhibit 1. On January 19, 2022, the City Council approved the report.

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 1, 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>
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 February 3, 2022.

ATTEST: 

R.T. Rybak, Chair
Destination Medical Center Corporation

February ____, 2022

The Honorable John Jasinski
Chair, Local Government Committee
Minnesota State Senate
3211 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Sandra Masin
Chair, Local Government Division
Minnesota House of Representatives
543 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Steve Cwodzinski
Local Government Committee
Minnesota State Senate
2231 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Duane Quam
Local Government Division
Minnesota House of Representatives
247 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Mary Kiffmeyer
Chair, State Government Finance and Policy
and Elections
Minnesota State Senate
3103 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Michael Nelson
Chair, State Government Finance and Policy
Minnesota House of Representatives
585 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Jim Carlson
State Government Finance and Policy
and Elections
Minnesota State Senate
2207 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Jim Nash
State Government Finance and Policy
Minnesota House of Representatives
349 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Eric Pratt
Chair, Jobs and Economic Growth Finance
and Policy Committee
Minnesota State Senate
3219 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Mohamud Noor
Chair, Workforce and Business Development
Finance and Policy Committee
Minnesota House of Representatives
379 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
2401 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Julie Rosen
Chair, Finance Committee
Minnesota State Senate
2113 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

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

The Honorable Carla Nelson
Chair, Taxes Committee
Minnesota State Senate
3235 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

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

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

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

The Honorable Rod Hamilton
Workforce and Business Development
Finance and Policy Committee
Minnesota House of Representatives
277 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

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

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 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 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

The Honorable Mark Thein
Chair, Olmsted County
Board of Commissioners
151 4th St SE
Rochester, MN 55904

Re: Destination Medical Center
February 15, 2022 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”).

As we look back on the year 2021, the value of the Destination Medical Center (“DMC”) initiative is more clear than ever: this model public-private partnership proved resilient enough to help meet the continuing challenges posed by the COVID-19 pandemic, as well as providing a meaningful foundation for the years 2022 and beyond.

We are particularly proud to report that from 2013 through 2021, the collective efforts of Mayo Clinic and other private entities exceeded \$1 billion in qualified private investments.

Specifically, in 2021, we certified a total of \$144,101,481.33 for the year ending December 31, 2020, which includes \$60,341,258.46 in Mayo Clinic investments and \$83,760,222.85 in other private investments. The cumulative total of Mayo Clinic and other private investments through 2020, is \$1,106,896,136.12. The City of Rochester has contributed \$54,132,085.87 in certified expenditures from July 1, 2013 through December 31, 2020.

In addition to these secured investments, there are more than a dozen projects either proposed or under construction, the majority of which are private investments with no direct DMC public assistance. Approved DMC public infrastructure projects have created construction jobs that generate median wages of more than \$39 per hour, plus benefits.

In 2021, much focus was given to continue the DMCC priorities:

Discovery Square: Discovery Square is a sixteen-square-block area in the Development District and is the cornerstone of the DMC economic development strategy. As a live, work, and play environment, it has become a hub of biomedical research, education, and technology innovation.

One Discovery Square, an 89,000 square foot building designed to support the acceleration and translation of the most promising health-related therapies and technology, is a key component to the continued development of the Discovery Square subdistrict innovation ecosystem. It was completed and opened in 2019, and is currently at 100 percent capacity as a home to several leading local and global health care companies.

Two Discovery Square represents the expansion of DMC’s health care innovation campus. It is currently under construction. It is a 125,000 square foot bioscience building that will feature tech-forward tenant spaces designed with flexible lab capacity and leading-edge technology. Project completion is scheduled for January, 2022.

Discovery Walk is a four-block linear parkway along 2nd Avenue SW that will serve pedestrians and vehicle traffic while also serving as a catalyst to future private

development in Discovery Square. The project has been approved, and construction will commence in early 2022, with completion scheduled for 2023.

Heart of the City Phase 1 – Peace Plaza: Heart of the City creates a true center of the City, where Mayo Clinic, commercial, hospitality, retail, and residential meet. Restoration of Peace Plaza public space and adjacent streets and alleys has been in the planning stages for several years. It is a transformative project that includes improved safety, accessibility, universal design elements, sustainability, integrated art and improved infrastructure. A specific “Business Forward” Strategy was developed to support and respond to business needs during construction. Additionally, efforts were made to allow access to and accommodation of businesses operating adjacent to the construction site. The construction schedule was also accelerated to ensure that construction activities do not unnecessarily inhibit the resumption of normal commerce and public events as the risk presented by the COVID-19 pandemic recedes. Phase 1 of this project was substantially completed in 2021. A post-occupancy evaluation planned for 2022 is expected to inform future DMC public space and infrastructure development.

Mobility: A forward-thinking transportation plan is integral to DMC’s success. With the 2019 selection of the locally preferred alternative for route and mode of the transit line and an additional emphasis on creating transit villages, the City, Olmsted County (the “County”), the DMCC and the Destination Medical Center Economic Development Agency (the “EDA”) worked together to submit a Federal Transit Administration (FTA) Small Starts Grant application. We are pleased to report that the project received a Medium-High rating from the FTA Capital Investment Grants Program, and was included in the President’s proposed federal budget. If successful, the federal grant will support an approximately three-mile bus rapid transit (“BRT”) route that will run from the west transit village in northwest Rochester to downtown Rochester via 2nd Street SW, with seven station stops along the route. This BRT route, which will feature energy-efficient electric buses, is expected to be the first phase of a more extensive transit circulator. At the Mayo Clinic Hospital Saint Marys Campus Station, a transit center will be built, along with a pedestrian tunnel connecting the hospital and transit center. The proposed BRT was re-branded in 2021 to “Link” rapid transit. DMC analyses of the transit route and mode, transit villages, and transit stops indicate that significant economic development opportunities will be created by this transit project and already there are several private development projects proposed along the rapid transit corridor. This was studied further in 2020 with the creation of the “New Rapid Transit For A Growing, Equitable Rochester,” a transit-oriented development (“TOD”) study. Additionally, the City has established bike- and car-sharing programs, piloted scooter-sharing, and marketed the services offered by the “Arrive Rochester” transportation management association.

Accessing DMC Funding: A particular focus of the City and DMCC has been on ensuring that the local economy in the DMC development district is provided assistance and support. To that end, a funding application process for small and medium development projects has been approved and will be launched in 2022, to assist small and medium business owners and to aid in economic recovery and downtown retail revitalization, all consistent with the DMC initiative.

COVID-19 Economic Recovery: Once the COVID-19 pandemic started, all of our partners, the City, the County, Mayo Clinic and the EDA recognized that we needed to pivot, to try to address the new challenges presented by the pandemic in order to blunt the harshest economic impacts of the pandemic and best position Rochester to lead southeastern

Minnesota's post-pandemic economic recovery. Last year HR&A Advisors were engaged to perform a COVID-19 impact analysis to assess dual crises: the unprecedented global health emergency and the steepest job loss on record. To address some of the findings contained in that analysis, including recommendations to support economic diversification, the creative re-use of underutilized commercial space, and the proactive support of private development, the EDA collaborated with the City on a DEED Main Street Grant Economic Revitalization Program Application, to be used for capital projects only, with priority going to BIPOC applicants and to properties that are vacant. The grant of \$3.12 million was awarded to the EDA, and requires a 70% match from other sources. The application process and scoring criteria are currently being developed.

2022 Budget: In 2021, the DMCC approved a budget, in which the City concurred, that reflects the strategic priorities for 2022, which include: transportation, public realm, housing, workforce, transformative projects and sustainability.

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. Private Investment Leads the Public Investment.

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.

B. 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 Act requires that the Development Plan be updated not less than every five years. The "Five-Year Update" was approved by the City and by the DMCC in 2020, and is more fully described below.

C. 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.

D. 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, subdistrict descriptions, market research, and ongoing activities of the 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 and in 2020 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 Act requires that the Development Plan be updated not less than every five years. As noted above, the Five-Year Update was posted publicly and a public hearing was held in 2020. Pursuant to the statutory requirements, the City approved the Five-Year Update, and subsequently the DMCC adopted it as well. The Development Plan and the Five-Year Update 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.

1. Completed Projects.

There have been multiple completed projects since the adoption of the Development Plan, ranging from the Chateau Theatre, hotels, housing and commercial and office space. The list of complete projects can be found at Exhibit A.

2. Projects Underway.

Discovery Walk: Design development is underway for this four-block linear parkway, and construction will begin in 2022. This public realm space provides the linkage between Mayo Clinic and the Discovery Square projects.

Two Discovery Square: This expansion of the DMC bio-medical, research and technology innovation campus is a keystone to the DMC economic development strategy and is contemplated to be a 125,000 square foot building. Like One Discovery Square, this new construction will support emerging entrepreneurs and

innovators across health industry sectors. The groundbreaking occurred in 2020, and is on track to be completed in 2022.

Riverfront Reimagined: Following a City-initiated small area plan study for a 60+ acre area, located southeast of the downtown core on the Zumbro River, the City issued a request for proposals from qualified teams to lead a community process to develop a plan to link this “front door” to the river to a gateway into downtown. The plan is intended to guide the transformation of the redevelopment area to a future mixed-use neighborhood.

Bryk Project: The Bryk Project is a mixed-use, mixed-income apartment building consisting of 180 workforce housing apartments, providing rent at varying levels. Construction began in 2021, and completion is expected by Fall, 2022.

Mobility: Rochester Rapid Transit, re-branded in 2021 to “Link” rapid transit, is an approximately three-mile bus rapid transit (“BRT”) route that, in its first phase, will run from a west transit village to downtown Rochester with seven stations. As noted, DMCC and the City approved the submission of a grant application to the Federal Transit Administration, seeking 49% of the capital costs, with the remaining portion to be paid by DMC State and County Transit Aid. The project received a Medium-High rating from the FTA, and was included in the President’s proposed federal budget.

There are several other projects underway, in the initial stages of planning, or expected to come to fruition in 2022. 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 2022. Projects identified in the CIP are categorized as follows: Public Realm, Strategic Redevelopment, Streets and Sewers, and Mobility.

Public Realm Projects include:

- Heart of the City
- Discovery Walk Design and Implementation
- Discovery Walk Phase 2 – Soldiers Field Park
- Chateau Theatre Improvements

Streets and Sewers Projects include:

- Downtown District Energy System
- Block 6 Ramp – Roadway Improvements
- Downtown Sidewalk Experience Enhancements

Mobility Projects include:

- Arrive Rochester Implementation
- Rapid Transit Implementation

The DMC-funded projects above are only a portion of the number and type of public and private development projects in the DMC district. Early strategic DMC investments in public infrastructure and commercial and residential projects successfully established Rochester as a destination for investment and development. Other projects, which are now proceeding without the need for public DMC support, include workforce and market-rate housing, extended stay

hotels for patients and companions, renovations to historic properties, world-class medical care and research facilities, co-working space, small business improvements, and more.

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 and 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. The cumulative total amount of private and Mayo Clinic certified investments to date is \$1,106,896,136.12.

In compliance with Minnesota Statutes Section 469.47, attached is the annual certification of Mayo Clinic and other private investment that was submitted to DEED on March 23, 2021, and the revised annual certification of City expenditures, which was submitted to DEED on May 5, 2021 (Exhibit B). DEED conducted its own audit process of the certified expenditures, requested revisions, and then approved the expenditures. The DEED certifications, dated June 11, 2021, are attached (Exhibit C).

In addition, we offer the following information:

1. Through December 31, 2021, State Infrastructure Aid in the amount of \$68,384,980.36 has been received. No State Transit Aid has been received.
2. Actual costs paid by the City from commencement through December 31, 2021 have totaled \$73,156,419.92, based on year-end unaudited costs. The funding source was initially City internal borrowing, which is being repaid, along with the costs for new projects and initiatives, by the City's 0.25% DMC sales tax. The City has also issued capital debt for a new parking ramp in the district. 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, 2021, Olmsted County has contributed \$13,500,000.
4. The 2022 combined operating and capital improvements budget for the DMCC totals \$62,594,888, a portion of which (approximately \$20 million) is being paid for with funding other than DMC funds. Of this amount \$3,000,000 will be provided by Olmsted County from its 0.25% sales tax. The remaining amount is to be provided by the City of Rochester from a variety of City funding sources, including its 0.25% DMC sales tax. In addition, Mayo Clinic has pledged financial and in-kind funding to the EDA in the amount of \$1,411,390.

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 D.

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 2022.

R.T. Rybak, Chair
Destination Medical Center Corporation

Kim Norton, Mayor
City of Rochester

Enclosures
cc: Legislative Reference Library

EXHIBIT A
to February 15, 2022 Report

EXHIBIT A

Major Completed Non-Mayo Clinic Projects in the Destination Medical Center Development District

I. PROJECTS COMPLETED WITH DMCC FUNDING ASSISTANCE

The Hilton Rochester Mayo Clinic Area (formerly known as the “Broadway at Center” project): is located in the “Downtown Waterfront” subdistrict as described in the Development Plan. Approved in 2015, this 371,000 square foot mixed-use project includes a 264-room hotel, restaurants, retail space, a skyway connection, and a five-level public parking ramp with 540 public spaces and 90 private spaces. The restaurants and hotel opened in 2019.

The Berkman Apartments (formerly known as the “Alatus Project”): is located on 2nd Street SW in the “Saint Marys” subdistrict as described in the Development Plan. Approved in 2016, this mixed-use project involved the construction of an approximately 350,000 square foot, thirteen-level commercial and residential complex. It includes 350 market-rate rental units, created an estimated 235 construction jobs and eight permanent jobs, and generated a total of \$115 million in private investment. The Berkman was completed in 2020.

The Maven on Broadway (formerly known as Urban on First): is located south of 4th Street SW between 1st Avenue SW and Broadway Avenue, and is in the “Discovery Square” subdistrict as described in the Development Plan. Approved in 2017, this approximately \$38 million mixed use project includes a six-story building with 156 market rate rental units, parking, and street level commercial and retail space for a total of 238,700 square feet. The Maven on Broadway was completed in 2019.

One Discovery Square (formerly known as Discovery Square Phase One): is on First Avenue SW in the “Discovery Square” subdistrict as described in the Development Plan. Approved in 2017, this approximately \$35 million bio-science building will be a center of innovation and is housing companies whose mission is to accelerate bio-science and technology discoveries to market. The four-story, 89,000 square foot building includes 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. One Discovery Square was completed in 2019 and is approximately 100 percent leased.

Wells Fargo Renovation (21 1st Street SW): This project is a renovation of a 92,000 square foot existing building, located in the “Heart of the City” subdistrict as described in the Development Plan. Approved in 2018, this project is a catalyst for the public realm in the Heart of the City subdistrict and includes connections to the street and pedestrian skyway. The renovation has made approximately 23,000 additional square feet of commercial or office space available. The project created an estimated 30 construction jobs and provided 115 permanent jobs. This project was completed in 2020.

Hotel Indigo Renovation: The Hotel Indigo project involved the renovation of an existing 172-room Holiday Inn, located in the “Downtown Waterfront” subdistrict as described in the Development Plan. Approved in 2018, the \$42 million redevelopment included the addition of 33,000 square feet to the existing 114,500 square feet, and provided approximately 111 construction jobs and 28 new permanent jobs. Opening of the new hotel and restaurant occurred in 2020.

Hyatt House: The Hyatt House project is located in the “Central Station” subdistrict as described in the Development Plan. Approved in 2018, the \$44 million project includes an eight-story, 172-room extended-stay hotel, and is providing approximately 257 construction jobs and while creating 38 permanent jobs. This project was completed in 2021.

Heart of the City Phase 1 – Peace Plaza: As noted above, public realm construction of phase 1 was completed in 2021. This phase of the project is a renovation of the east side of Peace Plaza and surrounding areas, and provided enhanced safety measures, including curbless streets and greater accessibility for people of all abilities. During construction, significant efforts were made to minimize negative impacts on nearby businesses.

II. PROJECTS COMPLETED WITHOUT DMCC FUNDING ASSISTANCE

Conley Maass Building: This project involved the renovation of a historic building into a restaurant space and leased space for high tech companies. The renovation was completed in 2016.

1st Avenue Flats: This is a 68-unit affordable housing building, and all of the units are income-restricted to persons at or below 60% of the area median income. The building opened in 2017.

Lofts at Mayo Park: The Lofts at Mayo Park is a five-story, 29-unit market rate rental apartment project, which opened in 2017.

Flats on 4th: This project is a six-story mixed use development consisting of 92 rental apartment units, with 19 of the units affordable to persons at 50% of the area median income, and 2,300 square feet of ground floor retail space. The building opened in 2018.

501 on First: 501 on First is a five-story, mixed use development consisting of 84 rental apartment units and 21,000 square feet of commercial/retail spaces. It opened in 2018.

Residence at Discovery Square: The Residence at Discovery Square is a six-story, mixed use development consisting of 143 rental apartment units, with 20% of the units affordable to persons at 60% of the area median income, and 15,400 square feet of commercial/retail space. It opened in 2019.

Hue Apartments: The Hue Apartments is a six-story, mixed use development consisting of 50 rental apartment units and 2,000 square feet of commercial/retail space. The Hue Apartments opened in 2020.

Even Hotels and Staybridge Suites: This is a 246-unit dual-branded hotel, which opened in 2021.

TownePlace Suites by Marriot: TownePlace Suites by Marriot consists of a 110-unit hotel with two levels of underground parking. The hotel opened in 2021.

EXHIBIT B
to February 15, 2022 Report

EXHIBIT B

Annual Certification of Mayo Clinic and Other Private Investment Submitted to DEED on March 23, 2021

(Correspondence to Steve Grove, Commissioner, Minnesota
Department of Employment and Economic Development
and Attachments 1, 2 and 3)

and

Revised Annual Certification of City Contributions Submitted to DEED on May 5, 2021

(Attachment 4)

EXHIBIT B

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

March 23, 2021

VIA ELECTRONIC AND U.S. MAIL

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

Dear Commissioner Grove:

On behalf of the Destination Medical Center Corporation (“DMCC”) and Mayo Clinic, I am pleased to forward the following materials for the April 1, 2021 certification, pursuant to Minnesota Statutes Section 469.47, Subdivision 2. The expenditures set forth here are the investments that have been made by Mayo Clinic and by other private individuals or entities, to advance the Destination Medical Center initiative.

1. DMCC Certification: I enclose the DMCC Certification of Expenditures made by an individual or entity, other than Mayo Clinic, for the period ending on December 31, 2020 (“Attachment 1”). The City of Rochester, Minnesota, assisted with the compilation of this report. The amount of investments set forth in this report is \$83,760,222.85.

2. Mayo Clinic Certification: I enclose correspondence and accompanying materials from Jeffrey W. Bolton, Chief Administrative Officer, Mayo Clinic, dated March 17, 2021 (“Attachment 2”). Mayo Clinic is certifying expenditures for the period of January 1, 2020 through December 31, 2020 in the amount of \$60,341,258.46.

3. Summary of Investments: The summary page, entitled, “Certification of Expenditures, Destination Medical Center” is enclosed, setting forth total cumulative expenditures through December 31, 2020, in the amount of \$1,106,896,136.12 (“Attachment 3”).

Commissioner Steve Grove
March 23, 2021
Page 2

I would like to emphasize the previous point: in the seven-year period of this initiative thus far, private investments, led by Mayo Clinic and including other private individuals and entities, have exceeded one billion dollars. These investments furthering the Destination Medical Center initiative demonstrate that this unique public-private partnership is succeeding, and that despite the challenges of the COVID-19 pandemic, 2020 was an exceptional year.

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,

A handwritten signature in black ink, appearing to read 'R.T. Rybak', with a large, sweeping flourish at the end.

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

ATTACHMENT 1

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	Finalized	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	Finalized	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)	Powers 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	Finalized	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	Finalized	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	Finalized	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	Finalized	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	Finalized	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	Finalized	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	Finalized	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 Pannekoecken Restaurant)	Tasos Psomas	Finalized	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	Finalized	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	Finalized	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	Finalized	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 \$21,362,703

ATTACHMENT 2

ATTACHMENT 2

March 17, 2021

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, 2020, to December 31, 2020. The amount of qualified investment is approximately \$60.3 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.

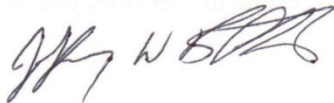
As in prior years, Mayo Clinic is taking a conservative approach when counting DMC-eligible capital expenditures, and we remain committed to achieving the long-term DMC development and investment goals. Overall, we spent more than \$300 million on capital projects and equipment in Rochester in 2020. In addition to our commitment to DMC, these investments included improving our medical tissues archive and purchasing world-class medical equipment. In total, we will invest more than \$1 billion in Rochester facilities and equipment between now and 2024. Through 2020, our DMC investment totals more than \$650 million.

While impacted by the economic effects of the COVID-19 pandemic, we were able to resume our investment in major capital projects in late 2020 and added more than one thousand jobs to our Minnesota workforce over the course of a challenging year. We accomplished this while also contributing to the worldwide efforts to end the COVID-19 pandemic. I am incredibly grateful to our dedicated and hard-working staff – in Minnesota and across the globe – who have continued to provide world-class patient care, medical education and research during this unprecedented time. As Minnesota's largest employer and largest-ever economic development initiative, Mayo Clinic and DMC will continue to play important roles in supporting the economic resiliency and recovery of our state.

We remain committed to collaborating with the state of Minnesota, city of Rochester, Olmsted County and other stakeholders to strengthen our economy and affirm Minnesota's position as the world's premier destination medical center.

Thank you.

Sincerely,



Jeff Bolton
Chief Administrative Officer
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, 2020

Approval Date	Project/Req Number	Project/Equipment Name	2013 - 2019 Expenditures Reported	Prior Years Expenditures not previously reported	2020 Expenditures	Total Expenditures reported for 2020	Total Spent as of December 31st 2020
1Q17	7R161010,7R161020,7R161030, 7R161031,7R161040-7R161042, 7R161050,7R161060,7R161070, 7R161080,7R161090,7R161100, 7R161110,7R161120-7R161123, 7R161130,8R160740	SMC Modernization and Growth	100,903,647.18		12,297,513.16	12,297,513.16	113,201,160.34
5/8/2019	7R160701	Sports Medicine Relocaton to DAHLC 4	1,051,703.07		297.12	297.12	1,052,000.19
2/1/2019	7R170210	Mail Order Pharmacy Relocation	7,283,739.44		261,941.55	261,941.55	7,545,680.99
	CPC2034616, CPC2049576, CPC2049796, CPC2049797 /						
4Q2019	7R170210	Pharmacy Automation - Innovation (Asset 195397)	2,722,535.76			-	2,722,535.76
2/14/2019	7R170400	Archives Warehouse Tissue Registry Expansion	1,404,733.04		4,013,150.55	4,013,150.55	5,417,883.59
1/16/2019	7R170540	Redesign of Jacobson Locker Room	185,157.86		1,112.90	1,112.90	186,270.76
10/24/2018	7R170820	Remodel of GIH Research Space GU 17, Phase 1	550,605.19		524,732.28	524,732.28	1,075,337.47
5/30/2019	7R180100	SMH River Room	44,745.68		236,024.37	236,024.37	280,770.05
10/2/2019	7R180120	RST E18-3008 MR-MCR-GO3-I-3T MR Scanner	324,382.25		527,090.62	527,090.62	851,472.87
3/2/2018	R2036200 / 7R180140	Discovery MI 25CM (Asset 189900)	2,697,744.00			-	2,697,744.00
9/19/2018	7R180160	Radiology Office Space and 3D Lab on Joseph 6	411,676.06		2,504,849.59	2,504,849.59	2,916,525.65
7/27/2018	7R180200	SMC Decontamination Remodel Equipment and Replacement	905,949.87		359,417.67	359,417.67	1,265,367.54
6/26/2019	7R180240	RST Impact Lab Expansion CAR-T Cell Initiative	909,381.66		3,529,574.19	3,529,574.19	4,438,955.85
11/13/2019	7R180310	0068-18 E18-3021-RAD-MCR-MSH-MMB-R-RAD DR Conversion	38,849.28		373,269.84	373,269.84	412,119.12
8/15/2018	7R180360	Eisenberg Dumbwaiter Replaceme	165,045.28		1,064,267.83	1,064,267.83	1,229,313.11
9/30/2019	7R180450	Administrative Drop In Center	235,112.64		555,446.05	555,446.05	790,558.69
10/9/2019	7R180480	Dr. Pipe Lab-DiscSq1	43,824.59		799,355.83	799,355.83	843,180.42
10/18/2018	7R180610	Mayo Clinic Food Service, RMC	133,400.18		367,859.06	367,859.06	501,259.24
12/10/2018	7R180690	3D Metal Printer for Div of Engineering	581,851.43		142,797.30	142,797.30	724,648.73
2/14/2019	7R180750	41st Street Complex Employee Cafeteria	1,236,030.91		4,231,973.86	4,231,973.86	5,468,004.77
3/13/2019	7R180860	RST SMC/RMC Visitor Cafeteria	253,248.34		(232,461.38)	(232,461.38)	20,786.96
3Q2019	7R180900	RMC Eisenberg AHU-S62 Replacement	7,367.21		1,001,302.79	1,001,302.79	1,008,670.00
4/11/2019	7R181000	REO Makeup and Export Water Tank	706,686.51		125,081.43	125,081.43	831,767.94
4/11/2019	ROBB18C0010	Global Business Solutions Consolidation	90,679.48		262,889.87	262,889.87	353,569.35
2Q2019	ROFF19C0010	41st St Complex Infrastructure Upgrades- Phase 3	38,101.42		1,284,521.09	1,284,521.09	1,322,622.51
3Q2019	ROJO19C0020	Joseph 1 Northwest Local Infrastructure-SMC River Room Expansion	1,300.03		84,396.01	84,396.01	85,696.04
8/28/2019	ROJO19C0010	0050-19 RST Creation of New MED 13 Hospital Service	168,688.29		4,560,772.23	4,560,772.23	4,729,460.52
2/14/2019	ROMA18C0020	Mayo 11 Remodel	5,980,106.47		1,303,247.09	1,303,247.09	7,283,353.56
6/26/2019	ROMB19C0030	RST SMC Sterile Processing Renovations	22,776.04		662,785.67	662,785.67	685,561.71
6/26/2019	ROOP19C0010	Opus MRI install	2,217.66		150,005.07	150,005.07	152,222.73
6/13/2019	ROXX18C0020	Healthcare Technology Management Expansion at 1937 Building	27,363.46		233,226.63	233,226.63	260,590.09
10/2/2019	ROXX19E0180	RST Practice Optimization Acceleration	11,983.10		225,690.32	225,690.32	237,673.42
	CPC2033104 / 7R151420	PHILIPS; AZURION 7 M20 (Asset 192750)	1,259,678.14			-	1,259,678.14
9/27/2017	7R160230	Research PET/CT Charlton 6	2,291,425.69		393.60	393.60	2,291,819.29
	R2050020 / 7R160230	Biograph Vision 600 (asset 192309)	2,015,000.00			-	2,015,000.00
6/28/2018	7R170290	Human Cellular Therapy Expansion	229,688.13		1,007,580.34	1,007,580.34	1,237,268.47
12/6/2018	7R180260	Revenue cycle consolidation / relocation	3,941,958.54		35,577.57	35,577.57	3,977,536.11
8/12/2019	ROSI19C0010-ROSI19C0016	Subway Refresh Project	1,069,883.24		15,064,710.99	15,064,710.99	16,134,594.23
			591,142,014.21	-	60,341,258.46	60,341,258.46	651,483,272.67

ATTACHMENT 3

ATTACHMENT 3

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 Year³ (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

3-23-21

Date

For all other Expenditures:



Destination Medical Center Corporation

3/25/21

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.

ATTACHMENT (

ATTACHMENT 4



City of Rochester
201 4th Street SE
Rochester, MN 55904

Phone: 507-328-2900
Fax: 507-328-2901

May 5, 2021

Steve Grove
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, 2020 through December 31, 2020

Dear Commissioner Grove:

The City of Rochester is hereby revising our certification of our local contributions for calendar year 2020 towards the local matching contributions for the Destination Medical Center development. The original certification of 2020 expenses, dated March 23, 2021, was for the amount of \$3,275,144.17. The cumulative previous contributions total \$50,546,188.19, for a combined total of \$53,821,332.36. Since that time, after review with internal and DEED staff, changes were made to the certified total.

For 2020, upon review with the DEED auditors an error was found that adjusts the adjustment in the total expense claimed for costs. The cumulative effect of this change is an increase to our certification for 2020. Our new certified 2020 amount is \$3,585,897.68 for a cumulative total of contributions as of 12/31/2020 of \$54,132,085.87.

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 black ink, appearing to read 'Kim Norton', is written over a faint, larger version of the same signature.

Kim Norton, Mayor
City of Rochester



Steve Grove, Commissioner
DEED
Page 2
May 5, 2021

cc: Kevin McKinnon
Jeremy Lacroix
R.T. Rybak, Chair DMC Corporation
Alison Zelms
Patrick Seeb

Aaron Parrish
Brent Svenby
Kathleen Lamb
Dale Martinson
Amanda Jacob



Certification of Contributions

City of Rochester

For Calendar Year 2020

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

REVISED AS OF MAY 5, 2021

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 2020, 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 Rochester ¹	\$	3,585,897.68	1
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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)	\$	9,144,039.08	2
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Cumulative City General Aid Contributions

Cumulative Previous Contributions		\$ 50,546,188.19	3
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Contributions This Year		\$ 3,585,897.68	4
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Cumulative Contributions as of 12/31/2020		\$ 54,132,085.87	5
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From Box 1
Add Box 3 and Box 4

Cumulative State Aid Qualified for as of 12/31/2020	\$	138,036,818.97	6
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State GSIA expended this year	\$	13,675,598.76	7
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TRANSIT AID

Transit Aid Contributions Reported this Year

Transit Aid Contributions Reported This Year by the City of Rochester ^{1,2}		0	8
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Transit State Aid Qualified for this Year (Medical Entity/DMCC match also required)

State Transit Aid Aid Qualified for		0	9
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Add Box 8 multiplied by 1.5

Cumulative City Transit Aid Contributions

Cumulative Previous Contributions		0	10
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Contributions This Year (from Box 8)		0	11
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Cumulative Contributions as of 12/31/2020		0	12
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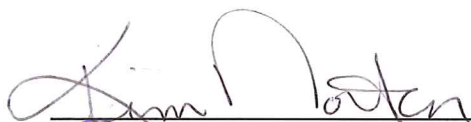
From Box 8

Cumulative State Aid Qualified for as of 12/31/2020		0	13
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Add Box 12 multiplied by 1.5

State Transit Aid expended this year		0	14
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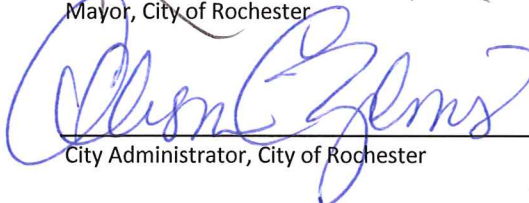
By providing my signature below, I am hereby certifying the information stated herein is accurate, true and complies with the provisions of Statute 469.47 of the State of Minnesota and the approved methodology as outlined in the City of Rochester Commissioner of Employment and Economic Development State Infrastructure Aid Agreement.



 Mayor, City of Rochester

5/4/2021

 Date



 City Administrator, City of Rochester

5/5/2021

 Date

¹ Funds expended need to be after June 30, 2013

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

EXHIBIT C
to February 15, 2022 Report



June 11, 2021

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 2020 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 \$60,341,258.46 in Mayo Clinic expenditures and \$83,760,222.85 in other expenditures. The Mayo Clinic provided DEED with information on all invoices and payments (more than 9,500 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 are being followed properly. Additionally, DEED staff reviewed invoices and payments in your certification. We selected 61 expenditures totaling \$3,946,254. We selected one expenditure from each of the 61 new projects listed. No previous years' expenses were claimed or reviewed. 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 36 completed projects for \$21,062,703 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 \$62,397,519.85 in expenditures on eight projects that are completed over multiple years. The total 2020 Certification of other private Expenditures was \$83,760,222.85. 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 DMCC certification process was correct.

As required by law, I have determined that the amount of 2020 Destination Medical Center Expenditures are the \$144,101,481.31 as you certified. DMC cumulative Expenditures are now \$1,106,896,136.12. As directed by statute, \$200 million is subtracted from this amount to provide

Qualified Expenditures of \$906,896,136.12. Based on this figure and adequate general aid contributions from the city, I have determined the City of Rochester has qualified for \$24,939,644 of General State Infrastructure Aid in 2021. 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,

A handwritten signature in black ink, appearing to read "Steve Grove", with a stylized flourish at the end.

Steve Grove
Commissioner

C: Patrick Seeb, Economic Development Agency Executive Director
Brent Svenby, City of Rochester

June 11, 2021

The Honorable Kim Norton
Mayor, City of Rochester
201 4th Street SE – Room 281
Rochester, MN 55904-3708

Dear Mayor Norton:

Thank you for submitting the 2020 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 2020 Certification listed \$3,585,897.68 in city contributions between July 1, 2013 and December 31, 2020. You provided a detailed listing of more than 2,000 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 53 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 the annual maximum of \$30 million of general aid, however Qualified Expenditures from Mayo Clinic and others were \$906,896,136.12. This amount of Expenditures reduces the amount of general aid to the city to \$24,939,644. Your excess Contributions will be credited towards future years. We will be providing payment prior to September 1 as mandated by statute.

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

Regards,



Steve Grove
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
Patrick Seeb, Economic Development Agency Executive Director

EXHIBIT D
to February 15, 2022 Report

EXHIBIT D

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

1), 2) below

SIGNIFICANT DATES

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

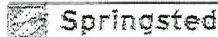
Yield Statistics

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.....	2.6154298%
Weighted Average Maturity.....	11.612 Years

Series 2017B GO TP Parks | SINGLE PURPOSE | 10/16/2017 | 12:02 PM



Footnotes:

- 1) Scheduled payments through 2019 have been completed.
- 2) Of the \$21,265,000 issued for the parking ramp construction through this Series 2017B, \$10 million has been approved by the DMCC board as "local match" dollars.