



City of Rochester
201 4th Street SE
Rochester, MN 55904
www.rochestermn.gov

Destination Medical Center Corporation (DMCC)

201 4th Street SE
Rochester, MN 55904
www.dmc.mn

February __, 2024

The Honorable Erin Murphy
Chair, State and Local Government and
Veterans Committee
Minnesota State Senate
3211 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Bruce Anderson
State and Local Government and Veterans
Committee
Minnesota State Senate
2209 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Bobby Joe Champion
Chair, Jobs and Economic Development
Committee
Minnesota State Senate
3401 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

The Honorable Rich Draheim
Jobs and Economic Development Committee
Minnesota State Senate
2225 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

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

The Honorable Ginny Klevorn
Chair, State and Local Government Finance
and Policy Committee
581 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

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

The Honorable Hodan Hassan
Chair, Economic Development Finance and
Policy Committee
Minnesota House of Representatives
597 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Jon Koznick
Economic Development Finance and Policy
Committee
Minnesota House of Representatives
281 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

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

The Honorable Eric Pratt
Finance Committee
Minnesota State Senate
2217 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

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

The Honorable Ann Rest
Chair, Taxes Committee
Minnesota State Senate
328 Capitol
75 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

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

The Honorable Bill Weber
Taxes Committee
Minnesota State Senate
2211 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

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

Commissioner Matt Varilek
Minnesota Department of Employment and
Economic Development
Great Northern Building
180 E. 5th Street, Suite 1200
St. Paul, MN 55101

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

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

Re: Destination Medical Center - February 15, 2024 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 the enclosed annual report on the progress of the Destination Medical Center (“DMC”) initiative, in accordance with Minnesota Statutes, Sections 469.40 – 469.47 (the “Act”).

The Act requires that this report include five elements: (1) the DMC development plan and any proposed changes; (2) progress of projects; (3) costs and financing sources, including State funding and required local contributions, for recent projects; (4) estimated costs and financing sources for future projects; and (5) debt service schedules for all outstanding obligations of the City for debt issued for DMC projects. We discuss each of these elements in the report. Below, we provide a summary of DMC’s 2023 milestones, as well as a brief background of Minnesota’s largest economic development initiative.

Destination Medical Center: 2023 Milestones

The DMC public-private partnership continued to flourish in 2023, ten years after the Legislature enacted this historic economic development initiative. Two highlights of the year deserve particular attention in the mission to position Rochester, Minnesota as the world's premier destination for health and wellness. First, Mayo Clinic announced a momentous investment in the *Bold. Forward. Unbound. in Rochester* initiative. Second, qualified private investments from 2013 through 2022 neared \$1.5 billion.

Mayo Clinic announced a \$5 billion expansion in its Rochester campus, the largest investment in Mayo's 160-year history and the largest investment in Minnesota history. Mayo plans to add five new buildings with 2.4 million square feet of space, with a focus on integrating in-person and virtual visits and shading the traditional lines between inpatient and outpatient care and between in-person and digital health care. The project features two new clinical buildings at the center of campus, located in the heart of the DMC development district. Skyways and tunnels will connect the new facilities with existing buildings, as well as downtown retail, housing, higher education facilities, and other multi-purpose community assets.

The success of the DMC initiative through 2023 helped to build the foundation to support Mayo Clinic's new multi-billion-dollar investment. Mayo Clinic's *Bold. Forward. Unbound. in Rochester* initiative will expand its clinical, research, and education facilities in Rochester and critically advance the DMC initiative.

As to private investment certifications, in 2023, we certified to the Minnesota Department of Employment and Economic Development ("DEED") a total of \$199,088,689.42 for the year ending December 31, 2022, which includes \$172,632,461.06 in Mayo Clinic investments and \$26,456,228.36 in other private investments. The cumulative total of Mayo Clinic and other private investments through 2022 is \$1,461,132,648.74. In addition, as to transportation, the City certified City and County transit contributions of \$9,081,280.13 for 2022, qualifying for the maximum disbursement of State transit aid of \$7,500,000.

In addition to these certified investments, there are many other projects proposed or under construction, the majority of which are private investments with no direct DMC public assistance. A map of the DMC development district and key public and private projects is attached as Exhibit A to the report. A summary of significant projects is attached as Exhibit B to the report.

Destination Medical Center: Background

The Act established a unique public-private partnership to lead this historic economic development initiative. The law also required private investment to lead the public investment: it required \$200 million in private expenditures before any State funding occurred. This threshold was surpassed in 2017, and more than \$1.46 billion of private funding has been certified through 2022.

The Act further established the partnership between the DMCC, the City, Mayo Clinic, and Olmsted County. The DMCC Board of Directors is appointed by the Governor, the City, the County, and Mayo Clinic. Key funding and strategy decisions require approval by both the DMCC and the City Council. Specifically, the Act required the preparation and joint approval of a development plan (the “Development Plan”), which serves as the strategic framework for DMC’s business and economic development strategy. It includes land use, transportation and infrastructure planning, market research, funding priorities, business and economic development, and market strategies. After City approval, the DMCC adopted the Development Plan on April 23, 2015. The Development Plan must be updated not less than every five years. The Five-Year Update was approved by the City and by the DMCC in 2020. The Ten-Year Update is underway and is scheduled for approval in May of 2025.

The benefits of the DMC initiative may be measured in other ways. From the end of 2015 through the first quarter of 2023, Mayo Clinic alone added approximately 6,500 employees in Rochester. Hundreds of housing units and tens of thousands of square feet of bio-med-tech space have been developed, and hundreds of community members have been engaged in the visioning and design of DMC public investments. Mayo Clinic’s *Bold. Forward. Unbound. in Rochester.* will lead transformational progress on all fronts.

For more information, including viewing the DMC Development Plan, public meeting materials, project updates, investor and developer information, and market research, visit www.dmc.mn. The City’s website, www.rochestermn.gov, also provides information on the DMC initiative.

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 2024.

DRAFT

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Pamela Wheelock, Chair
Destination Medical Center Corporation

Kim Norton, Mayor
City of Rochester

Enclosures
cc: Legislative Reference Library