



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

FIRST CLASS CITY • FIRST CLASS SERVICE



February 6, 2018

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

The Honorable Tim O'Driscoll
Chair, Government Operations and Elections
Policy Committee
Minnesota House of Representatives
559 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

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

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

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

The Honorable Patrick Garafolo
Chair, Job Growth and Energy Affordability
Policy and Finance Committee
Minnesota House of Representatives
485 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

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

The Honorable Tim Mahoney
Job Growth and Energy Affordability Policy
and Finance Committee
Minnesota House of Representatives
345 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

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

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

February 6, 2018

Page 2

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

The Honorable Roger Chamberlain
Chair, Taxes Committee
Minnesota State Senate
3225 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 Cynthia Bauerly
Minnesota Department of Revenue
600 North Robert Street
St. Paul, MN 55101

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

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

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

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

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

Re: Destination Medical Center
February 15, 2018 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").

Since our last report, dated February 9, 2017, we can report that 2017 was a remarkable year for the Destination Medical Center ("DMC") initiative, as we reached and exceeded a major threshold. The Act required that private investment lead the way for this private-public model of partnership: over \$200,000,000 in private investment, combined with Mayo Clinic's certified expenditures, had to occur before any state funding would begin to flow. In 2017, we certified \$297,708,550 in private investments and Mayo Clinic investments. This cumulative total includes

more than \$239 million in capital expenditures by Mayo Clinic, and more than \$58 million in additional, non-Mayo private development. This early success clearly achieves the legislative intent to have the private investment lead the way for this initiative. Moreover, the City has contributed \$26,829,988 in certified expenditures from July 1, 2013, through December 31, 2016.

There are currently 21 projects either proposed, under construction, or completed, the majority of which are private investments with no DMC-provided public assistance. Approved DMC projects thus far are expected to generate over 1,000 construction jobs. This extraordinary combination of private investment, Mayo Clinic expenditures, City contributions and state funding are making Destination Medical Center a reality.

In 2017, many other important aspects of DMC planning and development were advanced:

Business Development: In addition to other private development occurring, construction began on the first phase of the Discovery Square bioscience research campus, a sixteen-block district that will serve as the space for new businesses and entrepreneurs to bring new innovations to market. This is a key job-creating initiative in the bio-science sector.

Public Realm Design Concepts: Design concepts were developed for the Heart of the City and Saint Marys Place districts.

Energy and Sustainability Goals: Efforts to achieve the energy and sustainability goals outlined in the Development Plan, including a twenty-five percent reduction in DMC Development District use by 2035, are underway.

Marketing Activities: Marketing activities were developed and implemented for state, national and international audiences.

Transportation Planning: Recommendations are expected in early 2018 with respect to preferred transportation and transit alternatives, which include analyses of street use, pedestrian trails, parking and transportation management, and public transit.

I. Destination Medical Center: Background.

A. Development Plan.

One of the primary goals of the Act was the adoption of a Development Plan. In September 2013, the DMCC established specific goals and objectives for the Development Plan: to create a comprehensive strategic plan, and over the life of the project, to stimulate over \$5 billion in private investment that will be supported by \$585 million in public funds, create 35,000-45,000 new jobs, generate \$7.5 billion to \$8.5 billion in net new tax revenue, and achieve the highest quality patient, visitor and resident experience.

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

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

B. Website.

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

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

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

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

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

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

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

The Historic Chateau Theatre: is located in the "Heart of the City" district as described in the Development Plan. The DMCC approved the acquisition of the Chateau Theatre by the City in the purchase price amount of \$6,000,000, of which Mayo Clinic contributed \$500,000. The acquisition of this historically-designated landmark is considered key to the planning and enhancement of the Heart of the City district. The City, DMCC and Mayo Clinic have agreed to work cooperatively to determine the best use of this building and a comprehensive planning process is currently underway.

The Titan Hilton Hotel: (formerly known as the "Broadway at Center" project), is located in the "Downtown Waterfront" district as described in the Development Plan. This mixed-use project includes a 264-room hotel, restaurants, retail space, a skyway connection, and a five level parking ramp with 630 spaces. The project is expected to generate approximately \$125 million in private investment and create 200-250 jobs, and is under construction. Completion of the hotel is expected in 2019.

The Alatus Project: is located on 2nd Street SW in the "Saint Marys" district as described in the Development Plan. This mixed-use project involves the construction of an approximately 350,628 square foot, thirteen-level commercial and residential complex. It will include 374

market-rate rental units, create 240 jobs, and is expected to generate \$115 million in private investment. Site work has begun, with project completion targeted for late 2019.

Urban on First: is located south of 4th Street SW between 1st Avenue SW and Broadway Avenue, and is in the “Discovery Square” district as described in the Development Plan. This approximately \$38 million mixed use project includes 156 market rate rental units and street level commercial and retail space. Groundbreaking is expected in early 2018.

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

Finally, there are several other projects underway in the initial stages of planning, and are expected to come to fruition in 2018. 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 2016-2018. Projects identified in the CIP include the following:

1. 3rd Street SW Reconstruct/Design
2. Titan Hotel Ramp
3. Parking and Travel Demand Study
4. City Loop Plan
5. Transit/Transportation/Infrastructure Management
6. Transit Circulator Study
7. Heart of the City Design
8. Chateau Theatre Re-Use Study
9. Downtown Street Use and Operations Study
10. Public Utility Upgrades to Support DMC Development
11. Street Improvement Projects to Support DMC Development
12. Sanitary Sewer Projects to Support DMC Development
13. St. Marys Place Public Realm Study
14. Discovery Walk Study

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

The Act requires that an annual certification of private investment by Mayo Clinic or other private investors be made to DEED by April 1 of each year, and DEED must certify that \$200,000,000 of private investment has been made before any state funding may be paid. In 2017, the cumulative amount of private and Mayo Clinic certified investments was \$297,708,550, thus exceeding the statutory threshold.

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, 2017, and the annual certification of City expenditures, that was submitted to DEED on March 28, 2017 (Exhibit A). DEED then conducted its own audit process of the certified expenditures, and approved them. The DEED certifications, dated June 27, 2017, are also attached (Exhibit B).

In addition, we offer the following information:

1. Through December 31, 2017, State Infrastructure Aid in the amount of \$2,686,985.13 has been received. No State Transit Aid has been received.
2. Actual costs paid by the City from commencement through December 31, 2017 have totaled \$26,029,988, based on year-end unaudited costs. The funding source has been City internal borrowing, which will be repaid by the City's 0.25% DMC sales tax. 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, 2017, Olmsted County has contributed \$4,500,000.
4. The 2018 combined operating and capital improvements budget for the DMCC totals \$22,191,908. Of this amount \$3,000,000 will be provided by Olmsted County from its 0.25% DMC sales tax. The remaining \$19,191,908 is to be provided by the City of Rochester from a variety of City funding sources. In addition, Mayo Clinic has pledged financial and in-kind funding to the DMC EDA in the amount of \$1,272,220, which represents an increase of \$337,800 from the \$934,420 provided by Mayo in 2017.

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 City has provided the funding required for approved projects thus far, and no debt has been issued as yet.

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 2018.



RT Rybak, Vice Chair
Destination Medical Center Corporation



Ardell F. Brede, Mayor
City of Rochester

Enclosures

cc: Legislative Reference Library

EXHIBIT A

Annual Certification of Mayo Clinic and Other Private Investment Submitted to DEED
on March 23, 2017

and

Annual Certification of City Contributions to DEED on March 28, 2017

EXHIBIT A

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

March 23, 2017

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

Dear Commissioner Hardy:

On behalf of the Destination Medical Center Corporation ("DMCC") and Mayo Clinic, I am pleased to forward the following materials for the April 1, 2017 certification, pursuant to Minnesota Statutes Section 469.47, Subdivision 2:

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, 2016. The City of Rochester, Minnesota, assisted with the compilation of this report. The amount of expenditures set forth in this report is \$38,089,951.

2. Mayo Clinic Certification: I enclose correspondence and accompanying materials from Jeffrey W. Bolton, Vice President of Administration at Mayo Clinic, dated March 23, 2017. Mayo Clinic is certifying expenditures for the period of January 1, 2016 through December 31, 2016 in the amount of \$107,211,567.

3. Summary of Expenditures: The summary page, entitled, "Certification of Expenditures, Destination Medical Center" is enclosed, setting forth total cumulative expenditures through December 31, 2016, in the amount of \$297,708,550.

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

Commissioner Shawntera Hardy
March 23, 2017
Page 2

work with the State of Minnesota, City of Rochester, Olmsted County, Mayo Clinic, and our other partners on the Destination Medical Center initiative.

Sincerely,


Tina F. Smith
Chair
Destination Medical Center Corporation

Encl.

cc: Destination Medical Center Corp Board of Directors
Jeffrey W. Bolton, Mayo Clinic

Attachment 1

Building Permits within DMC Boundary

(Does not include Mayo Projects)

Year	Completed
2013	\$ 8,500.00
2014	\$ 3,500.00
2015	\$ 5,537,282.00
2016	\$ 1,330,873.00
TOTAL	\$ 6,880,155.00

2016 Destination Medial Center - Partially Completed Projects Tracking

Project	Address	2016
		Partial Completed Work Claimed
1st Avenue Flats	400 NW 1 Avenue	\$ 4,976,244.00
Lofts at Mayo Park	123 SE 6 Avenue	\$ 6,347,552.97
501 on First	501 SW 1 Avenue	\$ 12,534,186.96
Flats on 4th (Buckeye)	412 SE 3 Avenue	\$ 8,906,937.40

Total for 2016 **\$ 32,764,921.33**

Dollar Value of building permits finaled in 2016 **\$ 1,555,125.00**

Dollar amount submitted for partial work in 2016 **\$ 31,209,796.33**

TOTAL \$ 38,089,951.33

2013 Building Permits (Entire Year)
COMPLETED BUILDING PERMITS (completed since the 2013 reports but prior to 12/31/2016)
 (Within DMC Boundary, does not include Mayo Projects)

	Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Lic Prof	Owner	2016 Permit Status	2016 Permit Status Date	Current Permit Status	Current Permit Status Date
1	Residential Bldg	Alteration	R13-1658RB	12/31/2013	005091	818 SW 1 ST, ROCHESTER, MN 55902	\$8,500	10 replacement windows in bedrooms on 2nd and 3rd floor. Removing existing fire escape.	CREEKWOOD CONSTRUCTION RYAN SCHULTZ 9491 CREEKWOOD CT SE ROCHESTER, MN 55904	WOMEN'S SHELTER INC PO BOX 457 ROCHESTER, MN 55903	Issued	12/31/2013	Failed	02/24/2014 (did not show up prior because of a bar of issue)

\$8,500

2014 Building Permits (Entire Year)
COMPLETED BUILDING PERMITS (completed since the 2015 reports but prior to 12/31/2016)
 (Within DMC Boundary, does not include Mayo Projects)

	Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Lic Prof	Owner	2016 Permit Status	2016 Permit Status Date	Current Permit Status	Current Permit Status Date
1	Demolition	Commercial	R14-0004D	5/7/2014	012844	723 SW 2 ST, ROCHESTER, MN 55902	\$2,500	Demo of Melissa's on 2nd	OWNER	SCHUSTER, CURTIS J 48855 STATE HWY 108 EASTON, MN 56025	Issued	5/7/2014	Finalized	1/25/2016
2	Sign	Business	R14-0078S	6/5/2014	014315	4 SW 3 ST, ROCHESTER, MN 55902	\$1,000	Projecting sign (Santitas Restaurant)	OWNER	Leung, Teresa 720 NORTHERN HILLS DR NE ROCHESTER, MN 55906	Issued	6/5/2014	Finalized	2/17/2016

\$3,500

2015 Building Permits (ENTIRE YEAR)
COMPLETED BUILDING PERMITS
 (Completed since the 2015 reports but prior to 12/31/2016)
 (Within DMC Boundary, does not include Mayo Projects)

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Lic Prof	Owner	2016 Permit Status	2016 Permit Status Date	Current Permit Status	Current Permit Status Date	
2	Commercial Bldg	Alteration	R14-0451CB	12/1/2015	014315	4 SW 3 ST, ROCHESTER, MN 55902	\$128,482	Alterations to existing restaurant to include a brewery and bar (Grand Rounds Brew Pub)	KRAUS-ANDERSON CONSTRUCTION CO John Prokash 416 S BROADWAY ROCHESTER, MN 55904	INDIGO FUSION HOLDINGS LLC 720 NORTHERN HILLS OR NE ROCHESTER, MN 55906	Issued	4/22/2015	C of O Issued	2/24/2016
3	Commercial Bldg	Alteration	R14-0251CB	1/21/2015	017865	101 E CENTER ST, ROCHESTER, MN 55904	\$60,000	Alterations for three new rooms on main level and one in the lower level. Update past violations as per letters of investigation. Adding showers in 16 rooms and existing plumbing alterations for 32 other rooms (Center Street Hotel).	OWNER	Andrew Fredericks 10817 110 SISE Charfield, MN 55923	Issued	1/21/2015	C of O Issued	9/15/2016
4	Commercial Bldg	Alteration	R15-0322CB	12/14/2015	025242	14 SW 4 ST, ROCHESTER, MN 55902	\$2,000,000	Restoration and change of use to existing building (Conley Building)	ALVIN E BENIKE, INC Mike E BENIKE 2800 W Hwy 14 ROCHESTER, MN 55901	CMO HOLDINGS LLC 2203 BAILLY HILLS DR SW ROCHESTER, MN 55902	Issued	12/14/2015	C of O Issued	9/16/2016
5	Multi-Family Bldg	Phased Partial Permit	R15-0036MFB	2/8/2015	017868	22 N BROADWAY AVE, ROCHESTER, MN 55906	\$4,800	Partial phase interior demolition for - Alterations of existing mechanical room, replace ceiling in commons (Park Towers)	TIMEC, INC Joe Beckel 1400 7 S INW Rochester, MN 55901	Park Towers 22 North Broadway Rochester, MN 55906	Issued	2/8/2015	Phased	6/9/2016
6	Multi-Family Bldg	Alteration	R15-0005MFB	2/19/2015	017868	22 N BROADWAY AVE, ROCHESTER, MN 55906	\$250,000	Alterations of existing mechanical room, replace ceiling in commons (Park Towers)	TIMEC, INC Joe Beckel 1400 7 S INW Rochester, MN 55901	Park Towers 22 North Broadway Rochester, MN 55906	Issued	2/19/2015	Phased	8/26/2016
7	Commercial Bldg	New	R15-0087CB	6/8/2015	012844	733 SW 2 ST, ROCHESTER, MN 55902	\$1,201,875	New dental office with 3 apartments (Almasai LLC)	TLS COMPANIES Todd Severson 1851 Kerry Dr NE	ALTAEAST LLC 1408 WOODLAND DR SW ROCHESTER, MN 55902	Issued	6/8/2015	C of O Issued	9/15/2016
8	Multi-Family Bldg	Phased Partial Permit	R15-0053MFB	8/3/2015	017690	501 SW 1 AVE, ROCHESTER, MN 55902	\$1,555,125	Partial phase footing and foundation, U.G. plumbing and electricality - 84 unit apartment with underground parking (501 on 1st Apartments)	KRAUS-ANDERSON CONSTRUCTION CO Adam Kramer 416 S BROADWAY ROCHESTER, MN 55904	MIK DOWNTOWN LLC PO BOX 283 NEW HAMPTON, IA 50659	Issued	8/3/2015	Phased	9/2/2016
9	Commercial Bldg	Alteration	R15-0395CB	10/22/2015	014442	30 SE 3 ST 201, ROCHESTER, MN 55904	\$155,000	Alterations for office space (Carlson Capital Management - Historic on 3rd)	Bulkcorn Brian Moser 30 3 SISE Suite 600 Rochester, MN 55904	Carlson Capital Management 118 4 ST SE Hastings, MN 55033	Issued	10/22/2015	C of O Issued	3/23/2016
10	Commercial Bldg	Alteration	R15-0333CB	10/29/2015	081808	210 N BROADWAY AVE, ROCHESTER, MN 55906	\$12,500	Alterations to existing space for new tenant (G & A Signs)	Horizon Retail Construction, Inc. John Matthews 1500 Horizon Dr Sartrevent, WI 53177	Andy Anderson 2107 8 Ave ROCHESTER, MN 55902	Issued	10/29/2015	C of O Issued	4/20/2016
11	Commercial Bldg	Alteration	R15-0393CB	11/8/2015	017882	159 S BROADWAY AVE, ROCHESTER, MN 55904	\$48,000	Alterations to existing skyway restrooms (Doubletree Hotel)	SCHWAB LLC Mike Hansen 1530 Greenview Dr SW Ste 109 Rochester, MN 55902	Merquis Hospitality 150 South Broadway ROCHESTER, MN 55904	Issued	11/8/2015	Phased	2/29/2016
12	Demolition	Commercial	R15-0023D	12/4/2015	018477	411 N BROADWAY AVE, ROCHESTER, MN 55906	\$53,000	Removal of two story building		PRUETT, MICHAEL A 4312 5 PL NW ROCHESTER, MN 55901	Issued	12/4/2015	Closed	10/19/2016
13	Demolition	Commercial	R15-0024D	12/4/2015	081852	408 HWY 1 AVE, ROCHESTER, MN 55901	\$30,000	Demolition of one story building		INVERWOOD LLC 7845 LYNDALE AVE S MINNEAPOLIS, MN 55423	Issued	12/4/2015	Closed	10/16/2016
14	Demolition	Commercial	R15-0025D	12/4/2015	081852	410 HWY 1 AVE, ROCHESTER, MN 55901	\$30,000	Demolition of one story taxi building		INVERWOOD LLC 7845 LYNDALE AVE S MINNEAPOLIS, MN 55423	Issued	12/4/2015	Closed	10/16/2016
15	Sign	Business	R15-0150S	10/20/2015	025280	711 S BROADWAY AVE, ROCHESTER, MN 55904	\$9,500	Wall Signs "RUNNING ROOM LTD"	OWNER	TIM LO ALBERTA, CANADA, T8E6P3	Issued	10/20/2015	Phased	2/8/2016
16	Sign	Business	R15-0140S	11/24/2015	017773	18 SW 3 ST, ROCHESTER, MN 55902	\$4,000	Wall sign "blue sky DENTAL Cosmetic & Family Dentistry"	OWNER	LANGTON, DIANE	Issued	11/24/2015	Phased	2/8/2016

\$6,637,282

2016 Building Permits (Entire Year)
COMPLETED BUILDING PERMITS (Completed prior to 12/31/2016)
 (Within DMC Boundary, does not include Mayo Projects or City/County Projects)

	Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Lic Prof	Owner	Current Permit Status	Current Permit Status
1	Commercial Bldg	Alteration	R16-0009CB	2/24/2016	078775	421 SW 1 AVE, ROCHESTER, MN 55902	\$40,000	Alterations for new conference room (Premier Bank)	ALVIN E BENIKE, INC Levi E Kaiser 2960 W Hwy 14 ROCHESTER, MN 55901	PREMIER BANK ROCHESTER 421 1 AVE SW # 100 ROCHESTER, MN 55902	Finalized	3/25/2016
2	Commercial Bldg	Alteration	R16-0073CB	3/11/2016	079692	300 SE 3 AVE, UNIT# 205, ROCHESTER, MN 55904	\$6,500	Alterations for existing office space (Robert Fleming offices - Ironwood Square Bldg)	R FLEMING CONSTRUCTION INC ROBERT FLEMING 2707 OAK VIEW LN NE ROCHESTER, MN 55908	Robert Fleming 2707 Oakview Ln NE ROCHESTER, MN 55906	Finalized	4/7/2016
3	Commercial Bldg	Alteration	R16-0007CB	3/11/2016	009274	512 SW 3 ST, ROCHESTER, MN 55902	\$55,000	Alterations to existing kitchen (First Presbyterian Church)	ROK Enterprises, LLC Ron Kleinberg 3833 Garnet Ridge Dr NE Rochester, MN 55906	FIRST PRESBYTERIAN CH 512 3 ST SW ROCHESTER, MN 55902	Finalized	8/24/2016
4	Commercial Bldg	Phased Partial Permit	R15-0445CB	3/16/2016	014310	313 S BROADWAY AVE, ROCHESTER, MN 55904	\$201,528	Partial phase whitebox for interior stairways and MEP, no tenant finishes (GKH2 Bldg - Paine)	CONSTRUCTION COLLABORATIVE Grant Michaelitz 320 S BROADWAY ROCHESTER, MN 55904	GKH2 HOLDINGS LLC 320 BROADWAY S ROCHESTER, MN 55904	Closed	10/17/2016
6	Commercial Bldg	Alteration	R15-0138CB	4/19/2016	079165	318 SW 1 AVE, ROCHESTER, MN 55902	\$36,414	Alterations to construct 2 spaces with walls (318 Comm ons - UMR - 2)	STARR CONSTRUCTION INC. DBA CONSTRUCTION COLLABORATIVE Jerry Rutgers 320 S BROADWAY ROCHESTER, MN 55904	GH HOLDINGS LLC 320 SOUTH BROADWAY ROCHESTER, MN 55904	Finalized	8/22/2016
7	Commercial Bldg	Alteration	R16-0077CB	4/20/2016	061056	222 SW 6 AVE, ROCHESTER, MN 55902	\$250,000	Alterations to existing fellowship hall (Trinity Lutheran Church)	ALVIN E BENIKE, INC Mary E Kisilewski 2960 W Hwy 14 ROCHESTER, MN 55901	TRINITY EVANGELICAL LUTHERN CHURCH 222 6 AVESW ROCHESTER, MN 55902	C of O Issued	8/30/2016
8	Commercial Bldg	Alteration	R16-0116CB	4/22/2016	017867	216 SW 1 AVE, ROCHESTER, MN 55902	\$1,000	Exterior support for a new type 1 kitchen hood and duct (City Café)	SUPERIOR MECHANICAL, INC Mike Nordstrom 1244 60 Ave NW Suite C Rochester, MN 55901	Creative Cuisine 212 1 AVE SW ROCHESTER, MN 55902	Finalized	5/20/2016
9	Commercial Bldg	Alteration	R16-0072CB	4/26/2016	014310	313 S BROADWAY AVE, ROCHESTER, MN 55904	\$102,134	Second floor tenant finish for facility offices (U of M - Payne Bldg)	CONSTRUCTION COLLABORATIVE Grant Michaelitz 320 S BROADWAY ROCHESTER, MN 55904	GKH2 HOLDINGS LLC 320 BROADWAY S ROCHESTER, MN 55904	C of O Issued	10/19/2016
10	Commercial Bldg	Addition	R16-0068CB	4/26/2016	014310	313 S BROADWAY AVE, ROCHESTER, MN 55904	\$212,097	Installation of a skyway from 313 South Broadway to 318 1 Ave SW Building (GKH2 Bldg - Paine)	CONSTRUCTION COLLABORATIVE Grant Michaelitz 320 S BROADWAY ROCHESTER, MN 55904	GKH2 HOLDINGS LLC 320 BROADWAY S ROCHESTER, MN 55904	Finalized	10/17/2016
11	Commercial Bldg	Phased Partial Permit	R16-0202CB	6/9/2016	078775	421 SW 1 AVE, ROCHESTER, MN 55902	\$5,000	Interior demolition - Alterations to existing office space (Dunham Engineering)	RELIABLE CONTRACTORS, INC GARY NORDINE 6851 10 Ave SW ROCHESTER, MN 55902	Jay Rohkohl 16 3 St SW ROCHESTER, MN 55902	Closed	7/14/2016
12	Commercial Bldg	Alteration	R16-0201CB	6/15/2016	078775	421 SW 1 AVE 201, ROCHESTER, MN 55902	\$51,000	Alterations to existing office space (Dunham Engineering)	RELIABLE CONTRACTORS, INC GARY NORDINE 6851 10 Ave SW ROCHESTER, MN 55902	Jay Rohkohl 16 3 St SW ROCHESTER, MN 55902	C of O Issued	7/15/2016
13	Commercial Bldg	Alteration	R16-0281CB	8/26/2016	081707	20 SW 2 AVE 172, ROCHESTER, MN 55902	\$25,000	Alterations for an eye care office space (Huber Eye Care - Kahler Grand Hotel)	TLS COMPANIES Spencer Holman 1951 Kerry Dr NE Rochester, MN 55906	KAH 202ND AVENUE LLC 20 2 AVESW ROCHESTER, MN 55902	C of O Issued	10/24/2016

2016 Building Permits (Entire Year)
COMPLETED BUILDING PERMITS (Completed prior to 12/31/2016)

14	Commercial Bldg	Alteration	R16-0242CB	9/12/2016	080419	519 SW 1 AVE, ROCHESTER, MN 55902	\$70,000	Alterations from meeting room to retail space (Peoples COOP - Metro Marketplace)	WIESER BROTHERS GENERAL CONTRACTOR, INC. Todd Hase 200 TWILITE ST LA CRESCENT, WI 55947	METROPOLITAN MARKET PLACE LLC 420 5 AVE S SUITE A LACROSSE, 54601	Finalized	11/15/2016
15	Commercial Bldg	Alteration	R16-0297CB	9/15/2016	025249	400 S BROADWAY AVE, ROCHESTER, MN 55902	\$275,000	Alterations for third level tenant space (Winona State University - Riverside Building)	ALVIN E BENIKE, INC Travis E Lange 2960 W Hwy 14 ROCHESTER, MN 55901	Winona State University 659 30 Ave SE ROCHESTER, MN 55904	C of O Issued	12/23/2016
16	Residential Bldg	Alteration	R16-1136RB	7/26/2016	005859	403 NW 5 AVE, ROCHESTER, MN 55901	\$200	Alterations - Egress window replacements, main floor 36" x 42 " casement single unit (Rental)	OWNER	PROW, THOMAS (TRUSTEE) 403 5 AVE NW ROCHESTER, MN 55901	Finalized	7/27/2016

\$1,330,873

Attachment 2



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

March 23, 2017

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

Dear Commissioner Hardy:

Attached with this letter is Mayo Clinic's certification of qualified expenditures of the medical business entity for the Destination Medical Center (DMC) initiative for the period starting January 1, 2016 and ending December 31, 2016. The amount of qualified investment is approximately \$107.2 million.

Overall, Mayo Clinic expended more than \$240.0 million on capital projects and equipment in Rochester in 2016. Major projects included: Saint Marys East Bed Tower Expansion and Modernization, Precision Medicine and Saint Marys Radiology Consolidation. Again, Mayo Clinic is taking a conservative approach this year when counting eligible investments and expenditures for purposes of meeting the DMC investment goals.

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

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Bolton", written over a horizontal line.

Jeffrey W. Bolton
Vice President, Administration
Mayo Clinic

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

Permitted Expenditures from July 1, 2013 to December 31, 2016

Approval Date	Project/Req Number	Project/Equipment Name	Total Expenditures reported for 2016	Total Spent as of December 31st 2016
02/18/11	7R100580	Mary Brigh East Expansion	5,455.79	2,015,230.89
11/09/12	7R110910	Dermatology Remodel	-	9,123,648.24
11/09/12	7R121480	Sports Medicine Center	-	5,666,939.49
07/03/13	7R121370	2915 Warehouse Infrastructure	-	693,219.52
07/10/13	7R130470	Core 200 SMH Operating Room Renovation	-	1,411,411.46
07/10/13	7R100320	Anatomic Pathology Office Remodel	-	476,041.94
07/10/13	7R121490	Psychiatry and Psychology Master Plan, Phase 1A - Generose Main	-	1,213,985.91
07/11/13	7R120570	Development Remodel	-	2,679,274.32
08/01/13	7R130980/7R130981	Bed Tower Modernization MB east	23,246,729.42	38,086,427.33
08/01/13	7R130990/7R130991	Domitilla 3 Modernization	1,184,304.29	7,751,953.95
08/14/13	7R130650	Remodeling laboratory space on Guggenheim 5.	-	265,065.75
08/29/13	7R130810	Saint Marys Hospital Chiller Addition	1,517,071.81	4,482,004.12
09/25/13	7R130180	Institute Hills Chiller Replacement	-	441,903.16
11/06/13	7R130820	Radiation Oncology Room "E" Linear Accelerator Replacement	-	188,793.94
12/11/13	7R110200	DLMP Phlebotomy Remodel	11,512.22	1,615,648.60
02/05/14	7R120870	Mary Brigh Electrical Upgrades (Phase 3)	118,429.78	2,002,781.62
02/21/14	7R121420	SDSC Expansion Construction Only	244,255.29	21,175,162.03
02/26/14	7R121080	Creation of the consolidated freezer and BAP facility at the 2915 Warehouse	-	4,006,693.46
02/26/14	7R130690	Remodeling of multiple laboratories on Guggenheim 8	-	774,090.58
03/19/14	7R131440	Four Operating Rooms Off Core 700	-	3,082,756.73
04/23/14	7R131300	Remodeling within the Metabolomics Core on Alfred 5	4,509.00	616,212.48
2Q2014	R2007523 / 7R131300	Thermo TSQ Triple Quadrupole MS (assets 147506 & 145344)	-	596,292.00
04/23/14	7R131420	Remodeling within Opus 1 to accommodate space for a new CT machine.	-	480,162.90
04/30/14	7R131270	Employee and Community Health Southeast Clinic	-	4,326,200.60
04/30/14	7R120690	Cardiac Catheterization Procedure Room 103 Remodel - Saint Marys, Mary Brigh 4	-	412,584.91
06/04/14	7R140130	Gonda 5, 5th PET/CT Installation & Uptake	-	301,874.69
06/18/14	7R140540	Executive, Development and International Program Expansion - Mayo East 5	(45.48)	1,389,522.23
07/02/14	7R131400	DOM 3/4 Infrastructure Revisions for Remodeling	84,726.60	2,044,173.65
07/23/14	7R130760	Clinical Genome Sequencing, Lab Expansion	-	296,600.82
08/14/14	CPC2010723 / 7R130820	Varian Medical Systems (asset 145374)	-	3,334,879.00
08/20/14	7R140480	CMCT and Prev. Med. Relocation Gonda 18 to Mayo East 17	-	358,383.16
03/04/15	7R140790	Cancer Center Station Eisenberg 4-3	532,186.23	891,708.54
03/18/15	7R140780	CT Simulator I Replacement Charlton S-259, S-261	6,258.38	191,170.81
11/13/14	CPC2010473/7R140780	CT Scanner - 5yr (Asset 162815)	-	687,812.80
04/29/15	7R150070	Charlton 2 Incremental 3T Body Scanner	730,551.93	807,129.85
04/29/15	CPC2015146/7R150070	3T Siemens Skyra MRI (asset 166875, 167065-167082)	1,637,261.00	1,637,261.00
05/13/15	7R150080	SMC, Mary Brigh Main NH, MR-MCR 1.5T Replacement Scanner	203,886.23	444,248.23
05/13/15	CPC2015438/7R150080	GE; 1.5T Optima MR450W (asset 165084, 165346-165359)	1,130,292.00	1,130,292.00
05/13/15	7R150090	SMC, Mary Brigh Main NH, MR-MCR 1.5T Replacement Scanner	523,684.25	558,862.68
05/13/15	CPC2015436/7R150090	DISCOVERY MRI Mary Brigh (assets 169437, 171643, 171651, 171661-171672)	1,513,704.55	1,513,704.55
07/22/15	7R130230	Renovation Mary Brigh Main, PACU - Phase 4	3,670,059.65	3,914,875.81
05/14/15	7R140390	SMH Mary Brigh East Corridor Relocation	5,177,804.87	5,428,497.83
02/25/15	7R140970	Dr. Lee Diamond Reactor Lab Remodel on Med Sci SL	7,021.36	226,408.57
7/23/2014	7R131280	MR-RO-CN-1-MR/PET installation	21,262.34	781,558.09
3rd qtr 2014	CPC2007008/7R131280	GE; DISCOVERY MR750 PET (Assets 149876, 150145-150157, 150668-150670)	-	3,698,538.02
8/20/2014	7R140140	CT Scanner Replacements (3L, 3Z & 4J) - somatom - CH 2	179,211.37	561,057.62
3rd qtr 2014	CPC2010196/7R140140	Somatom Force CT (Asset 157628)	-	1,831,372.00
12/11/2014	7R140770	Linear Acc Replace Rm "C"	-	185,937.00
08/14/14	CPC2010723/7R140770	VARATHON MEDICAL; TRUE BEAM (Asset 162800)	-	2,895,908.00
08/14/14	CPC2010184/7R140770	SIEMENS; CT EDGE (Asset 163463)	-	856,459.02
08/14/14	CPC2010189/7R140770	SIEMENS; SOMATOM DEFINITION (Asset 164325)	-	862,578.20
10/9/2014	7R140160	Incremental MRI Body Scanner	2,970.00	603,049.87
08/14/14	CPC2010068/7R140160	SIEMENS; SKYRA 3TMRI (Asset 157191, 157322-157339)	-	1,859,239.00
12/12/2013	7R121290	GO3 Build 2 CT Bays	1,095.00	656,293.35
11/13/14	CPC2010188/7R121290	SIEMENS; SOMATOM FORCE CT (Asset 149843)	-	1,750,000.00
05/08/14	CPC2008778/7R120690	PHILIPS; XPER FD20 (Assets 147302, 147339, 147392)	-	1,649,213.30
1/9/2015	7R140090	Neurology Renovation, Mayo 8	1,291,836.43	5,056,333.46
8/21/2014	7R140220	Mayo 8 - Lobby Remodel	526,465.74	1,024,865.07
4/28/2015	7R140700	Vascular OR Core 801 SMH	355,373.77	1,016,450.36
5/30/2014	7R140170	Rad Vascular Imaging Ste 90	-	144,461.29
5/8/2014	CPC2008468/7R140170	SIEMENS MEDICAL; ARTIS ZEE (Asset 146871, 146872)	-	985,408.00
2/4/2014	7R130050	CT MBM Incremental Interventional CT	17,509.31	1,268,114.01
8/1/2013	CPC2002220/7R130050	SIEMENS; DEFINITION EDGE CT (Asset 148622, 148623)	-	1,315,697.00
10/15/2014	7R140150	CH N Neuro Scanner CNI-119C	(28,365.98)	561,796.54
8/14/2014	CPC2010082/7R140150	SIEMENS; PRISMA 3T MRI and Accessories (Asset 157677, 157935-157946)	-	2,241,875.00
		USPS Building Purchase (Asset 156757, 156758)	-	2,185,017.25
12/11/14		Land for Ronald McDonald House (Asset 147588, 147589)	-	1,000,203.16
8/14/2014	CPC2007616/7R140130	GE; DISCOVERY 710 PET Scanner (Asset 148389)	-	2,103,046.58
2/17/2016	7R151530	Fixed Wing Building	533,262.51	533,262.51
5/25/2016	7R151390	Hematopathology Consolidation, Hilton Building 7th Floor	182,846.09	182,846.09
6/29/2016	7R150870	Vacate Ei 7-1/7-2 Dermatology Phototherapy Phototherapy Relocation	400,071.64	400,071.64
8/31/2016	7R160520	Relocation of Respiratory Care Unit	47,364.42	47,364.42
3/31/2016	7R151490	Linen Service Depot-3939 Building	1,636,649.12	1,636,649.12
6/30/2016	7R150740	Media On Demand Replacement Project	425,929.66	425,929.66
7/8/2016	7R151570	Temporal Bone Lab remodel (original \$600K)	13,936.90	13,936.90
4/27/2016	7R150760	Dr. Misra Laboratory, Gugg 6	177,303.69	177,303.69
6/8/2016	7R160650	Lab Remodel Gugg 17 and 18	28,413.05	28,413.05
9/14/2016	7R160340	Space assignment for Dr. Burns and Dr. Scarisbrick surgery - Guggenheim 6	39,068.41	39,068.41

Permitted Expenditures from July 1, 2013 to December 31, 2016

Approval Date	Project/Req Number	Project/Equipment Name	Total Expenditures reported for 2016	Total Spent as of December 31st 2016
9/28/2016	7R151450	Guggenheim 13 Space Remodel	30,325.06	30,325.06
6/30/2016	7R140810	Charlton Desk R Lobby Remodel	128,690.67	128,690.67
11/1/2015	7R151060, 7R15106E	Jacobson Building Operating Rooms	983,662.71	983,662.71
2/17/2016	7R150100	Charlton 1 PET/CT (DRX- 1 Replacement) E-3006	16,670.07	16,670.07
May 2016	7R150010	Gastroenterology & Hepatology Renovation	535,775.84	535,775.84
Aug 2016	7R160670	7T MRI Scanner	45,420.51	45,420.51
2/1/2014	7R140100	SMH Campus Radiology Consolidation	14,855,292.49	14,855,292.49
11/1/2015	7R150830	Mary Brigh East Tower Additional Floors	13,047,032.20	13,047,032.20
	7R150670	Eisenberg 7-1 and 7-2	722,930.77	722,930.77
12/1/2015	7R150970	Pre Post Expansion on Gonda 2 Gonda 2-467	266,028.69	266,028.69
11/19/2015	7R131510	Franklin Heating Station Chiller #4 Replacement	327,251.66	327,251.66
11/4/2015	7R141050	Mary Brigh 4, Room 106 Heart Rhythm Services Remodeling	475,304.78	475,304.78
5/5/2016	CPC2023942/7R141050	Siemens - Fluoroscopy 106 (Asset 172294)	1,508,299.00	1,508,299.00
11/4/2015	7R141060	Mary Brigh 4, Room 111 Heart Rhythm for Equipment Replacement	52,249.31	52,249.31
11/4/2015	7R150850	Charlton North MR-MCR NU 3T Replacement Scanner	346,848.81	346,848.81
	CPC2019384/5/7R150850	MAGNETOM Prisma 3T (asset 173601)	2,184,842.00	2,184,842.00
11/4/2015	7R150840	Charlton North MR-MCR NT 1.5 Replacement Scanner	584,533.06	584,533.06
	CPC2019387/7R150840	SIEMENS; 1.5T OPEN 70CM (assets 169436,171642,171650,171652-171660)	1,188,732.00	1,188,732.00
5/1/2015	7R141150	Research Biplane Angiography System Replacement	78,970.28	78,970.28
5/1/2015	R2017007/7R141150	SIEMENS; ARTIS ZEE BIPLANE (asset 165045-165046)	1,158,442.00	1,158,442.00
		41st Street Professional Complex	9,831,862.38	9,831,862.38
May-16	7R160100, 7R160101, 7R160102, 7R160103	Precision Medicine Initiative	1,636,857.55	1,636,857.55
2Q16	R2025131/7R160100	Motoman (PO 20026936)	2,516,220.00	2,516,220.00
2Q16	R2025134/7R160100	Autogen (Assets 175437-175447)	1,992,857.97	1,992,857.97
2Q16	R2025138/7R160100	Hamilton Star (Assets 171685, 172326)	440,763.20	440,763.20
2Q16	R2025143/7R160100	Hamilton Bios Freezer	2,503,726.93	2,503,726.93
2Q16	R2025249/7R160100	PerkinElmer Spectrophotometer	39,920.00	39,920.00
3Q16	R2026730/7R160100	Hamilton Robotic Upgrades	45,951.00	45,951.00
4Q16	R2027700/7R160100	Hamilton Tube Handler - REQ# 2027700	34,358.20	34,358.20
3Q16	R2026141/7R160100	Verso M2 - REQ# R2026141	340,609.88	340,609.88
11/1/2015	7R150570, 7R15057A-7R15057D	Mary Brigh East Operating Rooms	621,741.12	621,741.12
12/1/2015	7R151460	Gonda 14 Radiographic Room DR Conversion E153011 RAD-MCR-GO14-R	15,040.23	15,040.23
12/1/2015	7R151470	Gonda 14-158 Duo DR Replacement, E15-3014 RAD-MCR-GO14-158	153,017.27	153,017.27
12/1/2015	7R150980	West Pre/Post Remodel, Mary Brigh Main	12,363.15	12,363.15
8/19/2015	7R150650	Radiology - Charlton 1, VG6 Replacement E15-3003	138,704.91	138,704.91
8/19/2015	CPC2015772/7R150650	GE; DISCOVERY 670 PRO	948,408.45	948,408.45
			102,211,096.79	239,130,912.00

Attachment 3

Certification of Expenditures Destination Medical Center

For Calendar Year 2016

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

Pursuant to Minnesota Statutes, Section 469.47, the Medical Business Entity and the Destination Medical Center Corporation (DMCC) Board of Directors (assisted by the City of Rochester) respectively submit to the Department of Employment and Economic Development (DEED) the following expenditures that relate to the Destination Medical Center (DMC) Development for the calendar year 2016, and the information required to support the approved methodology provided in the City of Rochester/Commissioner of Employment and Economic Development State Infrastructure Aid Agreement (State Infrastructure Aid Agreement).

Expenditures Reported This Year

Total Expenditure Reported for 2016 by Medical Business Entity ¹	\$107,211,567
Total Expenditure Reported for 2016 for individuals and other private entities ^{1,2}	\$38,089,951
TOTAL Expenditures for This Year	\$145,301,518

Cumulative Expenditures

Cumulative Previous Expenditures	\$152,407,032
Previous Qualified Expenditures (Cumulative Previous Expenditures less \$200,000,000 Required Initial Investment)	\$(47,592,968)
TOTAL Expenditures This Year (from above)	\$145,301,518
Cumulative Qualified Expenditures as of 12/31/16	\$297,708,550

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

General State Infrastructure Aid Qualified for (Cumulative Qualified Expenditures less \$200,000,000 Required Initial Investment multiplied by .0275)	\$2,686,985
State Transit Aid Qualified for (Cumulative Qualified Expenditures less \$200,000,000 Required Initial Investment multiplied by .0075)	\$732,814


By providing my signature below, I certify that the information state herein, to the best of my knowledge, is accurate, true, and complies with the provisions of Minnesota Statutes, Section 469.47 and the approved methodology as outlined in the State Infrastructure Aid Agreement.

For Expenditures by the Medical Business Entity:



Mayo Clinic Chief Financial Officer 3/20/2017
Date

For all other Expenditures:



Destination Medical Center Corporation 3/23/2017
Date

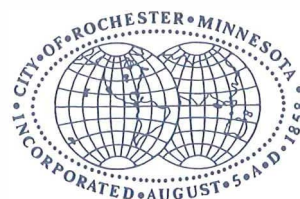
¹ Expenditures need to be after June 30, 2013.

² Private expenditures for the period of July 1, 2013 – December 31, 2016, after adoption of the Development Plan. Certain additional expenditures for this time period are currently under discussion with DEED, and may be included in the certification for calendar year 2017.



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

FIRST CLASS CITY • FIRST CLASS SERVICE



March 28, 2017

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

RE: City of Rochester DMC Certificate of Contributions for January 1, 2016 through
December 31, 2016

Dear Commissioner Hardy:

The City of Rochester is hereby certifying local contributions of \$2,960,428.54 for calendar year 2016 towards the local matching contributions for the Destination Medical Center development. This amount is in addition to the City's previous certification of \$9,846,771.68 for the period from June 30, 2013 through December 31, 2015. This brings the total amount for the period from June 30, 2013, to December 31, 2016, to \$12,807,199.22. This 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 looks forward to working with your staff to review this information and to provide any explanations or documentation that they should require.

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 dark ink that reads "Ardell F. Brede".

Ardell F. Brede, Mayor
City of Rochester

c: Kevin McKinnon
Jeremy Lacroix
Tina Smith, Chair DMC Corporation
Stevan Kvenvold
Lisa Clarke

Gary Neumann
Brent Svenby
Kathleen Lamb
Dale Martinson
Eric Theuer

Certification of Contributions
City of Rochester

For Calendar Year 2016

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

The City of Rochester hereby submits to the Department of Employment and Economic Development (DEED) the following report for Contributions that relate to the Destination Medical Center (DMC) Development for the calendar year 2016, as required by the City of Rochester Commissioner of Employment and Economic Development State Infrastructure Aid Agreement. The city may revise this certification based on audit adjustments prior to June 1.

GENERAL STATE AID

General Aid Contributions Reported this Year

TOTAL Contributions Reported This Year by the City of Rochester¹ \$2,960,428.00 1

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

General State Infrastructure Aid Qualified for (Annual Exp. multiplied by \$2.55) \$7,549,091.00 2

Cumulative City General Aid Contributions

Cumulative Previous Contributions \$9,846,771.00 3

Contributions This Year \$2,960,428.00 4

Cumulative Contributions as of 12/31/16 \$12,807,199.00 5

Cumulative State Aid Qualified for as of 12/31/16 \$32,658,357.00 6

State GSIA expended this year 0 7

TRANSIT AID

Transit Aid Contributions Reported this Year

Transit Aid Contributions Reported This Year by the City of Rochester^{1,2} 0 8

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

State Transit Aid Aid Qualified for 0 9

Cumulative City Transit Aid Contributions

Cumulative Previous Contributions 0 10

Contributions This Year 0 11

Cumulative Contributions as of 12/31/___ 0 12

Cumulative State Aid Qualified for as of 12/31/___ 0 13

State Transit Aid expended this year 0 14

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

Andell F. Brede
Mayor, City of Rochester

March 28, 2017
Date

Robert S. Kuenzle
City Administrator, City of Rochester

3/28/17
Date

¹ Funds expended need to be after June 30, 2013

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

EXHIBIT B

DEED Certifications Dated June 27, 2017



EMPLOYMENT AND ECONOMIC DEVELOPMENT

June 27, 2017

EXHIBIT B

Tina Smith, Chair
Destination Medical Center Corporation
4720 West Lake Harriet Parkway
Minneapolis, MN 55410

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

Dear Ms. Smith and Mr. Bolton:

Thank you for submitting the 2016 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 \$107,211,567 in Mayo Clinic expenditures and \$38,089,951 in other expenditures. The Mayo Clinic provided DEED with information on all invoices and payments to account for their certification amount. They also provided an independent third party report from RSM US LLP stating the law and procedures for certifying expenditures which are being followed properly. Additionally, DEED staff reviewed invoices and payments in your certification. We selected 96 of your listed expenditures totaling more than \$24.3 million. We selected one expenditure from each of the 72 projects listed. 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 32 completed projects for \$6,880,155 in expenditures. DEED randomly selected 16 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 \$31,209,796 in expenditures on four projects that are partially completed. DMCC contracted with Clifton Larson Allen (CLA) to complete a review on its Certification to insure it is correct. CLA issued an opinion that the amount of the DMCC certification process was correct.

Economic Development Division

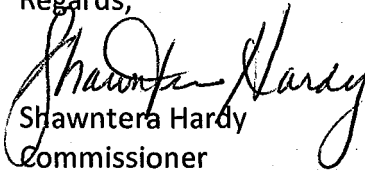
1st National Bank Building ■ 332 Minnesota Street ■ E200 ■ Saint Paul, MN 55101-1351
651-259-7432 PHONE ■ 800-657-3858 TOLL FREE ■ 651-296-5287 Fax ■ www.mn.gov/deed

AN EQUAL OPPORTUNITY EMPLOYER AND SERVICE PROVIDER

As required by law, I have determined that the amount of 2016 Destination Medical Center expenditures is \$145,301,518 as you certified. DMC cumulative expenditures are now \$297,708,550. The \$200 million cumulative expenditure threshold has been met and Qualified Expenditures have been determined to be \$97,708,550. Based on this figure and adequate general aid contributions from the city, I have determined the City of Rochester has qualified for \$2,686,985.13 of General State Infrastructure Aid in 2016. As per state statute, this payment will be made prior to September 1.

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

Regards,



Shawntera Hardy
Commissioner

C: Patricia Simmons, Chair of Economic Development Agency Board of Directors
Lisa Clarke, Economic Development Agency Executive Director
Gary Neumann, City of Rochester



EMPLOYMENT AND ECONOMIC DEVELOPMENT

June 27, 2017

Ardell F. Brede, Mayor
City of Rochester
201 4th Street SE – Room 281
Rochester, MN 55904-3782

Dear Mayor Brede:

Thank you for submitting the 2016 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.

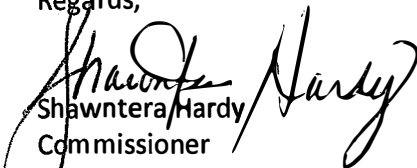
Your revised 2016 Certification listed \$3,586,223 in city contributions between July 1, 2013 and December 31, 2016. You provided a detailed listing of 946 expenditures. These expenditures consisted of direct DMC expenses paid by the city as well as DMC Corporation and DMC Economic Development Authority expenses paid for by the city. From that list, DEED randomly selected 29 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 \$34,143,763.05 million of general aid, however expenditures from Mayo Clinic and others were \$297,708,550. These expenditures reduced the amount of general aid to the city to \$2,686,985.13. Your excess contributions will be credited towards future years. We will be providing payment of \$2,686,985.13 to you prior to September 1 as mandated by statute.

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

Regards,


Shawntera Hardy
Commissioner

C: Tina Smith, Chair of Destination Medical Center Corporation
Jeff Bolton, Chief Administrative Officer Mayo Clinic
Patricia Simmons, Chair of Economic Development Agency Board of Directors
Lisa Clarke, Economic Development Agency Executive Director

Economic Development Division

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

AN EQUAL OPPORTUNITY EMPLOYER AND SERVICE PROVIDER