DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. 42-2016

Authorizing Submission of a Modification to the Development District to the City of Rochester

The following Resolution was offered by Ardell Brede, seconded by Michael Dougherty.

BACKGROUND RECITALS

A. On April 23, 2015, the Destination Medical Center Corporation ("DMCC") adopted a development plan for the Destination Medical Center initiative (the "Development Plan") as contemplated by Minnesota Statutes Sections 469.40 et. seq.

B. The DMCC also adopted a geographic area in the City of Rochester (the "City") identified in the Development Plan, in which public infrastructure projects are implemented as the Destination Medical Center development district (the "Development District").

C. The City and the Destination Medical Center Economic Development Agency ("EDA") have received a request for a modification to the Development District, set forth in Exhibit A attached (the "Proposed Development District Modification").

D. The DMCC may modify the Development Plan at anytime, and must update the Development Plan not less than every five years. Pursuant to Minnesota Statutes Section 469.43, subdivision 4, a modification or update must be adopted by the DMCC upon the notice and after the public hearing and findings required for the original adoption of the Development Plan, including approval by the City.

E. The DMCC must hold a public hearing before modifying the Development Plan. At least sixty days before the hearing, the DMCC must make copies of the proposed modifications available to the public at the DMCC’s and City’s offices during normal business hours, on the DMCC’s and City’s websites, and as otherwise determined by the DMCC. At least ten days before the hearing, the DMCC must publish notice of the hearing in the official newspaper of the City. The DMCC may modify the Development Plan upon its finding that the elements of the statute have been satisfied, and upon approval of the modification by the City.

F. The City must act on the proposed modification to the Development Plan within sixty days following its submission by the DMCC.

RESOLUTION

NOW THEREFORE, BE IT RESOLVED by the Destination Medical Center Corporation Board of Directors that the Proposed Development District Modification, dated as of October 27, 2016, and on file with the DMCC is hereby submitted to the City of Rochester for its review and action within 60 days.
BE IT FURTHER RESOLVED that the DMCC Chair and Vice Chair are authorized:

(1) to make copies of the Proposed Development District Modification available to the public at the DMCC and City offices during normal business hours, on the DMCC’s website, on the City’s website, and as otherwise appropriate;

(2) to determine the date, time, and place to hold the public hearing for testimony from the public concerning the Proposed Development District Modification; and

(3) to take such actions as are necessary and appropriate to effectuate the submission of the Proposed Development District Modification and the timely progression of the approval process.

The question was on the adoption of the Resolution and there were 8 YEAS and 0 NAYS, as follows:

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RESOLUTION ADOPTED on October 27, 2016.

ATTEST: [Signature]
Tina F. Smith, Chair
Destination Medical Center Corporation
Alatus, LLC  
800 Nicollet Mall, Suite 2850  
Minneapolis, Minnesota 55402  

October 18, 2016  

DMC Corporation  
Attn.: Board Members  
195 South Broadway, Suite 12  
Rochester, Minnesota 55902  

Dear DMC Corporation Board Members:

Alatus is formally requesting an amendment to the DMC Boundary limits to include the additional parcels proposed for the Alatus 2nd Street Development footprint. A significant portion of the proposed project, approximately sixty-five percent (65%), is already located within the St. Mary’s Place DMC sub-district. To provide a visual reference of the proposed development footprint, an aerial of the site plan has been attached to the end of this letter. The applicant is requesting this boundary adjustment to develop a mixed-used, high-quality, precedent setting project serving as a gateway into the overall DMC Development District, which will adhere to various stakeholders’ requests for a quality, sustainable, community-oriented development. Because Alatus will be requesting funds through the DMCC and City of Rochester Joint Funding Application, it is necessary that the entirety of the development and the parcels it includes be within the DMC Boundary. The applicant has been working closely with both the City and DMC EDA staffs to develop a project that meets the DMC Plan Goals and Objectives. It is also important to note that the current property owners of all fourteen (14) land parcels are under purchase agreement with Alatus.

The Alatus 2nd Street Development has been proposed with high-quality materials, similar to that of the Alatus Latitude 45 apartment development in Minneapolis which several people of the Rochester community visited during the DMC’s ‘St. Mary’s Place Planning: Site Visit to Twin Cities’ event. The project presents a new level of quality of rental housing the city of Rochester has yet to experience; thus it is an untested product which market research supports as a demanded lifestyle. Given this quality of development, the overall project cost is estimated to be approximately $115mm. The overall design situates a 13-story residential building within the existing block and is respectful to its residential neighbors in terms of height, massing, ground level circulation and landscaping. While dense, the development seeks to create a human scale to the ground floor so as to engage the community, residents, visitors, patients, and employees alike. The building will include apartment and townhome rental housing, retail space, a neighborhood restaurant, office incubator space, and a fully enclosed parking garage occupied solely by the building’s tenants. The project will support the residents’ sustainable living experience by meeting
LEED standards and incorporating energy-efficient appliances, low-flow water fixtures, low-VOC paints and building-wide recycling practices. In addition, the proposed Alatus project provides a highly-activated pedestrian experience which will exceed the DMC and City of Rochester’s landscaping usage goals and streetscape requirements.

To provide some background of our progress thus far, the Alatus 2nd Street Development has received its preliminary phase Restricted Development approval from the City and submitted our Final Phase Restricted Development Application on October 12, 2016. The Planning Commission review on the Final Phase is scheduled to be held on November 9, 2016 followed by the final City Council hearing scheduled for December 19, 2016, at which time it is anticipated that the Council would provide approval of the Development Assistance Agreement as well as approval of the boundary adjustment. The final step of the approval process would be held at the DMCC Board Meeting to be scheduled in January 2017, to approve the boundary adjustment. The DMCC Board will be requested to give its approval to the project at their meeting on December 15, 2016, contingent upon the final approval of the boundary modification in January. The DMCC Board needs to approve the project before the City Council grants their approval. Conversely the City Council needs to approve the boundary modification before the DMCC Board approves that.

We greatly appreciate your review and consideration of the boundary adjustment for the Alatus 2nd Street Development project. Should you have any questions, please feel free to contact me at (612) 201-8487 or via cbosmundson@alatusllc.com.

Best Regards,

Chris Osmundson

Chris Osmundson
Development Director
Alatus, LLC

Enclosure – Aerial of Alatus 2nd Street Development Site
DATA DISCLAIMER - Destination Medical Center (DMC) Boundary
The DMC Boundary is a boundary for an Economic Development initiative and was approved in the Spring of 2015. The boundary polygon was created based on the ‘description’ of the DMC area. The DMC area was not a surveyed legal description and was subject to interpretation. Please note that this boundary is for informational purposes only and is subject to change.