



DESTINATION MEDICAL CENTER CORPORATION (DMCC)

BOARD MEETING

9:00 A.M. THURSDAY, SEPTEMBER 11, 2014

ROCHESTER CONVENTION CENTER



DESTINATION MEDICAL CENTER CORPORATION (DMCC)

BOARD MEETING

Thursday, September 11, 2014 – 9:00 AM

AGENDA

- I. Call to Order
- II. Roll Call
- III. Approval of Agenda
- IV. Approval of Minutes: Meeting of June 12, 2014
- V. Public Comment Period
- VI. Chair's Report
 - A. Project Status
 - B. Insurance / Risk Assessment: Update
 - C. DEED: Update
- VII. DMCC 2015 Funding Request
 - A. 2014 Budget: Year to Date Update
 - B. DMCC Budget
 - C. EDA Budget
 - D. EDA Workplan
 - E. Five Year Capital Plan
 - F. Resolution A: Approving 2015 Funding Request and Forwarding to City of Rochester
- VIII. Women and Minority Business Enterprise, Small Business Inclusion: Update
- IX. Travel Policy
 - A. Resolution B: Approving Travel Policy
- X. Working Capital Loan Agreement: Update
- XI. Economic Development Agency: Report
- XII. City of Rochester: Report
- XIII. Meeting Schedule
 - A. Next Meeting: Thursday, November 13th at 9:00 AM
 - B. Request for Special Meeting in December
- XIV. Adjournment

DESTINATION MEDICAL CENTER CORPORATION
BOARD OF DIRECTORS

MINUTES
June 12, 2014

- I. Call to Order. Chair Tina Smith called the meeting to order at 2:30 p.m. in the Mayo Civic Center, Riverview Room, Suite C, located at 30 Civic Center Drive SE, Rochester, MN 55904.
- II. Roll Call. In attendance were Chair Tina Smith, Mayor Ardell F. Brede, Commissioner Jim Bier, William George, City Council Member Ed Hruska, Susan Park Rani, R.T. Rybak and James R. Campbell.
- III. Adoption of Agenda. Commissioner Bier moved approval, Mayor Brede seconded.

Ayes (8), Nays (0), Motion carried.
- IV. Approval of Minutes. Chair Smith requested approval of the Minutes from the meetings of March 25, 2014 and April 22, 2014.

Ms. Park Rani moved approval, Mr. Campbell seconded.

Council Member Hruska moved to amend the March 25, 2014 minutes, to correct the reference to a year.

Ayes (8), Nays (0), Motion carried as amended.
- V. Public Comment Period. Chair Smith invited members of the community to provide comments. Nancy Slocum spoke about the importance of not losing sight of the fact that DMC legislation requires the public and private sector work concurrently to advance the economic initiatives. She stated that existing buildings and businesses are important to making Rochester unique and requested they be considered in planning.
- VI. Chair's Report. Chair Smith provided a report to the Board on the following:
 - A. Insurance: Update and Next Steps. Chair Smith requested Kathleen Lamb to address the Board. When the DMCC was established, the City authorized the DMCC to participate in the League of Minnesota's Cities Insurance Trust to provide additional insurance coverage for the Board. The initial term of coverage was from October 1, 2013, to October 1, 2014. The DMCC Chair and Treasurer authorized Ms. Lamb to retain a risk consultant to analyze the contractual and statutory risks of the DMCC Board and make recommendations. Risk Management Resources, Inc. has been retained to provide this service at a not-to-exceed amount of \$20,000.00 and will provide a report to the Board at a future meeting.
 - B. Other Updates. Chair Smith updated the Board on the following activities:

1. Monthly Report: The DMCC requested, and the EDA has been providing, a monthly summary on project activities.
2. DMCC Board Engagement in Planning Activities: Chair Smith and Dr. Patricia Simmons, Chair of the EDA Board, have adjusted the planning schedule to allow for a joint planning session on dates that coincide with the DMCC Board meeting.
3. Master Project Schedule: Chair Smith met with Chair Simmons and EDA staff to review the schedule. Chair Smith noted that the recommended timetable will include a draft plan to be completed in December, 2014 and a target date for approval in February, 2015.

Mr. Rybak commented that he appreciated the work on the schedule and asked that the planners sequence the work as much as possible to provide information as early as possible in the process. Ms. Park Rani agreed the schedule seemed appropriate.

Mr. Campbell, Mayor Brede and Council Member Hruska commented that the joint EDA/DMCC workshops are very helpful for input and understanding of the process and next steps.

VII. Financial Report.

- A. Overview. Chair Smith requested Mr. Dale Martinson, Assistant Treasurer of the DMCC, to present a financial report to the DMCC Board. He distributed a balance sheet, revenue-expense report and account ledger or transactions register. This report is to be used in concert with the EDA report. DMCC has assets of \$3,000.00 and deposits with assets of \$10,000.00 to the EDA for normal operating expenses.

Mr. George suggested the general ledger is too detailed, and that the budget should set forth for the year by category, what has been expended and issues to be considered.

Chair Smith indicated the DMCC would come up with one report that reflected EDA and DMCC costs. Mr. Martinson indicated that additional detail was requested by Council Member Hruska.

- B. Resolution A. Authorizing the Chair and Treasurer to Negotiate and Enter Into an Agreement with the City of Rochester and Destination Medical Center Economic Development Agency (EDA) for the Purpose of Advancing Funds to the EDA. Chair Smith updated the Board. The DMCC staff and Mr. Martinson have been working with the City and EDA to propose an amendment to the DMCC and EDA agreements. The amendment is to advance funds to the EDA to facilitate a loan for working capital and payroll expenses to the EDA within the constraints of the existing budget, audit, and reporting requirements. Chair Smith asked Ms. Lamb to summarize the general parameters of the loan.

Commissioner Bier moved approval. Council Member Hruska seconded.

Ayes (8), Nays (0), Motion carried.

VIII. Economic Development Agency. Dr. Simmons, Chair of the EDA, thanked the DMCC Board for participation in the joint visioning session.

Chair Simmons provided an update summarizing a few key points from the EDA report that were included in docket materials, including: 1) the resolution to advance funds that was approved by DMCC is necessary to allow the EDA to move forward with building the agency; 2) aligning the Master Project Schedule is critical to the EDA's ability to meet expectations of the DMCC Board; 3) DEED has certified the 2013 DMC Investment; 4) community engagement activity continues to be active, including Community Conversations which will be held later in the day and the second large public forum on July 10th; and 5) the EDA is working to advance discussions with the DMCC and the City on targeted business issues.

With respect to planning, the EDA is now in an active research phase. A Technical Committee has been formed to coordinate the DMC Development Plan and the City's Comprehensive Plan. One of the important next steps is to travel to other cities to learn from those visits.

Finally, Chair Simmons requested that the DMCC Board approve the Master Project Schedule included in the docket materials.

Chair Smith requested questions or comments from the Board on the EDA's activities.

Mr. George requested a more detailed budgetary report at the next meeting. Chair Simmons suggested that the DMCC and EDA Treasurer work together to identify the format. Chair Smith concurred and requested Mr. Martinson take the lead on developing the format.

Chair Smith requested discussion on the Master Project Schedule and moved to approve the revised Master Project Schedule recommended by the EDA, which calls for a preliminary draft of the DMCC Development Plan in December, 2014, followed by the required 60-day review process, with targeted final approval and adoption of the Development Plan in February, 2015. Commissioner Bier seconded.

Chair Smith requested questions or comments from the DMCC Board.

Mr. George asked what changes has been made to the Schedule since the last review. Chair Simmons reiterated that the Schedule has always assumed a one year planning period; the length of time has shifted based on start date. This is necessary to complete the plan as contemplated. Ms. Supple, the EDA's project manager, further commented that by aligning the EDA/DMCC joint meetings and other meetings, we should be able to mitigate some of the risks without increasing time.

Mr. Rybak and Council Member Hruska stressed the importance of setting a schedule for meetings and events going forward.

Mr. George asked if the community engagement process has been streamlined. Ms.

Supple listed the many engagement opportunities. The EDA also consolidated the community conversations, into a series of sessions that are occurring in July. This will give the planners time to incorporate comments into plans as they advance. Mr. George requested that the EDA track risks and report to the DMCC Board in monthly reports and Board meetings. Finally, Mr. George requested that the date be changed for the meeting to review the Preliminary Development Plan from December 22, 2014, to a more convenient December date. Chair Smith indicated the meeting is to be scheduled in the future.

Chair Simmons stressed that more engagement with the Boards and/or a process to try to align schedules of the Board can be done but may increase time and may increase costs.

Chair Smith closed discussion and requested a vote.

Ayes (8), Nays (0), Motion carried.

- IX. City of Rochester. Council President Randy Staver reported that progress was being made. He indicated: 1) the City is advancing a W/MBE policy in accordance with the law; 2) the City is happy with the approval of bonding for the Mayo Convention Center expansion; and 3) the City is aware there have been many questions about the impact of the DMC on housing, especially for low income individuals and families. The City and County have initiated a study by Maxfield Research and scheduled a meeting in July for the City and County to meet.

Mr. Jeff Ellerbush reported that the City Comprehensive Plan is moving forward and they were able to share transportation and infrastructure components with the EDA planning team. He indicated that the City, County and EDA were working collaboratively to advance the plan.

Chair Smith noted that the Chief Justice of the Supreme Court indicated an interest in determining how the Development Plan may impact other county and state-wide court systems. Chair Smith will follow up on this issue.

- X. Announcement of Next Meeting. Thursday, July 10, 2014, at 9:00 A.M.
- XI. Adjournment. Chair Smith asked for a motion to adjourn the meeting.

Council Member Hruska moved for adjournment. Ms. Park Rani seconded.

Ayes (8), Nays (0), Motion carried.

Destination Medical Center Corporation
Financial Summary July 2014

	2014 Approved Budget	Curent Month July 2014	July 2014 YTD	Amount Remaining	Percent Remaining
General Expenses	146,000	61	3,235	142,765	98%
Professional Services	400,000	89,931	257,406	142,594	36%
City Expenses	340,000				
Subtotal DMCC	886,000	89,992	260,641	285,359	32%
Third Party Costs - DMC EDA *					
Planning, Archictecture, Engineering	2,431,000	75,986	128,299	2,302,701	95%
Marketing and Public Relations					
Communications Marketing & PR	545,000	53,044	90,068	454,932	83%
Public Relations & Communications	245,000	13,355	33,080	211,920	86%
Development and Legal Services					
Development Services	1,675,000	182,500	730,000	945,000	56%
Financial, Accounting, and Investment Sei	675,000	67,500	270,000	405,000	60%
Legal Services	425,000	0	57,304	367,696	87%
Miscellaneous Professional Services					
Economic Analysis Market Research, Rep	351,000	50,931	88,892	262,108	75%
Other Professional Services & Project Cos	100,000		-		
Other Development Costs					
Payroll, Staff, Administration & Benefits-E	460,000	-	-	460,000	100%
General Expenses - EDA	382,000	5,525	84,093	297,907	78%
Reimbursable Expenses	30,000	-	3,083	26,917	90%
Subtotal DMC EDA	7,319,000	448,841	1,484,819	5,834,181	80%
Total All	8,205,000	538,833	1,745,460	6,459,540	79%
DMCC Working Capital Note			3,000		
EDA Working Capital Note			10,000		
* See Attached Contract Commitments for EDA Portion					

DETAIL COST REPORT #4

July 31, 2014

Division	Description	Schedule of Values							Variance	Work in Place	
		Master Project Budget A	Original Contract Amount B	Contract Revisions C	Committed Costs B+C	Committed Direct Owner Purchases D	Un-Committed Costs E	Final Projected Cost B+C+D+E	Over/(Under) Budget (B+C+D+E)-A	Total Work In Place	Percent Complete
	DEVELOPMENT COSTS										
40-05-000	Architecture & Engineering	\$2,431,000.00	\$1,542,261.95	\$10,945.06	\$1,553,207.01	\$0.00	\$877,792.99	\$2,431,000.00	\$0.00	\$128,299.32	5.28%
40-05-300	Planning Services, Architecture, Engineering	\$2,431,000.00	\$1,542,261.95	\$10,945.06	\$1,553,207.01	\$0.00	\$877,792.99	\$2,431,000.00	\$0.00	\$128,299.32	5.28%
40-25-000	Marketing & Public Relations	\$790,000.00	\$223,503.05	\$12,105.44	\$235,608.49	\$0.00	\$554,391.51	\$790,000.00	\$0.00	\$123,148.34	15.59%
40-25-300	Communications, Marketing & PR	\$545,000.00	\$176,237.76	\$3,830.44	\$180,068.20	\$0.00	\$364,931.80	\$545,000.00	\$0.00	\$90,068.20	16.53%
40-25-310	Public Relations & Communications	\$245,000.00	\$47,265.29	\$8,275.00	\$55,540.29	\$0.00	\$189,459.71	\$245,000.00	\$0.00	\$33,080.14	13.50%
40-30-000	Development Services	\$2,350,000.00	\$2,300,000.00	\$0.00	\$2,300,000.00	\$0.00	\$50,000.00	\$2,350,000.00	\$0.00	\$1,000,000.00	42.55%
40-30-300	Development Services	\$1,675,000.00	\$1,675,000.00	\$0.00	\$1,675,000.00	\$0.00	\$0.00	\$1,675,000.00	\$0.00	\$730,000.00	43.58%
40-30-310	Financial, Accounting & Investment Services	\$675,000.00	\$625,000.00	\$0.00	\$625,000.00	\$0.00	\$50,000.00	\$675,000.00	\$0.00	\$270,000.00	40.00%
40-35-000	Legal Services	\$425,000.00	\$89,208.01	\$0.00	\$89,208.01	\$0.00	\$335,791.99	\$425,000.00	\$0.00	\$57,304.21	13.48%
40-35-300	Legal Services	\$425,000.00	\$89,208.01	\$0.00	\$89,208.01	\$0.00	\$335,791.99	\$425,000.00	\$0.00	\$57,304.21	13.48%
40-55-000	Misc Professional Services	\$451,000.00	\$298,473.00	\$10,000.00	\$308,473.00	\$0.00	\$142,527.00	\$451,000.00	\$0.00	\$88,891.94	19.71%
40-55-300	Economic Analysis, Market Research, Reports	\$351,000.00	\$298,473.00	\$10,000.00	\$308,473.00	\$0.00	\$42,527.00	\$351,000.00	\$0.00	\$88,891.94	25.33%
40-55-310	Other Professional Services & Project Costs	\$100,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$100,000.00	\$100,000.00	\$0.00	\$0.00	0.00%
40-90-000	Other Development Costs	\$872,000.00	\$89,555.84	\$7,619.55	\$97,175.39	\$0.00	\$774,824.61	\$872,000.00	\$0.00	\$97,175.39	11.14%
40-90-115	Payroll, Staff, Administration & Benefits-EDA	\$460,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$460,000.00	\$460,000.00	\$0.00	\$0.00	0.00%
40-90-120	General Expenses-EDA	\$382,000.00	\$89,555.84	\$4,536.96	\$94,092.80	\$0.00	\$287,907.20	\$382,000.00	\$0.00	\$94,092.80	24.63%
40-90-300	Reimbursable Expenses	\$30,000.00	\$0.00	\$3,082.59	\$3,082.59	\$0.00	\$26,917.41	\$30,000.00	\$0.00	\$3,082.59	10.28%
	Subtotal	\$7,319,000.00	\$4,543,001.85	\$40,670.05	\$4,583,671.90	\$0.00	\$2,735,328.10	\$7,319,000.00	\$0.00	\$1,494,819.20	20.42%
	PROJECT CONTINGENCY										
90-00-000	Project Contingency	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	PROJECT TOTAL	\$7,319,000.00	\$4,543,001.85	\$40,670.05	\$4,583,671.90	\$0.00	\$2,735,328.10	\$7,319,000.00	\$0.00	\$1,494,819.20	20.42%



Destination Medical Center

Creating the World's Leading Center for
Excellence in Health, Wellness and Medical Innovation

DMC 2015 OPERATING BUDGET & EDA WORK PLAN

PRELIMINARY – FOR REVIEW AND COMMENT

September 11, 2014



DMC 2015 OPERATING BUDGET & EDA WORK PLAN

TABLE OF CONTENTS

PRELIMINARY – FOR REVIEW AND COMMENT

- 1.0 Introduction
 - DMC Overview and Goals
 - Document Overview
 - Consolidated DMC 2015 Operating Budget

- 2.0 DMCC 2015 Budget

- 3.0 EDA 2015 Budget and Work Plan
 - A. EDA Preliminary Operating Framework and Organizational Structure
 - EDA Purpose, Roles and Responsibilities
 - Organizational Structure
 - Roles and Responsibilities of EDA Staff

 - B. EDA 2015 Work Plan
 - EDA Work Plan

 - C. EDA 2015 Operating Budget
 - Preliminary Operating Budget

- 4.0 Capital Plan
 - DMC Capital Plan



Introduction





DMC 2015 OPERATING BUDGET & EDA WORK PLAN

DMC OVERVIEW & GOALS (ADOPTED BY DMCC)

PRELIMINARY – FOR REVIEW AND COMMENT

The State of Minnesota has a national reputation for excellence in health care and medical innovation and has made significant investments to stimulate the development of this high-value economic activity in the State. In 2013, Mayo Clinic – the State’s largest private employer – with the City of Rochester, Olmsted County and other community stakeholders brought forward the Destination Medical Center (DMC) proposal to secure Rochester’s and Minnesota’s future as a global medical destination. After careful deliberation, the Governor and the Minnesota Legislature concluded there was a compelling public interest for the state to assist in the development of the DMC and to create in State statute the financing tools and public governance structure necessary to realize this transformational development in Rochester and the region. The goals of the DMC have been established by the DMCC Board as:

DMC Goals (Adopted By DMCC)

The following goals have been adopted by the Destination Medical Center Corporation (DMCC) and serve as the basis of the Development Plan and strategies for the DMC Initiative going forward.

- Create a comprehensive strategic plan with a compelling vision that harnesses the energy and creativity of the entire community
- Leverage the public investment to attract more than \$5 billion in private investment to Rochester and the region
- Create approximately 35,000 – 45,000 new jobs, with workforce development strategies that support of that growth
- Generate approximately \$7.5 - \$8.0 billion in new net tax revenue over 35 years
- Achieve the highest quality patient, companion, visitor, employee, and resident experience, now and in the future



DMC 2015 OPERATING BUDGET & EDA WORK PLAN

DOCUMENT OVERVIEW AND OBJECTIVES

PRELIMINARY – FOR REVIEW AND COMMENT

The following provides an overview of the proposed DMC 2015 operating budget for the review and approval of the Destination Medical Center Corporation (DMCC) Board of Directors. The budget is comprised of the three parts:

DMCC Operating Budget

Includes the estimated expenses associated with the DMCC operations in 2015. The budget is comprised of expenses for the Board of Directors and third party professional services related to legal, financial and similar activities the DMCC Board will undertake in its role to oversee the implementation of the DMC initiative.

City of Rochester Budget

This includes the estimated operating expenses for the City of Rochester to administer and oversee certain aspects of the DMC Initiative, including the estimated expenses for the City to act in its role as fiscal agent on the project. Note, this estimate is based on previous year's estimated expenses (2014) and is subject to change as the City finalizes its budget for the 2015 operating year.

Economic Development Agency (EDA) Budget and Work Plan

This includes the estimated operating expenses for the EDA to provide services to develop and market the DMC Initiative in accordance with the DMC Law and the service agreement between the DMCC and EDA. In 2015, the EDA will transition its primary activities from planning to implementing the DMC Development Plan. A staffing plan and work plan are provided in this document to illustrate the structure and functions anticipated to be undertaken by the organization in 2015.

The full budget is included on the following page. The detailed budgets are incorporated in sections 2.0 – 4.0 of this document.



DMC 2015 OPERATING BUDGET & EDA WORK PLAN

DMC 2015 CONSOLIDATED BUDGET

PRELIMINARY – FOR REVIEW AND COMMENT

The proposed 2015 consolidated budget for DMC operations is included below.

	2014 Expenses	2015 Total
ORGANIZATIONAL EXPENSES		
Destination Medical Center Corporation (DMCC)		
General Administrative Expenses	\$146,000	\$217,203
Professional Services	\$400,000	\$780,600
Subtotal	\$546,000	\$997,803
City of Rochester (Note 1)	\$340,000	\$275,000
Economic Development Agency (EDA) (Note 2)		
Payroll, Staff and Administrative Benefits	\$460,000	\$1,285,000
General Administrative Expenses	\$382,000	\$222,000
Marketing Expenses	NA	\$261,000
Meeting Expenses	NA	\$12,000
Professional Services	NA	\$555,000
Miscellaneous Costs	NA	\$180,000
Subtotal	\$842,000	\$2,515,000
THIRD PARTY COSTS (RELATED TO DEVELOPMENT PLAN AND START UP)		
Development Plan and Start Up Costs	\$6,477,000	NA
Total Expenses	\$8,205,000	\$3,787,803

1. City budget is based on estimate of previous year's expenses. City's final budget is pending.
2. EDA budget does not include additional identified costs for professional services contingency or web site upgrades.



DMCC 2015 OPERATING BUDGET



DMC 2015 OPERATING BUDGET & EDA WORK PLAN

DMCC 2015 BUDGET

PRELIMINARY – FOR REVIEW AND COMMENT

The estimated expenses associated with DMCC operations is outlined below. Expenses are anticipated to include the costs associated with the DMCC meetings and professional services from third parties representing the DMCC in legal, financial and other services.

	escalation	2015												2015 Total
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Staff Expenses	1.25%													
Meeting Expenses (note 1)		\$2,228	\$2,228	\$2,228	\$2,228	\$2,228	\$2,228	\$2,228	\$2,228	\$2,228	\$2,228	\$2,228	\$2,228	\$26,730
Board Payments (note 2)		\$223	\$223	\$223	\$223	\$223	\$223	\$223	\$223	\$223	\$223	\$223	\$223	\$2,673
Travel Expenses Allowance (note 3)		\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$7,200
Subtotal		\$3,050	\$3,050	\$3,050	\$3,050	\$3,050	\$3,050	\$3,050	\$3,050	\$3,050	\$3,050	\$3,050	\$3,050	\$36,603
General Administrative Expenses	2.00%													
Insurance (Note 4)														\$150,000
Miscellaneous Expenses Reserve (note 5)		\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$30,600
Subtotal		\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$180,600
Professional Services	2.00%													
Legal Services														\$400,000
External Auditor (note 5)														\$50,000
Professional Services / Contingency (non-EDA provided - note 5)														\$300,000
Insurance/Risk Advisor (note 6)														\$30,600
Subtotal														\$780,600
Total Expenses														\$997,803

Notes:

- (1) Estimate for Civic Center room including staff and equipment
- (2) \$55/day Per Diem (non Public Sector Board Members - 4
- (3) Assume \$75/ meeting average cost - 8 board members
- (4) Insurance Cost based on estimated EDA costs
- (5) Allowance and/or estimate based on other similar organizations
- (6) Est. Current cost



EDA 2015

PRELIMINARY OPERATING
BUDGET & WORK PLAN



DMC 2015 OPERATING BUDGET & EDA WORK PLAN

EDA OVERVIEW & WORK PLAN

PRELIMINARY – FOR REVIEW AND COMMENT

In 2015, the DMC Initiative will evolve from the planning phase to the implementation phase of work. The Destination Medical Center Economic Development Agency (EDA) is the entity responsible for “developing and marketing” the DMC Initiative on behalf of the DMCC and City. The specific responsibilities of the EDA are enumerated under Minnesota, Chapter 143 (2013-2014 Regular Session), Article 10 (the “DMC Law”) and further defined in an “Agreement for Destination Services” between the Destination Medical Center Corporation (DMCC) and EDA (the “DMCC/EDA Agreement”)

The following document provides an overview of the proposed “2015 Operating Budget and Work Plan” for the EDA and provides an explanation of the operating framework anticipated to execute the work. The objectives of this proposal are to:

Objectives of the EDA 2015 Operating Budget and Work Plan

1. Establish an operating framework and budgetary proposal to establish an organization structure that has the capacity and capabilities needed to execute this complex \$5 billion initiative in accordance with the DMC Law.
2. To outline a general work plan and target accomplishments / milestones for the first year of operations.
3. To establish a staffing structure and operating plan positioned to attract and retain top talent to the organization, with the “experience and expertise” (see DMC Law) to execute the Development Plan and meet the EDA’s statutory and contractual obligations.
4. To breed flexibility in the plan, especially in the 2015 calendar year, to allow the EDA to evolve with input and guidance from the permanent Executive Director and senior staff and to respond to the specific requirements of the final development plan as approved by the DMCC Board and City of Rochester (target date for approval is February 2015).

This 2015 Operating Budget and Work Plan is preliminary in nature and will continue to evolve with the input of EDA Executive Director, senior staff and as the Development Plan is completed and approved by the DMCC Board and City of Rochester. Over time, it may change to meet the requirements of the project.



EDA

PRELIMINARY OPERATING FRAMEWORK



DMC 2015 OPERATING BUDGET & EDA WORK PLAN

EDA PURPOSE, ROLES & RESPONSIBILITIES

PRELIMINARY – FOR REVIEW AND COMMENT

The EDA is a non-profit economic development agency established under Minnesota, Chapter 143 (2013-2014 Regular Session), Article 10 (the “DMC Law”) for the purpose of “providing experience and expertise to the DMCC for purposes of developing and marketing the destination medical center”. The services required of the EDA are specified in the DMCC Law and under the DMCC/EDA Agreement and include:

Services Enumerated by the DMC Law & DMCC/EDA Contract

The services enumerated in the DMC Law, and which are also contracted for under the DMCC/EDA Agreement, require the EDA to manage the process and complete the DMC Development Plan (Target Adoption-February 2015). Additionally, the EDA must assist the DMCC and City in implementing the goals, objectives and strategies in the DMC Development Plan, including, but not limited to:

1. Facilitating private investment through development of a comprehensive marketing program to global interests;
2. Developing and updating the criteria for evaluating and underwriting development proposals;
3. Drafting and implementing the development plan, including soliciting and evaluating proposals for development and evaluating and making recommendations to the authority and the city regarding those proposals;
4. Providing transactional services in connection with approved projects;
5. Developing patient, visitor, and community outreach programs for a destination medical center development district;
6. Working with the corporation to acquire and facilitate the sale, lease, or other transactions involving land and real property;
7. Seeking financial support for the corporation, the city, and a project;
8. Partnering with other development agencies and organizations, the city, and the county in joint efforts to promote economic development and establish a destination medical center;



DMC 2015 OPERATING BUDGET & EDA WORK PLAN

EDA PURPOSE, ROLES & RESPONSIBILITIES

PRELIMINARY – FOR REVIEW AND COMMENT

9. Supporting and administering the planning and development activities required to implement the development plan;
10. Preparing and supporting the marketing and promotion of the medical center development district;
11. Preparing and implementing a program for community and public relations in support of the medical center development district;
12. Assisting the corporation or city and others in applications for federal grants, tax credits, and other sources of funding to aid both private and public development; and
13. Making other general advisory recommendations to the corporation and the city, as requested.

Additional Services (Required Under DMCC/EDA Contract):

The DMCC/EDA Agreement provides for certain other services to be undertaken by the EDA, including:

1. Project Management
2. Information and Recommendations (Advisory and Oversight Services)
3. Project Budget Management
4. Accounting
5. Project Reporting

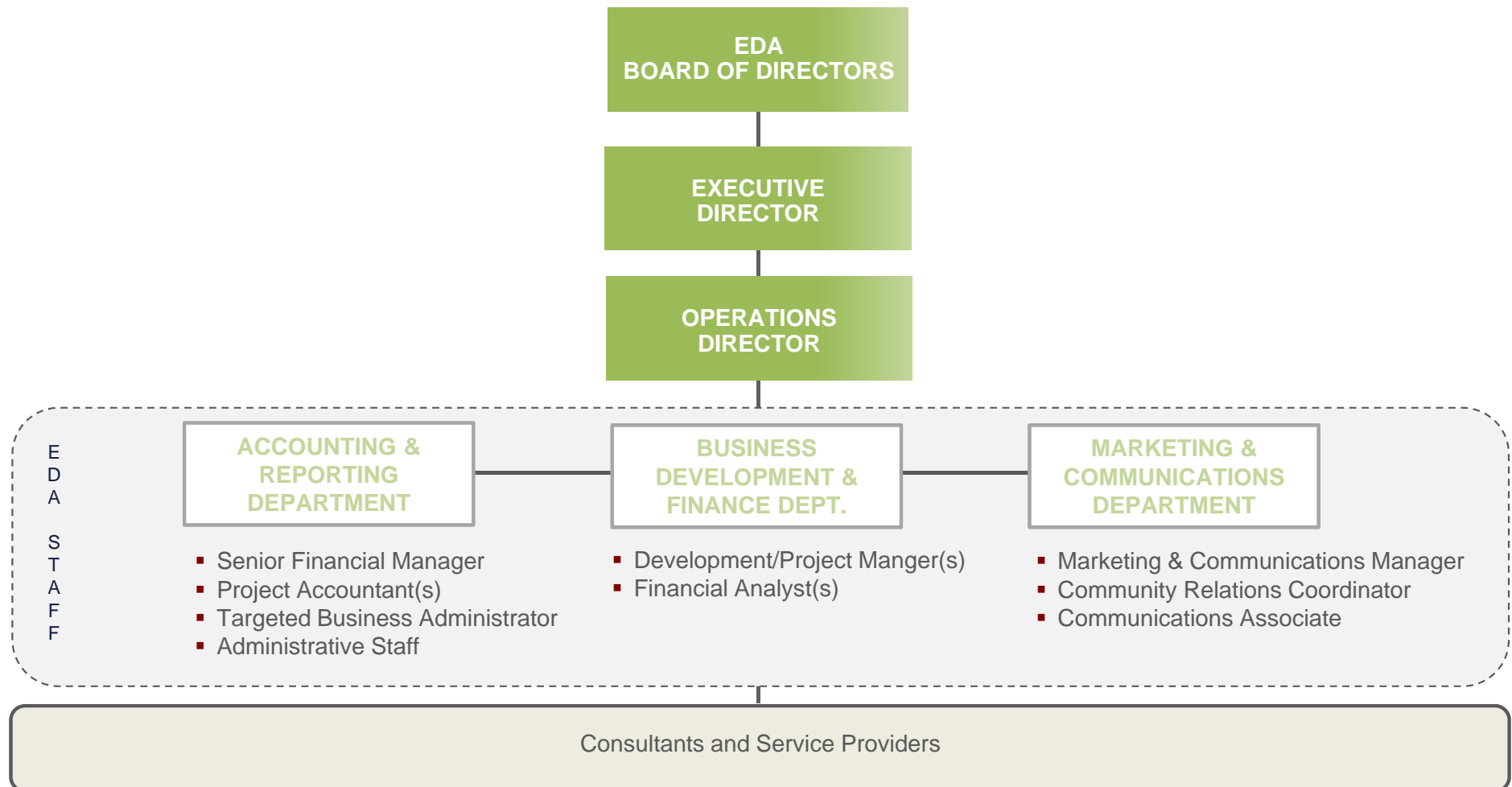


DMC 2015 OPERATING BUDGET & EDA WORK PLAN

PRELIMINARY OPERATING FRAMEWORK

PRELIMINARY – FOR REVIEW AND COMMENT

This organizational chart is provided to demonstrate a preliminary organizational structure for the EDA as it moves into full-scale operations.



This organizational framework is provided to give context to the DMCC Board on the scope and scale of the organization that is required to manage this complex, \$5 billion initiative. The organizational structure and staff plan may evolve over time to respond to specific requirements and strategies of the project and/or the Development Plan. The EDA Executive Director, with approval from the EDA Board, will be responsible to determine the final staff and operating structure, provided such structure is consistent with the approved budget.



DMC 2015 OPERATING BUDGET & EDA WORK PLAN

PRELIMINARY OPERATING FRAMEWORK – STAFF ROLES & RESPONSIBILITIES

PRELIMINARY – FOR REVIEW AND COMMENT

The following outlines the primary statutory and contractual responsibilities that are attributable to each of the staff positions contemplated within the draft organizational structure. This structure is preliminary in nature and may be altered over time based on the input of the Executive Director and DMCC Board.

STAFF	TYPE OF REQUIREMENT	REFERENCE TO REQUIREMENT	TYPE OF SERVICE
Executive Director	Project Oversight	All	<ul style="list-style-type: none"> All Services and Work of Staff
	Statutory	#1	<ul style="list-style-type: none"> Attracting and facilitating private investment through development of a comprehensive marketing program to global interests
	Statutory	#8	<ul style="list-style-type: none"> Partnering with other development agencies and organizations, the City, and the County in joint efforts to promote economic development and establish a destination medical center
	Statutory	#9	<ul style="list-style-type: none"> Supporting and administering the planning and development activities required to implement the Development Plan
	Contractual	Information & Recommendations	<ul style="list-style-type: none"> Advise the EDA on all matters including, but not limited to, maintenance of the budget and master project schedule.
	Contractual	Information & Recommendations	<ul style="list-style-type: none"> Oversee the work on the project and identify as early as possible any circumstances that might impact the master project schedule and/or budget

Operations Director	Statutory	#7	<ul style="list-style-type: none"> Seeking financial support for the DMCC, the City and a project
	Statutory	#14	<ul style="list-style-type: none"> Making other general advisory recommendations to the DMCC and the City, as requested
	Contractual	Project Management	<ul style="list-style-type: none"> Manage EDA's Consultants and monitor their performance and progress
	Contractual	Project Management	<ul style="list-style-type: none"> Coordinate and manage the DMC initiative focusing on the goals of maintain the approved budget and master project schedule
	Contractual	Information & Recommendations	<ul style="list-style-type: none"> Provide recommendations to the DMCC on critical project decisions in writing with sufficient detail to enable the DMCC to make informed decisions
	Contractual	Informational & Recommendations	<ul style="list-style-type: none"> Meet and provide progress reports and updates to the DMCC monthly and submit a monthly report.
	Contractual	Project Reporting	<ul style="list-style-type: none"> Act as secretary to the DMCC and be responsible for: posting notices, agendas, meeting information and preparing meeting minutes.
	Contractual	Project Reporting	<ul style="list-style-type: none"> Peer review of funding requests, project financing and construction progress and payment requests against industry standard norms and reporting to DMCC and City

Senior Financial Manager	Contractual	Project Management	<ul style="list-style-type: none"> Hold and manage subconsultant contracts and monitor compliance with applicable law, approved budget, master project schedule, insurance requirements, and licensing requirements.
	Contractual	Project Budget Management	<ul style="list-style-type: none"> Identify and present cost savings opportunities over the course of the project and confer the DMCC periodically to determine whether there are areas where costs can be reduced
	Contractual	Accounting	<ul style="list-style-type: none"> Review, comment upon and otherwise assist the DMCC Treasurer, Assistant Treasure, State agencies and/or City in review of accounting records and/or audits\
	Contractual	Reporting	<ul style="list-style-type: none"> Report project activities and track activities against adopted milestones and objectives
	Contractual	Reporting	<ul style="list-style-type: none"> Auditing of DMC funding expenditures with reports to the DMCC and the City
	Contractual	Reporting	<ul style="list-style-type: none"> Other Reports as Required



DMC 2015 OPERATING BUDGET & EDA WORK PLAN

PRELIMINARY OPERATING FRAMEWORK – STAFF ROLES & RESPONSIBILITIES

PRELIMINARY – FOR REVIEW AND COMMENT

STAFF	TYPE OF REQUIREMENT	REFERENCE TO REQUIREMENT	TYPE OF SERVICE
Project Accountants	Contractual	Project Budget Management	<ul style="list-style-type: none"> Manage the budget for the project including monitoring and updating the budget monthly for the DMCC
	Contractual	Accounting	<ul style="list-style-type: none"> Manage the accounting, processing of invoices, payments and reporting for all contracts executed for the DMC project including payments to the EDA and Subconsultants
	Contractual	Accounting	<ul style="list-style-type: none"> Review Invoices, submit master payment application and disburse payments
	Contractual	Accounting	<ul style="list-style-type: none"> Prepare monthly progress report
Targeted Business Administrator	General	Reporting	<ul style="list-style-type: none"> Tracking and reporting on workforce development requirements established for the project
Development Associate/ Project Manager	Statutory	#12	<ul style="list-style-type: none"> Assisting the DMCC or the City and others in applications for federal grants, tax credits and other sources of funding to aid both private and public development
	Contractual	Reporting	<ul style="list-style-type: none"> Provide monthly reports and an annual report and/or update the DMCC and others as requested
	Contractual	Reporting	<ul style="list-style-type: none"> Track and assist the City and Mayo on the annual certification of private investment within the DMC District
	Contractual	Reporting	<ul style="list-style-type: none"> Track and report on project funding expenditures against the adopted Development Plan
	Contractual	Reporting	<ul style="list-style-type: none"> Track and report on economic and fiscal impacts resulting in the DMC Development District
	Operational	General	<ul style="list-style-type: none"> Assist Executive Director and Operations Director in the execution of DMC strategies, including the facilitation of transactions and projects
Financial Analyst(s)	General	Assistance with Financial Matters	<ul style="list-style-type: none"> Assisting with running financial models, peer review of pro formats/financial matters, tracking of information, market analysis and other
	Contractual	Reporting	<ul style="list-style-type: none"> Track and report on economic and fiscal impacts resulting in the DMC Development District
Marketing & Communications Manager	Statutory	#10	<ul style="list-style-type: none"> Preparing and supporting the marketing and promotion of the medical center development district.
	Contractual	Project Management	<ul style="list-style-type: none"> Coordinate with the City, the County, Mayo Clinic and the DMCC and other regional planning groups to facilitate planning the execution of the DMC Initiative
Community Relations Coordinator	Statutory	#11	<ul style="list-style-type: none"> Preparing and implementing a program for community and public relations in support of the medical center development district
Communications Associate	General	Assistance with Marketing Matters	<ul style="list-style-type: none"> Management of the Web Site, Social Media, Blog and other electronic strategies to facilitate DMC marketing
Administrative Staff	General	Administrative Assistance	<ul style="list-style-type: none"> Managing the office/hr (one person) and supporting the staff of the EDA and assisting with the facilitation and posting of materials



EDA

2015 Work Plan





DMC 2015 OPERATING BUDGET & EDA WORK PLAN

2015 EDA WORK PLAN

PRELIMINARY – FOR REVIEW AND COMMENT

The target date for approval of the DMC Development Plan in February 2015. Currently, the planning team is in the process of developing the component parts of the DMC Development Plan which will establish the land planning, economic development, marketing and financial framework and strategies for the DMC Initiative. Included as part of the plan there will be a phasing strategy, funding priorities and guidelines, a 5-year operating and 5-year capital plan outlining the strategies for the project in more detail. Once approved, the EDA will implement these strategies in accordance with their contract and the approved plan. The major activities that are anticipated to occur in the first year of operations include:

Activities and Targeted Dates for Completion:

- | | |
|--|-----------------------|
| ▪ Facilitate and manage the final approval of the DMC Development Plan | Q1 |
| ▪ Initiate plans to educate/inform stakeholders and the public on the final approved DMC Development Plan, and processes | Q1 (Start) / On-Going |
| ▪ Launch global market strategy to secure Rochester and Southeast Minnesota as a Destination Medical Community | Q1 (Start) / On-Going |
| ▪ Formalize partnership and joint marketing initiatives with Mayo Clinic for research/bio-science and health/wellness strategies | Q1 (Start) / On-Going |
| ▪ Establish coordination committee with key community partners (e.g. Mayo, Chamber, RAEDI, RDA and RCVB) | Q1 |
| ▪ With approval of Development Plan, manage implementation of specific strategies / project goals | Q2 (Start) / On-Going |
| ▪ As appropriate, Identify and assist in preparation of early DMC funding applications to prepare for initial approvals | Q1 (Start) / On-Going |
| ▪ Update, as necessary, the EDA Work Plan to reflect the specific strategies of the DMC Development Plan | Q2 (Start) / On-Going |
| ▪ With approval of Development Plan, assist with DMC funding applications / evaluate for DMCC Board and City (if requested) | Q2 (Start) / On-Going |
| ▪ With approval of Development Plan establish regional, national and global resource network to assist with information/data collection and marketing | Q2 (Start)/ On-Going |
| ▪ Based on approved Development Plan strategies, finalize relationship and partnerships with Mayo Clinic and community organizations to advance research/bio-science, wellness and tourism initiatives consistent with identified priorities | |
| ▪ Identify and pursue potential partnerships, tenants and/or investors in the market based on targeted growth sectors | Q2 (Start) / On-Going |
| ▪ Identify and work on strategies to mitigate potential funding gaps for venture capital | Q3 (Start) / On-Going |
| ▪ Initiate strategies to attract, grow and retain a top-tier workforce in market based on targeted growth sectors | Q3 (Start) / On-Going |
| ▪ Initiate strategies for targeted business and workforce initiatives | Q2 (Start) / On-Going |
| ▪ Prepare annual report for community | Q4 |



DMC 2015 OPERATING BUDGET & EDA WORK PLAN

2015 EDA WORK PLAN

PRELIMINARY – FOR REVIEW AND COMMENT

- Continue Technical Committee Meetings with City/County staff to discuss planning and potential projects On-Going
- On-Going project accounting and reporting activities as required by the DMCC/EDA contract On-Going
- On-Going administrative and management activities as required by the DMCC/EDA contract On-Going

Specific Milestone Dates/Activities:

- Assist DMCC/City with preparation of annual report By February 15th
- Prepare Certification of Mayo Clinic and Private Investment Certification By April 1st
- Assist DMCC with Report to DEED – Open Appointments, Annual Report Compilation By July 15th
- EDA 2016 Operating Budget and Work Plan Submission By August 1st
- Assist DMCC with Submission of 2015 DMC Budget to City By September 1st

This work plan is preliminary in nature and is subject to change as additional information becomes available related to the final Development Plan, strategies and priorities.



EDA Proposed 2015 Operating Budget



DMC 2015 OPERATING BUDGET & EDA WORK PLAN

2015 OPERATING BUDGET – ESTIMATED STAFF COSTS

PRELIMINARY – FOR REVIEW AND COMMENT

The proposed EDA operating budget for calendar year 2015 is outlined below.

		ESTIMATED MONTHLY EXPENSES - 2015												
		Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2015 Total (Rounded '000)
STAFF COSTS														
<i>Payroll Escalation 1.25%</i>														
Payroll		\$70,667	\$70,667	\$70,667	\$70,667	\$70,667	\$80,667	\$80,667	\$80,667	\$80,667	\$80,667	\$80,667	\$80,667	\$918,000
Other Expenses, Benefits, Vacations, Deductions	40%	\$28,267	\$28,267	\$28,267	\$28,267	\$28,267	\$32,267	\$32,267	\$32,267	\$32,267	\$32,267	\$32,267	\$32,267	\$367,200
Total Staff Costs (Rounded to Nearest '000)		\$98,933	\$98,933	\$98,933	\$98,933	\$98,933	\$112,933	\$112,933	\$112,933	\$112,933	\$112,933	\$112,933	\$112,933	\$1,285,000
MONTHLY OPERATING COSTS														
Rent, Utilities, Office & Equipment Expenses		\$12,358	\$12,358	\$12,258	\$12,258	\$12,508	\$12,508	\$12,508	\$12,508	\$12,509	\$12,509	\$12,359	\$12,359	\$149,000
Payroll Expenses		\$628	\$628	\$628	\$628	\$628	\$628	\$628	\$628	\$628	\$628	\$628	\$628	\$8,290
Website, Drafting and Graphics Support		\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$45,000
Micellaenous Costs		\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$20,000
Subtotal (Rounded To Nearest '000)		\$18,000	\$18,000	\$18,000	\$18,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$18,000	\$18,000	\$222,000
TOTAL EST. MONTHLY EXP. (EST. ADVANCED FUNDS)		\$116,933	\$116,933	\$116,933	\$116,933	\$117,933	\$131,933	\$131,933	\$131,933	\$131,933	\$131,933	\$130,933	\$130,933	\$1,507,000
MARKETING COSTS														
Advertising, Marketing, Print & Collateral														\$150,000
Subscriptions/Professional Organization Memberships														\$6,000
Conferences, Meetings, Travel, Sponsorships & Programs														\$85,000
Micellaneous Costs														\$20,000
Subtotal														\$261,000
EDA BOARD MEETINGS & COMMUNITY MEETINGS														
Room Rentals (Board Meetings & Community Meetings)														\$9,000
Micellaenous Costs														\$3,000
Subtotal														\$12,000
SERVICE PROVIDERS														
Legal														\$75,000
Public Relations & Communications														\$180,000
Marketing & Advertising														\$75,000
Financial & Reporting Consultants (e.g. tax, audit, econ-fiscal, etc.)														\$125,000
Other Contracted Services														\$100,000
Subtotal														\$555,000
OTHER COSTS AND EXPENSES														
Insurance & Taxes														\$150,000
Micellaneous Costs / Contingency														\$30,000
Subtotal														\$180,000
TOTAL														\$2,515,000

**Note: This budget assume the Preliminary Development Plan is complete in December 2014 and that additional planning services are not required in the 2015 calendar year. If the schedule is extended, or such services are required, the budget will need to be modified to address these specific needs.*

Note: This budget does not include the additional costs identified for professional services contingency and web services.



EDA Proposed Capital Improvement Plan



DMC 2015 OPERATING BUDGET & EDA WORK PLAN CAPITAL IMPROVEMENT PLAN

PRELIMINARY – FOR REVIEW AND COMMENT

The DMC Development Plan is targeted to be completed in February 2015 and a 5 Year Capital Improvement Plan is anticipated to be incorporated and approved at that time. The Development Plan is updated every 5 years in accordance with the DMC Law. The Capital Improvement Plan will be updated every year in accordance with the agreements between the City, DMCC and EDA.

A.

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ___-2014

Approving the 2015 Funding Request and Authorizing Transmittal to City of Rochester

BACKGROUND RECITAL

The Destination Medical Center Corporation (“DMCC”) must adopt an annual Funding Request and Five Year Capital Plan. The DMCC Funding Request includes the DMCC annual budget, the Destination Medical Center Economic Development Agency (“EDA”) annual budget, and support costs incurred by the City of Rochester.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that the 2015 Funding Request and Five Year Capital Plan, dated September 11, 2014, and on file with the DMCC, is approved.

BE IT FURTHER RESOLVED that the DMCC Chair and Treasurer are authorized to transmit the 2015 Funding Request and Five Year Capital Plan to the City of Rochester and to take such actions as are necessary and appropriate to effectuate the 2015 Funding Request and the Five Year Capital Plan.



REPORT DATE: SEPTEMBER 11, 2014

In July 2014, the DMCC Board requested that representatives of the DMCC, EDA and City continue to work together to advance the strategies related to targeted business initiatives associated with the DMC Initiative. Since that time, the following has been accomplished:

Adoption of Interim City M/WBE Policy

On July 21, 2014 the Common Council of the City of Rochester unanimously approved an interim M/WBE policy related to the potential financing of DMC projects in the City of Rochester. A copy of the adopted policy is attached with this report. The City policy will be reviewed upon the completion of the draft DMC targeted business strategy to ensure coordination among efforts.

Meeting with Department of Human Rights

Representatives of the City, DMCC and EDA met with the Commissioner of the Minnesota Department of Human Rights and with representatives of the Governor's Office to collect information on trends, programs and other considerations that may influence the development of strategies related to the DMC targeted business programs.

Interviews and Information Collection with Stakeholder Groups

Representatives of the City, DMCC and EDA met with stakeholder groups to understand the programs and activities that are already occurring in the local / regional market and identify potential groups to partner with in the future. The groups included:

Randy Johnson	:	Workforce Development, Inc.
Arianna Bush	:	Workforce Development, Inc.
Dr. Jim Gross	:	Rochester Community and Technical College
Paul Fleissner	:	Olmsted County Community Services
Heidi Walsh	:	Olmsted County Community Services
Kolloh Nimley	:	Council on Black Minnesotans
Edward McDonald	:	Council on Black Minnesotans
Donavan Bailey	:	NAACP
W.C. Jordan	:	NAACP
Rebecca Sedarski	:	Chicano Latino Affairs Council
Julissa Viveros	:	Latino Economic Development Center
Jerry Williams	:	Rochester Chamber of Commerce/Supplier Diversity Initiative
Kevin Lindsey	:	Commissioner, Minnesota Department of Human Rights

Recommended Next Steps

The recommended next steps in the process are:

- Workgroup to continue to meet and advance strategic plan based on data collected to date.
- Workgroup to meet with representatives of the DMCC Board to vet strategies
- Provide preliminary recommendations to DMCC Board at November meeting

REQUEST FOR COUNCIL ACTION

MEETING DATE: 7/21/2014

AGENDA SECTION:

Tabled Items

ORIGINATING DEPT:

City Administration

ITEM DESCRIPTION:

City of Rochester Destination Medical Center Minority and Women Owned Business Enterprise Utilization Plan

PREPARED BY:

Terry Spaeth

In the Destination Medical Center legislation, there is a provision (Minnesota Statutes 469.44, Subd. 7) that reads as follows:

Subd. 7. City contracts; construction requirements.

For all public infrastructure projects, the city must make every effort to hire and cause the construction manager and any subcontractors to employ women and members of minority communities. Goals for construction contracts must be established in the manner required under the city's minority and women-owned business enterprises utilization plan.

In order to meet the statutory requirements, the City has the need to develop and adopt a minority and women-owned business enterprises utilization plan, since there is no previously adopted plan in place.

In drafting the plan, the City staff reviewed a number of M/WBE plans from various communities in the U.S. and tried to incorporate various provisions from those to create a plan that meets the City's DMC related needs at this time. The business enterprise utilization goals presently indicated in the City's plan are the goals utilized by MnDOT for their projects within Rochester. Those "goal" numbers may be revised from time to time based upon local population and demographic characteristic changes.

As this is the initial DMC M/WBE Plan for the City of Rochester, there may be the need to revise the plan in the future when the DMC Development Plan is closer to completion.

This plan is intended to put some goals in place at this time for the projects that may come forward in the interim period prior to adoption of the DMC Plan. Additional discussion will occur between the City, DMC and other groups in the community to determine whether revisions are needed in this initial plan prior to adoption of the DMC Plan.

COUNCIL ACTION REQUESTED:

Council adoption of a resolution formally adopting the City of Rochester's Destination Medical Center Minority and Women Owned Business Enterprise Utilization Plan.

RESULT: ADOPTED [UNANIMOUS]**MOVER:** Michael Wojcik**SECONDER:** Mark Bilderback**AYES:** Staver, Snyder, Hruska, Bilderback, Wojcik, Hickey, Means

**CITY OF ROCHESTER, MINNESOTA DESTINATION MEDICAL CENTER
MINORITY AND WOMAN OWNED BUSINESS ENTERPRISE UTILIZATION PLAN**

I. DECLARATION OF POLICY STATEMENT

It is the policy of the City of Rochester (City) to promote increased participation by qualified minority-owned and women- owned businesses (M/WBE) and to provide an opportunity to participate in all Destination Medical Center (DMC) related public infrastructure project contracting. To this end, the City shall utilize the participation level percentages determined by the Minnesota Department of Transportation for Olmsted County as its target goal level for M/WBE participation. This shall not be construed to be a quota.

II. OBJECTIVES

The objectives of the M/WBE Plan are:

1. To provide minority and woman owned businesses an opportunity for participating in DMC related construction, contracting, professional services and procurement programs.
2. To provide procedures that will enable the City to fulfill DMC related statutory requirements related to minority and women business enterprise participation in its construction and procurement programs.

III. DEFINITIONS

Bidder/Participant – Any person, firm, partnership, corporation, association, or joint venture seeking to be awarded a public contract or subcontract.

Contract – A mutually binding legal relationship or any modification thereof, obligating one party to furnish equipment or services, including construction and leases, and obligating the other party to pay for them.

Contractor – Any person, firm, partnership, corporation, association or joint venture which has been awarded a public contract or lease.

Development Assistance Agreement – A binding document between a developer of a DMC related public infrastructure project and the City, which specifies the obligations of both parties and the terms of any public assistance that may be provided.

Discrimination – To distinguish, differentiate, separate and/or segregate on the basis of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, sexual orientation or age.

Goal – The MNDOT DBE target goal for Olmsted County.

Joint Venture – An association of two or more persons or businesses to carry out a single business enterprise for profit, for which purpose they combine their property, capital, efforts, skills, and knowledge.

Low Bidder - Any person, firm, partnership, corporation, association, or joint venture awarded a DMC related public infrastructure contract or subcontract that provides the lowest responsible and responsive bid or has been selected for award of contract through the best value procurement process.

Minnesota Unified Certification Program – A program established to certify Minnesota M/WBE firms and provide directory to contractors.

M/WBE – A minority- owned or woman- owned business enterprise.

Minority or Women Business Enterprise (M/WBE) – A business that is certified by the Minnesota Unified Certification Program (MnUCP) as a minority-owned or woman-owned business enterprise..

Project Developer – The entity that is undertaking a DMC related public infrastructure project.

Public Infrastructure Project - (a) "Public infrastructure project" means a project financed in part or in whole with public money in order to support the medical business entity's development plans, as identified in the DMCC development plan. A public infrastructure project may:

- (1) acquire real property and other assets associated with the real property;
- (2) demolish, repair, or rehabilitate buildings;
- (3) remediate land and buildings as required to prepare the property for development;
- (4) install, construct, or reconstruct elements of public infrastructure required to support the overall development of the destination medical center development district including, but not limited to, streets, roadways, utilities systems and related facilities, utility relocations and replacements, network and communication systems, streetscape improvements, drainage systems, sewer and water systems, subgrade structures and associated improvements, landscaping, façade construction and restoration, wayfinding and signage, and other components of community infrastructure;
- (5) construct or reconstruct, and equip parking facilities and other facilities to encourage intermodal transportation and public transit;
- (6) install, construct or reconstruct, furnish, and equip parks, cultural, and recreational facilities, facilities to promote tourism and hospitality, conferencing and conventions, and broadcast and related multimedia infrastructure;
- (7) make related site improvements including, without limitation, excavation, earth retention, soil stabilization and correction, and site improvements to support the destination medical center development district;
- (8) prepare land for private development; and
- (9) construct and equip all or a portion of one or more suitable structures on land owned by the city for sale or lease to private development; provided, however, that the portion of any structure

directly financed by the city as a public infrastructure project must not be sold or leased to a medical business entity.

Subcontractor – Any named person, firm, partnership, corporation, association, or joint venture identified in a public contract that supplies any work, labor, services, supplies, equipment, materials, or any combination of the foregoing under contract with the contractor on a public contract.

IV. ADMINISTRATION OF THE M/WBE PROGRAM

The City Administrator or his designee shall direct implementation of this program. The City may contract with other governmental or nongovernmental persons or entities to administer the program on behalf of the City, provided that the City is fully protected from liability and risk of loss arising out of such a contract.

V. CERTIFICATION

A directory to facilitate identifying M/WBEs with stated capabilities relative to general contracting, procurement, and professional service requirements is available at www.mnucp.org

VI. DMC RELATED CONTRACT BID REQUIREMENTS

1. Evidence of compliance with bid documents. All DMC related public infrastructure project contractors are required to submit evidence to the Project Developer, with their bid documents, demonstrating compliance with and commitment to the outreach goal or, alternatively, compliance with good faith efforts. Before the bid is awarded, the Contractor shall submit evidence of its compliance with the requirements of the plan.

2. Commitment to goal. Before a contract is awarded, an apparent low bidder on a DMC related public infrastructure project contract must submit evidence to the Project Developer that it has or will enter into binding contracts with certified subcontractors whose contract dollar amounts meet or exceed the levels of participation established, or have documented that they have engaged in good faith efforts as required under Section VIII of the is Plan.

VII. M/WBE PROGRAM RECORDS, MONITORING AND THE USE OF VOLUNTARY GOALS

A. Program Monitoring

In order to monitor the implementation of the City's plan to provide M/WBEs an opportunity to participate in the City's DMC related public infrastructure project construction, procurement and professional service programs, participation at each stage of the contracting process will be documented and reported by the contractor. This will include:

1. The number of M/WBEs available to provide goods and services;
2. The number of solicitations sent to M/WBEs;

- 3. The number of bids submitted by M/WBEs;
- 4. The number of contracts and subcontracts awarded to M/WBEs; and
- 5. The value of contracts and subcontracts awarded to M/WBEs.

B. Calculation of M/WBE Participation in Contracts Awarded

The degree of participation by minority-majority joint ventures, M/WBE contractors and M/WBE suppliers in contracts awarded will be calculated as follows:

- 1. Once a firm is determined to be an eligible M/WBE in accordance with this M/WBE plan, the total dollar value of the contract awarded to the M/WBE, including sales tax and contingency, is counted as participation.
- 2. The total dollar value of a contract to a M/WBE owned and controlled by both minority males and non-minority females is counted as participation for minorities and women respectively, in proportion to the percentage of ownership and control of each group in business. The total dollar value of a M/WBE owned and controlled by minority women is counted as either the minorities' or women's participation, but not both.

VIII. PROCEDURES TO ENSURE THAT CONTRACTORS MAKE GOOD FAITH EFFORTS TO PROVIDE EQUAL OPPORTUNITY TO M/WBES IN DMC RELATED PUBLIC INFRASTRUCTURE CONSTRUCTION PROJECTS

A. Documentation of Good Faith Efforts

For construction contracts, bidders shall submit documentation to the Project Developer that the contractor has made sufficient good faith efforts to provide equal opportunity for M/WBEs certified with the MnUCP to participate in subcontracting and significant material supplier opportunities available under the contract. During bid review, the Project Developer will make a determination of M/WBE compliance.

All contracts between the Project Developer and a Contractor shall contain provisions to the effect that failure by the Contractor to adequately document good faith efforts to subcontract with M/WBEs shall subject the Project Developer, if an entity other than the City, to being in default under the terms of the Development Assistance Agreement.

B. Mandatory Acts of Good Faith Effort

- 1. Using the source list provided by the MnUCP, the bidder, including those certified as M/WBEs, shall solicit sub-bids and quotes from M/WBEs with reasonable advance notice to ensure that M/WBEs will have an adequate opportunity to respond. In soliciting sub-bids and quotes, the bidder shall furnish at least the following information:
 - a. Bidder's name, address and telephone number;

- b. Project location and description;
- c. Work to be subcontracted or materials purchased, including a specific description of the work involved;
- d. Location and availability of plans, drawings and specifications for review;
- e. The identity and contact information of the bidders' contracting representative; and
- f. Location, date and time when sub-bids and quotes must be received by the bidder.

If the bidder does not receive a response from a M/WBE, he/she must advise the Project Developer that no response was received.

2. A contractor will consider all sub-bids and quotes received from M/WBEs, not rejecting M/WBEs as unqualified without sound reasons based on a thorough understanding of their capabilities. If a subcontract is not awarded to a M/WBE, the contractor must document why.

C. Other Good Faith Effort Consideration

In determining whether the Contractor selected for the award has made good faith efforts, the Project Developer will evaluate all efforts made by the Contractor and will determine compliance and results of these efforts. The Project Developer will take into account any or all of the following:

1. Whether the contractor attended any pre-solicitation or pre-bid meetings that were scheduled;
2. Whether the contractor advertised in general circulation, trade association, and minority-focused media concerning the subcontracting opportunities;
3. Whether the contractor provided written notice to a reasonable number of specific M/WBEs that their interest in the contract was being solicited in sufficient time to allow the M/WBEs to participate effectively;
4. Whether the contractor followed up initial solicitations of interest by contacting M/WBEs to determine with certainty whether the M/WBEs were interested;
5. Whether the contractor selected portions of the work to be performed by M/WBEs in order to increase the likelihood of meeting M/WBE goals (including, where appropriate, breaking down contracts into economically feasible units to facilitate M/WBE participation);
6. Whether the contractor provided interested M/WBEs with adequate information about the plans, specifications, and requirements of the contract;
7. Whether the contractor negotiated in good faith with interested M/WBEs, not rejecting M/WBEs as unqualified without sound reasons based on a thorough investigation of their capabilities.

D. Competitive Bids

Nothing in this plan is to be construed to require contractors to award subcontracts to, or make significant material purchases from, M/WBEs who do not submit the lowest responsible and responsive sub-bid.

E. Determination of Program Compliance

1. Upon receipt of the M/WBE documentation from the apparent low bidder, the Project Developer shall review the documentation and make initial determination as to whether or not the bidder is in compliance with the M/WBE Plan.
2. Each Project Developer will monitor its project for compliance to the M/WBE Plan provisions for the life of the contract
3. The Project Developer, if an entity other than the City, shall make a determination on the adequacy of the good faith efforts and compliance with the W/MBE and provide a certification of compliance to the City, which may be reviewed from time to time by the City.

F. City Review of Good Faith Effort Documentation and Program Compliance

All DMC public infrastructure contracts and certifications will be subject to periodic review by the City. A finding by the City that any of the information submitted is inaccurate, false or incomplete will constitute grounds for a finding of an Event of Default under the terms of a Development Assistance Agreement.

316-14

H1

RESOLUTION

BE IT RESOLVED by the Common Council of the City of Rochester that the City adopt a Destination Medical Center Minority and Women Owned Business Enterprise Utilization Plan. A copy of the Plan is attached.

PASSED AND ADOPTED BY THE COMMON COUNCIL OF THE CITY OF ROCHESTER, MINNESOTA, THIS 21st DAY OF JULY, 2014.

Randy Staver

PRESIDENT OF SAID COMMON COUNCIL

ATTEST: *Aaron S. Reever*

CITY CLERK

APPROVED THIS 22nd DAY OF JULY, 2014.

Walter F. Bieda

MAYOR OF SAID CITY



DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ___-2014

Approving a Travel Policy With Respect to Out-of-State Travel

BACKGROUND RECITALS

- A. The Destination Medical Center Corporation (“DMCC”) is a nonprofit corporation created by law.
- B. The DMCC desires to adopt a travel policy for out-of-state travel consistent with good management practices and transparency in the expenditure of its funds.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that the DMCC Travel Policy is approved as set forth below, and the Treasurer and Assistant Treasurer of DMCC are directed to administer the DMCC Travel Policy and implement procedures accordingly.

1. Out of State Travel.

Travel outside the State of Minnesota is permitted for DMCC purposes in accordance with this policy.

2. Authorization for Travel.

Travel for DMCC members and staff requires prior authorization from the Chair or Vice Chair of the DMCC. The Chair or Vice Chair may authorize travel for consultants while conducting DMCC business, provided that such travel is in DMCC’s interest and benefits the DMCC.

3. Reimbursement of Travel Expenses.

Travel expenses include, but are not limited to, actual expenses with respect to transportation, lodging, meals and incidentals, and other miscellaneous business-related expenses. If airline travel is used, coach fare will be reimbursed. No reimbursement is available for the cost of alcoholic beverages.

Generally, receipts are required for all expenses, with the exception of per diem charges and local transit during travel. Requests for reimbursement of travel expenses must be submitted to the Assistant Treasurer within thirty (30) days of the date eligible expenses are incurred.

5. Amendments to the DMCC Travel Policy.

The DMCC may amend the DMCC Travel Policy from time to time upon a recorded vote of its members.

760847.DOC

McGRANN SHEA CARNIVAL STRAUGHN & LAMB, CHARTERED

ATTORNEYS AT LAW

WILLIAM R. MCGRANN
DOUGLAS M. CARNIVAL
ROBERT O. STRAUGHN
PETER L. COOPER
KATHLEEN M. LAMB
JOHN R. SCHULZ
COREY J. AYLING
BRIAN L. SOBOL
SCOTT B. CROSSMAN

CARLA J. PEDERSEN
JOSEPH T. BAGNOLI
ROGER J. STELLJES
JEFFREY C. URBAN
KATHLEEN MICHAELA BRENNAN
JENNIFER A. JAMESON
CARL S. WOSMEK
JASON H. THOMAS
AMY L. COURT

CHRISTY E. LAWRIE

RETIRED
ANDREW J. SHEA

August 7, 2014

Lisa Clarke
Mayo Clinic
200 First Street SW
Rochester, MN 55905

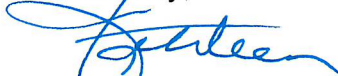
Re: Destination Medical Center Corporation
Our File No.: 63199-0001

Dear Lisa :

Enclosed is one (1) fully executed original of the Working Capital Loan Term Sheet for your files.

Thank you.

Sincerely,



Kathleen M. Lamb

Encl.

756139.DOC

TERM SHEET

WORKING CAPITAL LOAN

On June 12, the Destination Medical Center Corporation (“DMCC”) approved a resolution authorizing the Chair and Treasurer to negotiate and enter into an agreement or agreements to provide a working capital loan to the Destination Medical Center Economic Development Agency (“EDA”). The intention of this term sheet is to set forth the major terms of an agreement or agreements, and to allow the City of Rochester (“City”) to commence initial funding of such loan as contemplated hereby, subject to further definition and refinement and the addition of terms customarily provided in working capital loan agreements, promissory notes, security agreements and control agreements, in the final written documents.

1. Structure

- A. The advance of funds to EDA through DMCC is through a working capital loan.
 - 1) Loan 1 would run from the City to DMCC.
 - 2) Loan 2 would run from the DMCC to EDA.
- B. The DMCC/EDA loan and documents would be assigned to and assumed by the City, so that DMCC would not have any administrative duties with respect to the advances of the EDA.

2. Documentation

- A. Documentation would include a loan agreement, promissory note, security agreement, and control agreements between the City and the DMCC, and between the DMCC and the EDA.

3. Terms of Loan

- A. Term: Revolving loan to terminate upon termination of DMCC-EDA Agreement or DMCC-City Agreement.
- B. Renewal or Extension: The City will renew annually or extend at maturity unless the annual DMCC Funding Request is not fully approved.
- C. Interest Rate: To be reasonably determined by City; anticipated to be the tax-exempt general obligation bond rates over prior two (2) year period.
- D. Repayment: Payment of all principal and interest due at maturity. Payment can be in the form of a cash or credit equal to eligible expenses incurred by the EDA – as determined by the approved EDA Budget, DMCC Funding Request, and Work Plan. Such cash or credit would be documented by the submission of the MAP required under the DMCC-EDA Agreement.
- E. Aggregate amounts advanced: amounts advanced in each calendar year, together with the reimbursement amounts under the DMCC-EDA Agreement may not exceed the EDA budget approved by the DMCC for that calendar year. The parties shall strictly adhere to the approved amount for the EDA in the annual budget adopted by the DMCC, ensuring no excess or duplicate payments.
- F. EDA Account: The EDA shall open and maintain a separate bank account for the deposit and distribution of loan proceeds.
- G. Advance Process: EDA will submit a request for advance to DMCC by the 10th day of a month for funds to be available for the next following month's

operational expenses, with a simultaneous copy to the City. If the request complies with the terms and conditions of the loan, the City shall advance such amounts to the DMCC Bank Account, and the DMCC will advance such amounts to EDA by the 25th day of the same month. The EDA advance request will be accompanied by reasonable evidence or documentation provided by the EDA as to pending EDA expense items to be paid with the advance.

H. Loan Amount Calculation: For calendar year 2014, the maximum loan amount shall not to exceed two hundred fifty thousand dollars (\$250,000) per month. Starting January 1, 2015, the maximum loan amount (the “Monthly Advance Amount”) will be calculated each year as part of the annual budget process, using the following formula:

- v) EDA Annual Budget Amount \$_____
- (as approved in the DMCC Budget)
- w) MINUS Estimated Cost of Consultant Contracts to be
reimbursed in MAP process \$_____
- x) Remainder $(v - w) = x$ \$_____
- y) $x \div 12$ \$_____
- z) Monthly Advance Amount \$_____

If necessary, EDA may request reasonable additional amounts in excess of the Monthly Advance Amount in any month (“Excess Request”) and such Excess Request shall be funded, provided that (i) such Excess Request shall not exceed

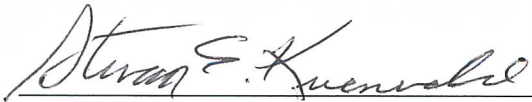
twenty percent (20%) of the then current Monthly Advance Amount in any one month; (ii) the aggregate annual amount requested by EDA shall not exceed the annual budget then currently approved by DMCC and the City, and (iii) EDA provides reasonable documentation supporting such Excess Request.

4. Additional Terms and Conditions

- A. Security Interest/Control Agreement: to secure the City's rights, title and interest in the extension of the working capital loan funds to be credited to the DMCC account, the DMCC will grant a security interest in the funds to the City, and the EDA will grant a security interest in its account to the DMCC. The security interest will not include funds received from sources other than the City. To effectuate the security interest, the parties will enter into a control agreement.
- B. Collateral: To be determined, in light of scope of advance of funds.
- C. Events of Default: Voluntary or involuntary bankruptcy proceedings; failure to pay debts when due; breach or default under the terms of the DMCC-EDA Agreement or the DMCC-City Agreement; failure to pay principal or interest due under the terms of the Note; any representation or warranty under the Loan shall prove to be incorrect in any material respect; breach of any covenant under the Loan; entry of uninsured final judgment, decree, or order in excess of \$10,000. Notice of default shall be provided. A thirty (30) day opportunity to cure shall be provided for a material breach (other than fraud, misrepresentation or other

similar wrongful acts, in which case termination shall be immediate) and a ninety (90) day opportunity to cure shall be provided for any non-material breach.

- D. Other Requirements: Compliance with audit requirements of the City, EDA, and State. Adequate checks and controls in the request and transfer of funds. Consistent with transparency and safekeeping of public dollars.



City of Rochester

7/21/14

Date



Destination Medical Center Corporation

7/22/14

Date

Destination Medical Center Economic Development Agency

Date

similar wrongful acts, in which case termination shall be immediate) and a ninety (90) day opportunity to cure shall be provided for any non-material breach.

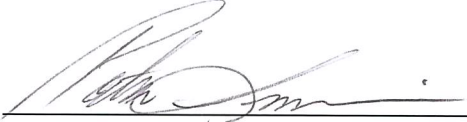
- D. Other Requirements: Compliance with audit requirements of the City, EDA, and State. Adequate checks and controls in the request and transfer of funds. Consistent with transparency and safekeeping of public dollars.

City of Rochester

Date

Destination Medical Center Corporation

Date



Destination Medical Center Economic Development Agency

7/25/14
Date



REPORT DATE: SEPTEMBER 11, 2014

MASTER PROJECT BUDGET

The following is a summary of the sources and uses of funds included in the current payment application. This summary represents the approximately \$7.3 M portion of the budget and/or expenses that are managed and reported by the EDA. The balance of funding (approximately \$886,000 for a total budget of \$8.205 M) is DMCC and City of Rochester funding and managed outside of the EDA budget.

SOURCES OF FUNDS

City Contribution	\$7,319,000.00
TOTAL SOURCES	\$7,319,000.00

USES OF FUNDS

40	Development Costs	\$1,494,819.20
50	Financing Costs	
60	Other Project Costs	
90	Project Contingency	
	Remaining Budget	\$5,824,180.80
TOTAL USES		\$7,319,000.00

- A summary of the sources and uses of funds as of Map #5 (July) is included above. A detailed cost report is also attached with this update.
- MAP #1 - #5 are processed. Map #6 (August) was submitted to City/DMCC on September 10, 2014.
- The 2015 DMC Operating Budget and EDA Work Plan have been submitted to the DMCC for review and approval at the September 11, 2014 DMCC Board Meeting. If approved, the budget will be forwarded to the City of Rochester to review during its budget process in the fall 2014.
- The EDA is operating within budget and no major budgetary risks for the 2014 calendar year are known at this time.

MASTER PROJECT SCHEDULE / DEVELOPMENT PLAN PROCESS

- The DMC Development Plan remains on schedule. The major phases of work include the following:
 - Creative Analysis Phase: Completed in June 2014
 - Options Phase: Target Completion in September 2014
 - Preliminary Plan Phase: Target Completion in November 2014 (Strategies) and December 2014 (Full Draft). Once approved by the DMCC Board, the plan will be submitted to the City of Rochester.
 - 60-Day City of Rochester Review Process: Target – January 2015 – February 2015
 - Targeted approval of the Development Plan: February 2015
- A Milestone Schedule for the 2014 (Remaining) / 2015 calendar years is attached.
- An outline of the major topics to be considered at EDA and DMCC Board Meetings in the coming months is attached with this report.
- The next DMCC Board Meeting and DMCC/EDA Working Session will be held on November 13, 2014.

PROJECT FINANCE / FINANCIAL MANAGEMENT

- The EDA, DMCC and City have executed a term sheet outlining the major terms and conditions of the Amendment to Advance Funds. The full contracts are under negotiation.
- The City and DEED are working to finalize their agreement related to the flow of funds. The deadline for completion is September 2014.



DEVELOPMENT PLAN – PROCESS/DESIGN/PLANNING

- The EDA has advanced plans from the conceptual phase and established the program/phasing models for the project. In turn, these models are becoming the basis of the economic-fiscal analysis and financial framework for the project. The EDA is evaluating the options within the financial framework to establish the draft finance plan and business strategies for the DMC Initiative. The advancement of the planning concepts and an overview of the financial framework will be discussed at the EDA/DMCC Joint Board Session.
- The EDA has continued meetings with the City Technical Committee and met with the City's Comprehensive Plan Team on August 6, 2014. This City is embarking on the comprehensive plan process, which is estimated to be completed over an 18-24 month period. The EDA Team will continue to coordinate with the Comprehensive Plan Team through the completion / approval of the Development Plan.
- The EDA Planning team is in the process of meeting with City staff and departments to vet the concepts as they advance and identify/resolve potential issues going forward. Meetings will continue through the completion of the plan in 2014.
- The EDA held briefings for City Council and County Board members on August 5, 2014. In general, both the City Council and County Board responded favorably to the concepts presented in the Creative Analysis. They were particularly interested in further analysis of the demand models and proposals for mode shift to transit options. They uniformly stressed the importance of grounding the plan in an economic model and framework that not only considered the cost to build proposed projects but also the costs to operate/maintain the project. The planning team is currently finalizing the requested analysis and is advancing the financial framework / economic analysis. Meetings are being set up to continue briefings with the City Council and County Board in October, 2014.
- The planning team continued to meet with stakeholder groups including working with Mayo Clinic to coordinate strategic planning for bio-science initiatives. The EDA also met with representatives from the surrounding neighborhoods to understand concerns related to potential direct impacts of the DMC Plan on these residential areas.

COMMUNITY INPUT PROCESS

- The EDA retained a community input consultant to advise on the process as the plan advances over the next several months. This consultant is the same consultant working on the City's Comprehensive Plan which provides for the opportunities for increased synchronization between the two processes.
- The EDA continues on-going outreach activities including website updates, blogs, a bi-weekly newsletter and presentations within the community and the region.
- A public forum is being held September 11, 2014, 6:30 pm – 9:00 pm.

TARGETED BUSINESS /WORKFORCE

- The EDA continues its work with the City of Rochester and DMCC Board to establish a planning framework for targeted business and workforce initiatives.
- The City of Rochester has approved an interim M/WBE strategy which establishes targeted workforce goals of 4% minority and 6% women owned businesses. These targets are based on MNDOT's standards for the SE Minnesota region.

OPERATIONS

- EDA is continuing the search process for Executive Director.
- EDA submitted a budget for the 2015 calendar year and is in the process of launching EDA operations to prepare for permanent staff (e.g. establishing benefits, identifying office space, etc.)



KEY CONSIDERATIONS/IDENTIFIED RISKS

- **Advancement of Plan Concepts.** In September the planning team needs feedback from EDA/DMCC Boards and direction from EDA on advancement of the following, which serve as the foundation of the Development Plan:
 - Guiding Principals
 - DMC Districts and Conceptual Plan
 - Program and Phasing Models
 - Primary Transit Strategies and Framework
 - DMC Development District Boundary
- **Coordination with Comprehensive Plan.** The comprehensive plan is in its initial phases. The DMC Development Plan will be largely complete before the comprehensive plan completes its initial analysis. Coordination between the two planning teams is critical but there could be unknown issues that impact the timing of the plan. Both teams are committed to coordination to resolve and/or mitigate any potential issues.
- **Third Party Impacts.** Potential impacts from third parties (state agencies, political climate, etc.) could impact the schedule; EDA is already experiencing this with inability to hire permanent staff.
- **Execution of Agreements.** The City/DEED Agreement and Working Capital Loan Agreements between City, DMCC and EDA are currently being negotiated. The EDA is coordinating its retention of permanent staff to coincide with the completion of these agreements and has shifted expected retention of full staff from 2nd/3rd quarter of this year to the end of the year.

MAJOR ACCOMPLISHMENTS LAST 60 DAYS:

The following provides an outline of the tasks completed in the last 60 days.

- Draft Guiding Principles
- Final Creative Analysis and Draft Options For Master Plan
- Draft Transit Framework
- Preliminary Market Analysis & Program Recommendations
- Framework/Methodology for Economic-Fiscal Baseline
- Framework for Financial Models
- Coordination with City Comprehensive Plan Team and City/EDA Technical Team
- Draft DMC 2014 Budget and EDA Work Plan
- Stakeholder Discussions On Targeted Business/Workforce Initiatives
- Community Conversations on June 12th
- Second Public Forum on July 10th
- Working Capital Loan Term Sheet Complete

MAJOR TASKS TO BE COMPLETED OVER NEXT 60 DAYS:

The following provides an outline of the anticipated tasks to be completed in the next 60 days.

- Conceptual Master Plan
- Conceptual Transit Plan
- Conceptual Infrastructure Plan
- Economic-Fiscal Analysis
- Initial Finance Plan / Finance Strategy
- Draft Marketing Plan
- Draft Business Plan
- Draft Operations Plan (5 Years)
- Draft Targeted Business Framework
- DMCC Board Meetings on November 13th
- 3rd Public Forum on November 13th
- Working Capital Loan Complete



**DESTINATION MEDICAL CENTER
ECONOMIC DEVELOPMENT AGENCY (EDA)
MONTHLY UPDATE REPORT**

COST REPORT

DMC - ECONOMIC DEVELOPMENT AGENCY

Hammes Company

DETAIL COST REPORT #4

July 10, 2014

Division	Description	Schedule of Values							Variance	Work in Place	
		Master Project Budget A	Original Contract Amount B	Contract Revisions C	Committed Costs B+C	Committed Direct Owner Purchases D	Un-Committed Costs E	Final Projected Cost B+C+D+E	Over/(Under) Budget (B+C+D+E)-A	Total Work In Place	Percent Complete
	DEVELOPMENT COSTS										
40-05-000	Architecture & Engineering	\$2,431,000.00	\$1,514,261.95	\$10,945.06	\$1,525,207.01	\$0.00	\$905,792.99	\$2,431,000.00	\$0.00	\$128,299.32	5.28%
40-05-300	Planning Services, Architecture, Engineering	\$2,431,000.00	\$1,514,261.95	\$10,945.06	\$1,525,207.01	\$0.00	\$905,792.99	\$2,431,000.00	\$0.00	\$128,299.32	5.28%
40-25-000	Marketing & Public Relations	\$790,000.00	\$223,503.05	\$12,105.44	\$235,608.49	\$0.00	\$554,391.51	\$790,000.00	\$0.00	\$123,148.34	15.59%
40-25-300	Communications, Marketing & PR	\$545,000.00	\$176,237.76	\$3,830.44	\$180,068.20	\$0.00	\$364,931.80	\$545,000.00	\$0.00	\$90,068.20	16.53%
40-25-310	Public Relations & Communications	\$245,000.00	\$47,265.29	\$8,275.00	\$55,540.29	\$0.00	\$189,459.71	\$245,000.00	\$0.00	\$33,080.14	13.50%
40-30-000	Development Services	\$2,350,000.00	\$2,300,000.00	\$0.00	\$2,300,000.00	\$0.00	\$50,000.00	\$2,350,000.00	\$0.00	\$1,000,000.00	42.55%
40-30-300	Development Services	\$1,675,000.00	\$1,675,000.00	\$0.00	\$1,675,000.00	\$0.00	\$0.00	\$1,675,000.00	\$0.00	\$730,000.00	43.58%
40-30-310	Financial, Accounting & Investment Services	\$675,000.00	\$625,000.00	\$0.00	\$625,000.00	\$0.00	\$50,000.00	\$675,000.00	\$0.00	\$270,000.00	40.00%
40-35-000	Legal Services	\$425,000.00	\$89,208.01	\$0.00	\$89,208.01	\$0.00	\$335,791.99	\$425,000.00	\$0.00	\$57,304.21	13.48%
40-35-300	Legal Services	\$425,000.00	\$89,208.01	\$0.00	\$89,208.01	\$0.00	\$335,791.99	\$425,000.00	\$0.00	\$57,304.21	13.48%
40-55-000	Misc Professional Services	\$451,000.00	\$298,473.00	\$10,000.00	\$308,473.00	\$0.00	\$142,527.00	\$451,000.00	\$0.00	\$88,891.94	19.71%
40-55-300	Economic Analysis, Market Research, Reports	\$351,000.00	\$298,473.00	\$10,000.00	\$308,473.00	\$0.00	\$42,527.00	\$351,000.00	\$0.00	\$88,891.94	25.33%
40-55-310	Other Professional Services & Project Costs	\$100,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$100,000.00	\$100,000.00	\$0.00	\$0.00	0.00%
40-90-000	Other Development Costs	\$872,000.00	\$89,555.84	\$7,619.55	\$97,175.39	\$0.00	\$774,824.61	\$872,000.00	\$0.00	\$97,175.39	11.14%
40-90-115	Payroll, Staff, Administration & Benefits-EDA	\$460,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$460,000.00	\$460,000.00	\$0.00	\$0.00	0.00%
40-90-120	General Expenses-EDA	\$382,000.00	\$89,555.84	\$4,536.96	\$94,092.80	\$0.00	\$287,907.20	\$382,000.00	\$0.00	\$94,092.80	24.63%
40-90-300	Reimbursable Expenses	\$30,000.00	\$0.00	\$3,082.59	\$3,082.59	\$0.00	\$26,917.41	\$30,000.00	\$0.00	\$3,082.59	10.28%
	Subtotal	\$7,319,000.00	\$4,515,001.85	\$40,670.05	\$4,555,671.90	\$0.00	\$2,763,328.10	\$7,319,000.00	\$0.00	\$1,494,819.20	20.42%
	PROJECT CONTINGENCY										
90-00-000	Project Contingency	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	PROJECT TOTAL	\$7,319,000.00	\$4,515,001.85	\$40,670.05	\$4,555,671.90	\$0.00	\$2,763,328.10	\$7,319,000.00	\$0.00	\$1,494,819.20	20.42%



MILESTONE DATES

The following provides an outline of the major milestone dates for the project known as of the date it was issued. This milestone schedule is not meant to be a comprehensive document and does not represent all meetings/calls, actions, tasks or deadlines associated with the project. The schedule is subject to change without notification.

Calendar Year 2014 (Remaining)

Date	Milestone Schedule
September 10 th	City Technical Committee Meeting (Review of Documents) Due Date: EDA Payment Application #6 to DMCC for Approval (City Copied)
September 11 th	DMCC Board Meeting Joint Working Session of EDA-DMCC Boards Public Forum
September 23 rd	Preferred Date #1 – DMCC/EDA Best Practice Trip (Return on 26 th)
September 30 th	Preferred Date #2 – DMCC/EDA Best Practice Trip (Return on 3 rd) Due Date: Execution of City Agreement with DEED
October 8 th	City Technical Committee Meeting (Includes Joint Meeting with City Staff and City Departments)
October 10 th	Due Date: EDA Payment Application #7 Submitted to DMCC for preliminary review/approvals
November 10 th	Due Date: EDA Payment Application #8 Submitted to DMCC for preliminary review/approvals
November 12 th	City Technical Committee Meeting
November 13 th	DMCC Board Meeting EDA/DMCC Joint Planning Session Public Forum
December 10 th	Due Date: EDA Payment Application #9 Submitted to DMCC for preliminary review/approvals
December 17 th	DMCC Board Meeting to Approval Preliminary Draft Plan (Tentative - Date to Be Confirmed)

Calendar Year 2015

Date	Milestone Schedule
January 5 th	Due Date: EDA Payment Application #10 Submitted to EDA for preliminary review/approvals
January 10 th	Due Date: EDA Payment Application #10 Submitted to DMCC for preliminary review/approvals
January 31 st	Target Date: EDA completes Annual Report for review by DMCC Board, DMCC Board submits February 15 th (See Below)
February 1 st	Due Date: Additional budget recommendations from DMCC to City (if budget is not approved in previous year)
February 3 rd	Due Date: EDA Payment Application #11 Submitted to EDA for preliminary review/approvals
February 10 th	Due Date: EDA Payment Application #11 Submitted to DMCC for preliminary review/approvals
February 15 th	Due Date: DMCC/City Submit Annual Report to DEED
February 25 th	DMCC Board Meeting to Adopt Plan (Note: Meeting Needs to Be Scheduled/Date Confirmed)
March 3 rd	Due Date: EDA Payment Application #12 Submitted to EDA for preliminary review/approvals
March 10 th	Due Date: EDA Payment Application #12 Submitted to DMCC for preliminary review/approvals
March 1 st	Target Date: Completion of McGladry Review of Mayo Clinic Investments
March TBD	EDA Board Meeting: Any Final Actions on Development Plan / Approval of 2014 Investment Certification
March 5 th	Due Date: EDA Payment Application #12 Submitted to EDA for preliminary review/approvals
March 10 th	Due Date: EDA Payment Application #12 Submitted to DMCC for preliminary review/approvals
April 1 st	Due Date: Submittal of 2014 Certification of Investment to DEED
April 5 th	Due Date: EDA Payment Application #13 Submitted to EDA for preliminary review/approvals
April 10 th	Due Date: EDA Payment Application #13 Submitted to DMCC for preliminary review/approvals
May 5 th	Due Date: EDA Payment Application #14 Submitted to EDA for preliminary review/approvals
May 10 th	Due Date: EDA Payment Application #14 Submitted to DMCC for preliminary review/approvals
June 5 th	Due Date: EDA Payment Application #15 Submitted to EDA for preliminary review/approvals
June 10 th	Due Date: EDA Payment Application #15 Submitted to DMCC for preliminary review/approvals
July 5 th	Due Date: EDA Payment Application #16 Submitted to EDA for preliminary review/approvals
July 10 th	Due Date: EDA Payment Application #16 Submitted to DMCC for preliminary review/approvals
July 15 th	Due Date: DMCC report to DEED – Open Appointments, Annual Report Compilation



**DESTINATION MEDICAL CENTER
ECONOMIC DEVELOPMENT AGENCY (EDA)
MONTHLY UPDATE REPORT**

August 1 st	Due Date: 2016 EDA Operating Budget Submittal to DMCC Due Date: DEED Certification of Amount of GSIA
August 5 th	Due Date: EDA Payment Application #17 Submitted to EDA for preliminary review/approvals
August 10 th	Due Date: EDA Payment Application #17 Submitted to DMCC for preliminary review/approvals
September 1 st	Due Date: DMCC to Submit 2016 DMC Budget Request to the City of Rochester (Note includes DMCC, EDA and City Budgets) Due Date: DEED to Provide GSIA Funding to City
September 5 th	Due Date: EDA Payment Application #18 Submitted to EDA for preliminary review/approvals
September 10 th	Due Date: EDA Payment Application #18 Submitted to DMCC for preliminary review/approvals
October 5 th	Due Date: EDA Payment Application #19 Submitted to EDA for preliminary review/approvals
October 10 th	Due Date: EDA Payment Application #19 Submitted to DMCC for preliminary review/approvals
November 5 th	Due Date: EDA Payment Application #20 Submitted to EDA for preliminary review/approvals
November 10 th	Due Date: EDA Payment Application #20 Submitted to DMCC for preliminary review/approvals
December 5 th	Due Date: EDA Payment Application #21 Submitted to EDA for preliminary review/approvals
December 10 th	Due Date: EDA Payment Application #21 Submitted to DMCC for preliminary review/approvals



OUTLINE OF DISCUSSIONS / ACTIONS AT DMCC BOARD MEETINGS & EDA/DMCC WORKING SESSION

The following is a preliminary list of the items that may be discussed during the scheduled board meetings. Please note, this outline is preliminary in nature and is subject to change without notification.

September

- 2015 EDA Operating Budget and Work Plan (DMCC)
- Review Concept Plans (Options) – Select Direction for Preliminary Development Plan
- Preliminary Draft of Phasing Strategies
- Economic / Fiscal Baseline Methodologies
- Approach to Targeted Business Framework / Next Steps

November

- Preliminary Draft of Master Plan/Infrastructure Plan/Transportation Plan
- Preliminary Draft of Business Development Strategy
- Preliminary Draft of Marketing Strategy
- Preliminary Draft of Communications/Community Input Strategy
- Preliminary Draft of Finance Plan
- Preliminary Draft of Funding Agreements

December

- EDA/DMCC Approval of Preliminary Development Plan

January/February

- City Approvals – Process TBD

February

- DMCC Approval of Final Plan