

DESTINATION MEDICAL CENTER CORPORATION BOARD MEETING

Meeting No. 1

August 9, 2013

Governor Mark Dayton called the meeting to order at 2:00 PM in the Mayo Civic Center Ballroom at 30 Civic Center Drive SE, Rochester, Minnesota. Members Present: James V. Bier, Ardell F. Brede, James R. Campbell, William George, Ed Hruska, Susan Park Rani, and Tina Smith. Absent: R.T. Rybak.

Governor Dayton expressed what a momentous day this is for Rochester and the entire State of Minnesota and also his gratitude to Dr. Noseworthy and the leadership of the Mayo Clinic for giving the State this phenomenal opportunity. He also thanked the leadership on the public side who assisted the State in taking advantage of this great opportunity and the legislators, both DFL and Republican, that worked to make this project a reality. It was a bipartisan bill. Also thanks to his Chief of Staff, Tina Smith who was instrumental in the legislative process and in pulling all this together. Governor Dayton thanked the Mayor and County Board Chairman and others present that assisted in getting this project approved and all those members of the public that supported the passage of this legislation.

The Governor noted that he first came to Mayo Clinic in 1954 when his little sister had her eyes corrected at Mayo. This gave her good vision for life and it that taught him from the beginning how important Mayo Clinic was for Rochester and Minnesota and what an enormous difference it makes in people's lives and how Mayo Clinic is known throughout the world. He recalled that when he was in the US Senate he was in Ahman, Jordan and the Foreign Minister was in attendance. Senator Dayton noted that he was from Minnesota and asked if he ever heard of it. The Foreign Minister, with a big smile, responded that he had spent several months in Rochester and that the Mayo Clinic had cured his father of cancer. That is the kind of good will to build throughout the world and that is why this project is so important in Rochester and so important for Minnesota. Mayo Clinic makes an enormous difference throughout the world. It is important that this pre-eminence of Mayo Clinic for health care continues and that it continues in Rochester, Minnesota. We will look back 20 years from now and whatever our scope of vision or imagination about the importance of this project and its importance for Minnesota and it will have been underestimated. The importance of this project and of Mayo Clinic is incalculable and I again want to thank Mayo for giving this great opportunity to the State.

Mayor Ardell F. Brede welcomed everyone present to this historic occasion of the first meeting of the Destination Medical Center Corporation (DMCC). Mayor Brede's Statement: Rochester is Minnesota's third largest city and a city of the First Class under State Statutes with a population of close to 110,000. Rochester is listed frequently in national publications as one of the most livable, best place to raise children, best place to grow old, best place to start a business, etc. It's a great City due to the wonderful people that live here, many whom are in this audience today. Governor Dayton, thank you for your leadership and your commitment to this initiative and not the least, thank you for assigning your Chief of Staff, Tina Smith, to the project. She greatly assisted in shepherding this initiative through the legislative process. To my colleagues on the DMCC, thank you for your willingness to serve, this is an awesome collection of individuals with a lot of expertise and I look forward to working with all of you. I want to thank our legislators for passing the biggest single economic development legislation for our state and

perhaps for our nation in one session. A special thanks to all our local legislators and especially to the lead bill authors, Representative Kim Norton and Senator Dave Senjem. DMC is a plan to secure Minnesota's, not only Rochester's, status as a global medical destination and in partnership with our friends at Mayo Clinic and with multiple community partners we will create unparalleled and meaningful experiences of hope, health and hospitality for every person every day. Dr. Charlie Mayo, Brother of Will, said: "There is no fun like work". So the fun starts now, thank you and welcome.

Jim Bier, Olmsted County Board of Commissioners Chairman, stated he is proud and honored to be on this board. It's an exciting time for Rochester and Olmsted County. We have a great workforce here and we would like to get things going. He agrees with the Mayor to get the fun started. He would like to thank Kim Norton and Dave Senjem for their work in getting this through the legislature.

Governor Dayton also recognized Senator Carla Nelson and Representative Tina Liebling as being very actively involved in the legislation action and thanked them for their assistance.

Dr. John Noseworthy, President and CEO of Mayo Clinic, Statement: Governor Dayton, Mr. Mayor, Mr. Chairman, Distinguished Members of the DMCC Board and members of the public, it's an honor to be with you today. On behalf of the Mayo Clinic family, welcome to the home of the Mayo Clinic. I would like to reflect for a moment on history. One hundred and fifty years ago, this summer, Dr. William Mayo accepted an appointment from President Abraham Lincoln to serve as the examining surgeon for the Union Army in Rochester, MN. Dr. Mayo and his wife, Louise, were seasoned travelers and lived in many places and traveled the world. They chose to make Rochester, MN their home and practice here because of the strong civic life, commerce and transportation. Dr. Mayo was very involved in civic life. He served as Mayor, in the State Legislature and other community positions and advocated for many community projects. The Statue of him in Mayo Family Park shows him in a frock coat, not a surgical gown. Many have been to the Plummer Building and seen the historic exhibits. The Mayo's, Father and brothers, received many honors from around the world, but have you noticed the bronze recognition plaque that is mounted outside the Library, where the Mayo Staff met year after year, decade after decade and indeed where the Nobel Prize was first announced. This bronze and most treasured plaque is from the Olmsted County Business Association for citizenship and community spirit. All of us who have followed in Dr. Mayo's and his sons footsteps appreciate that the vitality of Mayo Clinic and our community is intrinsically linked, our destinies go together. It's on this foundation that we move forward on this next great adventure. Welcome to you Governor Dayton, Mayor Brede, Chairman Bier, members of the Board and to the public gathered here today and thank you all.

Governor Dayton asked each Board Member to introduce themselves and comment on whatever else they would like to share.

Jim Campbell, Retired, Group Executive VP of Wells Fargo and Co. Mr. Campbell stated he was born at St. Mary's Hospital. He grew up in Byron, MN and graduated there with his wife. He spent thirty-eight years with what is now Wells Fargo and retired eleven years ago. He has been involved in many public and private sectors in Minnesota. He is honored to have been asked to be a part of this Board and is looking forward to being involved in this fantastic opportunity here in Rochester.

Bill George, Professor of Management Practices, Harvard Business School. Mr. George stated he was born in Michigan and came to Minnesota in 1970. He has been involved in the

Minnesota Medical Community for several decades and recently has served on the Mayo Planning Board of Directors as a public trustee. He has served as the CEO of Medtronic, Inc. for ten years in the Twin Cities and is now a Professor at Harvard Business School. He is excited about this project and thinks Mayo Clinic is a National treasure and a great job creator for all of Olmsted County. He stated these are well paying jobs, not minimum wage, and offer strong benefits with longevity in these positions. His hope is that this project will link Rochester and the Twin Cities more closely together to enhance the medical community between those two economic areas. He feels with Mayo Clinic as the crown jewel of the State, that Minnesota will become a health care mecca, not only for the nation but for the world. He feels people will come also for the many opportunities besides health care.

Ed Hruska, Rochester City Councilmember for 10 years and was born and raised in Rochester, MN. He is Executive Director of the Rochester Amateur Sports Commission which focuses on economic development and growth to help bring people to Rochester through sports. He appreciates all the support that helped bring the DMC to Rochester. Mayo Clinic is the life-blood of the community and he is looking forward to the future to see what positive things can be accomplished through Health care development and the DMC. He is honored to be working with this group of distinguished leaders and thanked everyone for their support.

Susan Park Rani, Founder of Rani Engineering, was born in Seoul, South Korea. Ms. Rani stated she is delighted to be included as part of this exciting initiative that combines research, development, education and the wonderful health and job development opportunities associated with Mayo Clinic, the State and Rochester. She came to the United States when she was eleven years old. She spoke no English, never held a fork or slept on a bed. She graduated eleven years later from the University of MN. She had received a scholarship from various agencies and is proud to say it has been paid back. She is excited to be a part of this venture for a world destination health program.

Jim Bier, Chairman for the Olmsted County Board of Commissioners. Mr. Bier stated he was born in Wisconsin but has lived in Rochester since 1979. He feels the County, City and State have a great opportunity here and that many other places would love to trade places with us. He is deeply invested in this opportunity and feels it will be good for the community and jobs. He is excited to be a part of this and thanked everyone involved in making it happen.

Ardell F. Brede, Mayor of the City of Rochester. Mayor Brede stated it's an honor to be a part of this prestigious group on the Board. Mayor Brede stated he is very supportive of the University of MN and every other year the University Marching Band comes to the Mayo Civic Center facility. He stated that he worked at Mayo Clinic for 43 years and has been the Rochester Mayor for eleven years. He is honored to represent the City of Rochester and it's a joy to be here for this endeavor. He welcomed everyone.

Tina Smith, Chief of Staff to Governor Mark Dayton and Lt. Governor Yvonne Prettner Solon. Ms. Smith thanked Governor Dayton for appointing her to this position and is very excited to continue the work started by the City of Rochester and Mayo Clinic. She stated that as a proud member of the Executive Branch of the State Government and working for Governor Dayton her work involves the implementation of legislation and programs. Ms. Smith wanted to acknowledge the colleagues with the City of Rochester especially Gary Neumann (Assistant City Administrator) who has helped with the whole development of the legislation and even now with helping to put the inaugural meeting together. She also wanted to thank the staff and leaders at the Mayo Clinic especially Lisa Clarke (Mayo Clinic Administrator) who has helped

keep the ball moving forward for the city and the clinic. Ms. Smith also thanked her Board colleagues.

Dr. John Noseworthy stated Mayo Clinic is completely committed to the strategic planning process for the DMC and the partnership between the City, County and State. Mayo Clinic intends to invest more than three and a half billion dollars over the next twenty years and will work with other stake holders to attract an additional two billions dollars in private investment for Rochester. Dr. Noseworthy stated that the Mayo Clinic has a powerful brand in medicine but it can't take anything for granted in this competitive age. Health Care is under attack for being too expensive and too inefficient. Americans spend too much money and struggle with medical bills because there is not an adequate, highly efficient health care system and the Mayo Clinic is leading the charge to change this. He stated the purpose or primary value of the Mayo Clinic is that the needs of the patient come first. Every decision made is for the betterment of the patient. He stated that they invest heavily in research and education for efficient care, safer care, higher quality care, and cutting edge care for patients and staff. The staff is the most precious resource and could not be successful in their work without the best health care staff. The cost of health care and research is going up and all of us struggle with this cost. Dr. Noseworthy presented a report showing patient care now and for the future and the how the Mayo Clinic plans to continue give the best care possible to all that come to the clinic for their health care needs. He stated that the Mayo Clinic strategy is to build information knowledge management systems. To take what Mayo Clinic knows about what is best for medical research practice and to share it with others that want to work with the Clinic. The Clinic is building a network around the country and internationally to share what Mayo Clinic knows so that people and the families everywhere will have access to that knowledge for the best possible health care. He showed there are twenty centers around the United States, Mexico City and Puerto Rico that have the highest, safest and quality hospital systems in America that are part of the Mayo Clinic care network. He presented a picture of a message written in chalk on the sidewalk outside of the Gonda Building saying "thank you Mayo for saving my Mom-Phil". This is a sign and symbol of the warm hospitality and care that is received from Rochester and the Clinic.

Dr. Bradley Narr, Medical Director for the DMC, stated that the DMC project itself is an economic development initiative for the State of Minnesota. It will be the responsibility of this Board to allocate the public resources that the Legislation has created. The Board is also responsible for the attraction of billions of dollars from the private investments.

Lisa Clarke, Administrator for the DMC. Ms. Clarke acknowledged and thanked all those that have supported this project. She explained how the DMCC will connect with the Economic Development Agency to fully execute the DMC Plan. The EDA is a group that the DMCC will contract with to provide services for the purpose of developing and marketing the DMC.

The Primary Functions of the EDA are as follows:

- Facilitating private investment through development of a comprehensive marketing program to global interest.
- Developing and updating the criteria for evaluating and underwriting development proposals.
- Drafting and implementing the development plan, including soliciting and evaluating proposals for development and evaluating and making recommendation to the DMCC Board and the City regarding those proposals.
- Providing transactional services in connection with approved projects.
- Developing patient, visitor, and community outreach programs for a destination medical center development district.

- Working with the corporation to acquire and facilitate the sale, lease, or other transactions involving land and real property.
- Seeking financial support for the corporation, the city and a project.
- 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.
- Supporting and administering the planning and development activities, required to implement the development plan.
- Preparing and supporting the marketing and promotion of the medical center development district.
- Preparing and implementing a program for community and public relations in support of the medical center development district.
- 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.
- Making other general advisory recommendations to the DMCC and the City, as requested.

Ms. Clarke explained how the process will move forward. The DMCC Board will work with the EDA, then the EDA will plan strategies, coordinate with the City and the County and facilitate projects. The Development Plan is key to the success of the DMC. From the Development Plan will result public and private Projects. Project funding requests made for DMC funds will be approved by the DMCC and the City of Rochester. Public funding will start when the State confirms the private investments have been made, the City issues the Bonds and the County provides the transit funding. She stated that behind the DMCC and the EDA there will be a Comprehensive Work Plan. This will show the organization, administration, finance and funding, development plans, business planning, and community outreach. The Mayo Clinic is working now on structuring the EDA so there is confidence in the group behind the DMCC to move forward. She also presented the Vision Statement for the DMC: Together we will provide meaningful and unparalleled experiences of hope, health and hospitality for very person every day.

Senator Dayton asked the Board to nominate one of his four appointees for Chairperson of the Board.

Mayor Brede moved, Jim Bier seconded to nominate Tina Smith for the Chair of the DMCC. Ayes (7), Nays (0). Motion carried.

Governor Dayton stated, "that the Board has selected an outstanding Chair and a phenomenal public servant." He knows from his experience working with Tina Smith as his Chief of Staff that she has terrific integrity, intelligence, and skills that she developed working both in the private and public sectors. Mayor, I agree with you on getting high speed rail to Rochester even more now, so that Tina can more easily do both jobs.

Chairperson Smith accepted the position. She noted that we all feel the accountability for the DMCC to an open process that is inclusive of the community and we have several communities that we have to keep in mind, certainly the residents of Rochester and Olmsted County and the State of Minnesota, which is another important part of our community.

Chairperson Smith asked Terry Adkins, the City Attorney for his advice for what the Board process should be to consider retaining legal counsel. Mr. Adkins suggested the Board working

with the staff could prepare a request for proposals seeking independent legal counsel. The RFP could use several examples throughout the state that have similar authorities. The proposals received could be presented to the Board for their action.

James Campbell thanked the City Attorney's office and the City for putting together the Articles of Incorporation and By-laws for the Board's review. He was asked to serve on the Board by the Governor to represent the citizens of Minnesota and his perspective is that he wants to look at these documents broadly to ensure that the Board's actions are appropriate and consistent with the purpose of the DMC legislation. He stated he is in support of retaining outside legal counsel for the Board's representation. He would like the first order of business for the legal counsel to be to review the City's Articles and By-laws and propose any amendments to ensure that what we live by in the governance process is consistent with the intent of the DMC legislation.

James Campbell moved, Bill George seconded, to authorize Chairperson Smith to retain outside legal counsel through an RFP process.

Bill George wanted to clarify that it is his understanding that all of the Board members are public officials and are all here representing the State of Minnesota even though they were appointed in different ways. He asked if this is the correct understanding. He mentioned that it is his understanding that, even though in his case he was appointed by Mayo Clinic, his fiduciary obligation is to the State and not to Mayo and that the same would apply to Rochester. The Chair indicated that it was also her understanding that they all represent the State.

Ayes (7), Nays (0). Motion carried.

Chairperson Smith emphasized that the first order of business for the legal counsel would be the review of the Articles and Bylaws and noted the importance of these documents as the foundation for the Board as it moves forward. Chairperson Smith will follow through with the RFP process and communicate with the Board for the timeline to be presented and emphasize the importance of the independent counsel to address the Articles of Incorporation and By-Laws and suggest any changes to consider.

Chairperson Smith opened the floor for discussion regarding the process/timing for drafting policies and procedures.

James Bier feels the Board needs legal counsel before proceeding with this topic. There was a consensus to wait for legal counsel.

Terry Adkins, City Attorney, presented an overview of the Open Meetings Law for the State of Minnesota. Mr. Adkins stated that when the legislature passed the DMC law, the legislation provided that this Board was subject to the Open Records and Open Meetings Law. A public document is anything that is created, received, disseminated by any state agency or local government unit which includes this DMCC Board. He explained what "records" mean. It means that any correspondence between this board and anyone else is considered public data unless it is from your legal counsel. He also explained details of timeline for data requests and the cost of materials provided and what is exempt from public disclosure.

City Attorney Adkins stated that all meetings of the DMCC Board are open to the public. This means at least a 72 hour notice prior to the meeting unless there is a regularly scheduled meeting agenda published. He explained that the Board is considered a state agency and can conduct a telephone conference call and explained the details of conducting that type of

meeting. A quorum of six is considered a meeting of the DMCC Board. He warned that public data includes email correspondence. He advised the Board to avoid “replying to all” when discussing issues by email. He explained what the open meetings law does not require for the Board.

Chairperson Smith opened the floor to discuss a meeting schedule. The general consensus was that until there is feedback from the EDA and a legal counsel has been appointed there is not much work to do until that foundation is completed so there would be no need for a regular meeting schedule at this time. Chairperson Smith will proceed with the legal counsel RFP and report back to the Board to possibly set a meeting for the end of September.

Jim Biers moved, Bill George seconded to adjourn. The time was 3:20 PM.

Valori Langseth, Deputy City Clerk
City of Rochester