

DESTINATION MEDICAL CENTER CORPORATION
BOARD OF DIRECTORS

MINUTES

September 26, 2013

- I. Call to Order: Chair Tina Smith called the meeting to order at 9:10 a.m. in Room 104 of Rochester City Hall at 201 4th Street Southeast Rochester, Minnesota.
- II. Roll Call: In attendance were Tina Smith, Ardell F. Brede, James R. Campbell, William George, Ed Hruska, and Susan Park Rani. James V. Bier participated in the meeting via telephone conference. Absent: R. T. Rybak

Chair Smith welcomed the Board of Directors as well as the community present to the third meeting of the Destination Medical Center Corporation Board (the "Board").

- III. Consent Agenda

Approval of Minutes: Mayor Ardell Brede moved approval of the Minutes from meetings held on August 9, 2013, and September 20, 2013. Jim Campbell seconded the motion. Mayor Brede expressed his thanks to Valorie Langseth of the City Clerk's Office for preparing the minutes for the August 9 meeting and also thanking Chair Smith for preparing the minutes from the September 20 meeting. Mayor Brede noted that this meeting was also being audio taped.

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

- IV. Chair's Report

- A. Legal Counsel: At its September 20 Board meeting, the DMCC agreed to retain the McGrann Shea Carnival Straughn & Lamb legal firm ("McGrann Shea") as the DMCC's outside legal counsel. Present at the meeting were Kathleen Lamb and Kaela Brennan. Chair Smith asked Ms. Lamb to introduce herself and her firm to the Board. Ms. Lamb expressed her firm's appreciation of the appointment.
- B. Status of Articles of Incorporation and Bylaws: Chair Smith noted that due to the fierce sense of urgency with respect to the DMC project, she has directed McGrann Shea to immediately begin work on the Articles of Incorporation and Bylaws which are extremely important foundation documents for the Board. Chair Smith reminded the Board that the Minnesota Statutes that govern the DMCC give the DMCC the authority to adopt bylaws, rules and procedures. The legislation also requires that the City of Rochester establish the DMCC. Chair Smith stressed that the relationship between the DMCC and the City of Rochester needs to be one of close collaboration and shared sense of purpose. In the meantime, the Board need not be held up in commencing their work by not having the final Articles and Bylaws in place.

V. Economic Development Agency

Dr. Patricia Simmons provided an update on the formation of the Economic Development Agency (“EDA”) whose creation by Mayo Clinic has been mandated by the DMC legislation.

Dr. Simmons has been asked and has agreed to Chair the EDA Board. Lisa Clarke will serve as the Interim Executive Director of the EDA. The EDA’s goal is to provide an economic development agency that meets the needs of the project and the Board.

Chair Smith noted that the DMCC Board has two very important relationships in this project, one with the City and one with the EDA Board. The EDA will serve as staff for the DMCC Board, and it is important that the DMCC Board have full confidence in the EDA. She expressed her confidence in the EDA today and expressed her thanks to Dr. Simmons for taking on these responsibilities.

VI. Discussion/Action Items

A. Development Plan Overview: The Board reviewed the “Overview of the Development Plan” (circulated at meeting).

Chair Smith emphasized that this is the plan for creating the Development Plan, not the development plan itself. Chair Smith reminded the Board that what they are trying to accomplish is the largest public/private initiative that she is aware of with tremendous opportunities to bring jobs and opportunity not only to Rochester and Olmsted County, but to the entire state. Chair Smith reviewed the DMC Mission Statement and DMC Goals. Those goals are:

- 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 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.

Chair Smith reviewed the Development Plan Objectives. She reminded the Board that this is a 20-year public/private partnership. There are five (5) key strategies to guide the partnership: (1) Vision; (2) Transformation; (3) Accountability of the DMCC Board; (4) Focus on Execution; and (5) Public Partnership.

Chair Smith reviewed the Development Plan and Implementation Process and an outline of the Scope and Content of the Development Plan. Chair Smith reminded the Board that the Development Plan is a comprehensive strategic business plan that will outline the planning, finance, marketing and business development strategies of the DMC going forward.

At this point, Chair Smith asked Kathleen Lamb to discuss the statutory requirements with respect to the development plan. Ms. Lamb provided an overview.

Chair Smith asked for discussion by the Board. Discussion by Board members ensued.

It was noted that the DMCC would have to synchronize with the reality of the marketplace so that development does not get delayed, and that there were proposals and development already underway that may be certified as private investments with respect to the plan. Chair Smith noted that one of the key things that has to happen before the DMCC Board can begin to make investment decisions is that they have to be able to demonstrate that they have the development plan and funding criteria in place for making those decisions; an innovation of this plan is to certify that the investment is in place prior to public investment flowing, and it is up to DEED to certify that investment. Mr. Campbell requested periodic summaries of development activity occurring to familiarize those who don't live in Rochester.

VII. Resolutions

- A. Resolution No. 02-2013: Authorizing the Board Chair and counsel to negotiate an agreement with the EDA, subject to final approval by the Board; and further directing the EDA to: begin the process of planning the development plan; begin coordinating the scope of work of its staff and consultants; and lead the process to ensure the development plan is complementary to the City's Comprehensive Plan and regional transportation plans.

Susan Park Rani moved to approve, Ed Hruska seconded
Ayes (7), Nays (0), Motion carried

- B. Resolution No. 03-2013: Authorizing the Board Chair and counsel to negotiate an operating services contract with the City of Rochester as provided by law for the provision of administrative, clerical, and accounting services to the DMCC, subject to final approval by the Board.

Mr. Campbell moved, Ms. Park Rani seconded
Ayes (7), Nays (0), Motion carried.

VIII. Other Business

- A. Meeting Schedule for the DMCC Board: An every other month schedule is being developed and will be announced.

B. Appointment of Secretary. Chair Smith appointed Lisa Clarke of the EDA to serve as Secretary to the DMCC.

IX. Adjournment

Motion to Adjourn by Mayor Brede, Mr. Campbell seconded
Ayes (7), Nays (0), Motion carried

The meeting was adjourned.

Respectfully submitted,

Lisa Clarke
Secretary