

**DESTINATION MEDICAL CENTER CORPORATION  
BOARD OF DIRECTORS**

MINUTES  
August 25, 2016

- I. Call to Order. Chair Tina Smith called the meeting to order at 9:30 a.m. at the Mayo Civic Center, Riverview Suite, located at 30 Civic Center Drive SE, Rochester, MN 55904.
- II. Roll Call. In attendance were Chair Tina Smith, Council Member Mark Hickey, Jim Campbell, Susan Park Rani, Commissioner Jim Bier, Mayor Ardell Brede and Michael Dougherty.
- III. Approval of Agenda. Chair Smith requested a motion to approve the Agenda. Mr. Dougherty moved approval. Commissioner Bier seconded.  
  
Ayes (7), Nays (0), Motion carried.
- IV. Approval of Minutes: June 23, 2016. Chair Smith requested approval of the Minutes from the meeting held on June 23, 2016. Mr. Campbell moved approval. Mr. Dougherty seconded.  
  
Ayes (7), Nays (0), Motion carried.
- V. Public Comment Period. Chair Smith invited members of the community to provide comments.

Barry Skolnick, Rochester resident, noted reports that the University of Minnesota Rochester and the library have been the subject of discussions regarding how each institution might occupy shared space. He also noted a concern about bicycles on downtown sidewalks.

Anna Richey, Ivan Idso, Rick Morris, and Tom Williamson thanked the Board for supporting energy and sustainability goals, highlighted complementary requirements in the DMC Design Guidelines and asked that a sustainability coordinator be hired as soon as possible.

Traci Downs, owner of the Conley-Maass building, invited members of the Board to the August 25 Conley-Maass open house and described the building's co-working space.

Sunny Prabhakar, founder of a local young professionals group and an appointee to the Heart of the City Community Advisory Committee, asked that patient experience and the needs of a growing workforce be kept in mind while designing the Heart of the City public space.

Dennis Davey, president of the Historic Southwest neighborhood association, shared his experience at the EDA-led June 2016 Saint Marys Place site transit-oriented development visit to Saint Paul and Minneapolis and stated that it furthered the Saint Marys Place working group's best practices discussion and decision-making.

Kellie Mueller, a member of the Kutzky Park Neighborhood Association, asked the Board to consider expansion of the DMC district boundary, and suggested that the Metropolitan Design Center examine a proposed mixed-use development on the Miracle Mile site.

Hallie Wallace, Jane Peterson and Mary Bale, members of the Service Employees International Union, spoke regarding the ongoing food service subcontracting negotiations at Mayo Clinic sites.

Richard Olen, a resident of Shoreview, MN, expressed his desire to include elevated rail in Rochester's transit plans.

Jerome Ferson, President of the United Way of Olmsted County, complimented the EDA for working with community organizations while identifying data sources from which to measure progress toward DMC and community goals.

VI. Chair's Report. Chair Smith reported that the Minnesota Department of Employment and Economic Development ("DEED") certified the 2015 private DMC investment figures submitted by Mayo Clinic, the EDA and the City of Rochester. 2015 private investment exceeded \$106 million, increasing to-date investment to \$152.4 million. The City public investment to-date totals \$9.8 million. Chair Smith also thanked Olmsted County for committing \$10.5 million to advance transit efforts. Finally, Chair Smith welcomed members of the public to the 11:30 a.m. tour of the Conley-Maass building.

VII. DMCC: Form 990; Charitable Organization Report. Craig Popenhagen of CliftonLarsonAllen presented the DMCC's IRS Form 990, describing various sections of the form and stating that the form must be submitted by November 15, 2016. The DMCC must also file an Annual Charitable Organization Report to the Attorney General's Office.

Resolution A: Approval of 2016 Minnesota Charitable Organization Annual Report and 2015 Form 990. Chair Smith requested a motion to approve the resolution. Commissioner Bier moved approval. Council Member Hickey seconded;

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

VIII. City of Rochester: Update. Randy Staver, Rochester City Council President, provided the City update.

The City's Comprehensive Plan, including guidance on public transit, land use, urban design, and other areas of focus, will be ready for public review in September.

A modified parking policy is planned to be created by the Council in the coming weeks. Transit studies are ongoing and a more detailed update will be provided in October. Nelson Nygaard, transit leader for the DMC Development Plan, has assisted in transferring historical data. All study teams meet the WMBE goals and are on schedule and budget,

Ms. Park Rani requested that a transit study timeline graph be provided to the Board. Mr. Campbell noted that developers and investors are interested in understanding how Rochester's transportation system will function. Mr. Neumann noted that a milestone schedule was included in the June 23 joint meeting packet. Mr. Dougherty asked that a detailed calendar be provided to the Board by the City before the next meeting, and Chair Smith asked that it be provided with all future Board materials. Commissioner Bier requested specific milestones on decision points.

The design guidelines developed for downtown Rochester continue to be refined through a community engagement process. The City has retained the Metropolitan Design Center. Mayo Clinic, the City of Rochester's Committee on Urban Design and Environment (CUDE), Rochester Area Builders, and the Rochester Downtown Alliance (RDA) Space and Place committee have reviewed the standards, with follow-up meetings with RDA and CUDE scheduled for September 1. The City Council will review the proposed design guidelines in September.

The Chateau Theatre re-use initiative, led by Miller Dunwiddie and the Chateau Theatre Re-Use Task Force, is underway.

Development projects, including the Alatus and Bloom International proposed projects, continue to move forward.

IX. Project Update (City of Rochester, EDA)

A. Heart of the City: Report and Recommendation of Public Spaces Design Firm. Mayor Brede described the role and responsibilities of the Heart of the City Community Advisory Committee (CAC). Eleven responses were received after issuing the Heart of the City Public Space Design request for qualifications, and six of the responding firms were issued requests for proposals.

On August 15, the CAC interviewed RSP Architects, HGA Architects, and Sasaski Associates. The committee indicated majority support for the RSP Architects proposal.

Council Member Hickey asked for regular updates to the City Council. Mr. Neumann stated that pending approval by the Board, action to retain RSP Architects as the public space design firm will be presented to the City Council on September 7.

Resolution B: Approving Recommendation to Engage RSP Architects to Serve as the Public Space Design Firm for the Heart of the City. Mr. Neumann suggested that the DMCC resolution be amended to identify the public space design work undertaken by RSP Architects as a public infrastructure project.

Chair Smith requested a motion to approve the resolution as amended. Commissioner Bier moved approval. Ms. Park Rani seconded.

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

- B. Saint Marys Place / Second Street Infrastructure. Patrick Seeb, EDA, stated that the public space design process continues and described the design sprint and timeline that will be completed for Saint Marys Place.
- C. Alatus: Proposed Development on 2<sup>nd</sup> Street SW. Bob Lux and Chris Osmundson of Alatus, LLC described the proposed development on the corner of Second Street and Fourteenth Ave., SW. The development is primarily residential but includes approximately 13,000 s.f. of ground floor commercial space. The proposed project is intended to be dense and community oriented, providing a new gateway to Saint Marys Place. Mr. Lux highlighted several amenities, including a restaurant and brownstone rowhouses meant to ease the transition into the nearby neighborhood.

The project will be presented to the City Planning Commission and City Council in September.

Council Member Hickey questioned whether the building construction materials or the economics of development impact the building height. Mr. Lux responded that the building height is influenced by a combination of factors and that efforts have been made to integrate the development into the existing neighborhood atmosphere. Mr. Dougherty asked about the project's expected cost and equity, which are estimated at \$105 million and \$30-40 million, respectively. Commissioner Bier, noted that the project's density is likely necessary for its success.

X. Economic Development Agency.

- A. EDA Operations. Jeff Bolton, EDA Board President and Mayo Clinic CAO, and EDA Executive Director Lisa Clarke provided an EDA update. Mr. Bolton commented on Discovery Square and Mayo Clinic's commitment to DMC. Mr. Bolton congratulated Hunter and Traci Downs and highlighted the leadership of entrepreneurs in economic development and vibrancy in the community. Mr. Bolton stated that the EDA is working closely with community organizations, and city and county staff. Mayo Clinic will serve as a catalyst in Discovery Square and is nearing the end of a real estate development firm selection process. Mr. Bolton indicated that the firm is located in Minnesota and that an announcement will be made in the coming weeks.

Mr. Bolton reported that Mayo Clinic's 2016 capital investments, along with other development, will allow DMC to meet the \$200 million State private investment requirement.

- B. Discovery Square.
  - a) Subdistrict Approach. Mayor Brede asked if public green space will be incorporated into Discovery Square. Mr. Bolton stated that Mayo Clinic will include green space in its Discovery Square plan.
  - b) Mayo Clinic Update. Mr. Bolton also reported that Mayo Clinic's Rochester employee headcount as of July 2016 is 34,175, demonstrating high patient demand and growth of nearly 3,400

positions in one year. Mr. Bolton stated that patient demand is strong and that Mayo Clinic is “bullish” and “all-in” on Rochester and enjoys its strong relationships with the EDA, and the City, County and State.

Mr. Campbell requested regular Mayo Clinic employment and growth updates.

- C. Marketing: Update. Ms. Clarke, stated that the EDA is pleased with interest by developers in all six subdistricts. Citing the progress in Saint Marys Place as an example, Ms. Clarke reported that the City, EDA, DMCC, neighborhood groups, developers, and landowners continue to work together.

Ms. Clarke highlighted several local events, including Rochester’s Supplier Diversity Summit, which included more than 300 participating organizations, and the Southeast Minnesota Economic Summit, which offers individuals and organizations from around Minnesota to take part in the growth and opportunity found in Southeast Minnesota.

The EDA’s work with Center for Energy and the Environment and the McKnight Foundation continues, as well. McKnight Foundation grant funding was provided in July and the Energy Integration Committee continues to meet.

Ms. Clarke reported that the DMC marketing plan is moving forward with marketing firm Clarity Coverdale Fury. The first phase of the plan is being finalized and will begin execution in September, audiences have been identified, and marketing efforts will expand nationally as Discovery Square progresses.

Ms. Park Rani noted the thoughtful approach to supplier diversity taken in Rochester.

Chair Smith thanked the City of Rochester for working with the Metropolitan Economic Development Association to improve opportunities for small- and minority-owned businesses.

- D. Prototyping Event (September 15-17, 2016). Mr. Seeb described Rochester’s Placemakers Festival, noting that it is a nationally recognized business strategy and a partnership with the EDA, Rochester Downtown Alliance and the Rochester Art Center and will coincide with Mayo Clinic’s Transform Conference, scheduled for September 16-18, 2016.
- E. Metrics. Craig Helmstetter, Senior Research Manager at Wilder Foundation, Mr. Seeb and Ms. Clarke described the process of capturing data for the DMC metrics dashboard. Mr. Seeb noted that the methodology and outcomes were derived from the DMC goals but that the dashboard is not solely a measure of DMC, but in fact measures change in the community overall. Mr. Helmstetter noted that the dashboard includes a large number of indicators, but that it may be refined over time to include only those which are found to be most valuable. Commissioner Bier requested that the dashboard track the output of the Olmsted County waste-to-energy plant. Chair Smith noted that the dashboard includes broad population indicators in addition to those that are specific to DMC.

XI. DMCC 2016 Budget: Year to Date Update. Commissioner Bier offered a budget update.

XII. Meeting Schedule. The next regular meeting of the DMCC is Thursday, October 27, 2016 at 9:30 A.M.

XIII. Adjournment. Commissioner Bier moved to adjourn the meeting. Ms. Park Rani seconded.

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