

**DESTINATION MEDICAL CENTER CORPORATION
BOARD OF DIRECTORS**

MINUTES
December 15, 2016

- I. Call to Order. Vice Chair R.T. Rybak called the meeting to order at 9:40 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 R.T. Rybak, Council Member Mark Hickey, Jim Campbell, Commissioner Jim Bier, Mayor Ardell Brede and Michael Dougherty.
- III. Approval of Agenda. Commissioner Bier moved approval of the Agenda. Mr. Campbell seconded.

Ayes (6), Nays (0), Motion carried.
- IV. Approval of Minutes: October 27, 2016. Commissioner Bier moved approval of the Minutes of the meeting held on October 27, 2016. Mayor Brede seconded.

Ayes (6), Nays (0), Motion carried.
- V. Public Comment Period. Vice Chair Rybak invited members of the community to offer comments.

Jesse Welsh, Rochester resident, spoke in favor of the proposed Alatus development project in Saint Marys Place, citing the high standards of design and public engagement demonstrated by the developer.

Mark Bransford, Rochester resident, spoke about the proposed Alatus development project, noting his concern regarding the compatibility of the development with the Folwell neighborhood.

Mary Jo Majerus, Rochester resident, stated her opposition to urban sprawl, and, as it related to the Alatus project, and voiced support for infill of the city. Ms. Majerus noted her positive experience with local developers, including Alatus, LLC.

Christine Schulze, Rochester resident, spoke regarding the proposed Heart of the City North development project and the importance of its progression through the planning, zoning, and historic preservation processes.

John Kruesel, Rochester resident, spoke on behalf of the Rochester Conservancy regarding the Hotel Carlton-Days Inn site and his concern on the current state of public engagement in Rochester.

Richard Olen, a resident of Shoreview, MN, supported elevated transit options and stated the pace of transit planning is not moving fast enough.
- VI. Chair's Report. On behalf of Chair Smith, Vice Chair Rybak noted the announced pending retirement of Rochester City Administrator Stevan Kvenvold. Vice Chair Rybak also noted that the DMCC's regular meeting schedule will be quarterly in 2017.
- VII. Project Update. Gary Neumann, Terry Spaeth, Lisa Clarke, and Patrick Seeb offered the project update.
 - A. Alatus: Proposed Development on 2nd Street SW. Ms. Clarke reported that the EDA Board recommended the Alatus project for approval, and its review was available in the DMCC Board packet, as well as the City of Rochester Administration's letter of support for the project. Mr. Dougherty requested a financing term sheet. Mr. Campbell suggested that the approval of the project be contingent on an acceptable financing structure. Vice Chair Rybak invited Bob Lux of Alatus, LLC to comment on the project financing. Mr. Lux expressed confidence in the project financing, noting the loan and equity proportions of the project.

Commissioner Bier noted the DMC goals related to tax revenue generation and job creation. Vice Chair Rybak stated his support for the project, and the need for transit solutions, particularly as projects come forward for review.

Resolution A: Approval of the Alatus Project as a Public Infrastructure Project, Pending Modification of the Development District.

Mr. Dougherty offered an amendment to the resolution which made approval of the Alatus project contingent upon Alatus, LLC providing evidence of financing satisfactory to the Board within 90 days. This period of time coincides with the City's development assistance agreement. The amendment was accepted as a friendly amendment.

Mayor Brede moved approval of the resolution as amended. Mr. Dougherty seconded.

Ayes (6), Nays (0), Motion carried.

Vice Chair Rybak moved that City and EDA staff be directed to explore the feasibility of directing excess tax increment financing from the Alatus project to transit and transit-oriented development. He asked that an update come back to the Board on January 26, 2017. Council Member Hickey expressed his support for directing staff to examine the use of tax increment financing for transit.

Vice Chair Rybak moved approval. Mr. Campbell seconded.

Ayes (6), Nays (0), Motion carried

B. Analysis of Consistency with the Development Plan.

1. Titan/Opus: Proposed Development between First Avenue SW and Broadway:
The project review is underway.
2. Heart of the City North: Proposed Development at West Center Street and First Avenue NW:
The project review is underway.

Mr. Seeb noted that these projects are not up for approval today, but that both projects are continuing to move through the review process.

Vice Chair Rybak asked about the status of other projects. Mr. Neumann stated that the Bloom International Realty project continues to move through the process. An update will likely be ready for the DMCC Board meeting on April 27, 2017. Mr. Campbell requested that the Board receive regular updates in between Board meetings to understand the status and roadblocks for pending projects. Vice Chair Rybak commented that the Board wanted to push projects along as quickly as possible. Commissioner Bier agreed, citing the rising costs of interest and construction.

C. Subdistrict Update.

1. Heart of the City.
 - a. Chateau Theatre. Mayor Brede directed the Board to the Chateau Theatre update available in the Board packets. He described some of the work of the various consultants and discussed the potential interior upgrades that could happen, as well as exterior cosmetic and efficiency upgrades that have been made.

Mr. Neumann stated that the City Council had requested that additional work be done in the areas of governance, funding options and coordination of work with Heart of the City. He noted the complementary work of the Chateau Theatre Re-Use Task Force and consultants and the work of the Heart of the City Community Advisory Committee. Next steps for the Chateau Theatre, including a project timetable, will be developed

by City and EDA staff.

Mr. Campbell and Vice Chair Rybak discussed the need for a visionary reimagining of the Chateau Theatre as it relates to the surrounding Heart of the City subdistrict.

- b. Public Space Design. The work of the RSP Architects-led team continues and will be presented in more detail in January.

- 2. Saint Marys Place: Mr. Seeb gave an update on planning in Saint Marys Place, including the design concepts that EDA and City staff, as well as other stakeholders, have been examining. Public infrastructure design options include a street-level “arcade” system, frequent and prominent crosswalks, transit nodes, strengthening an east-west bike connection between the downtown core and Saint Marys Place, and pedestrian-friendly streets.

VIII. DMCC 2016 Budget: Year to Date Update. Commissioner Bier directed the Board to the finance update in the Board packet, stating that the DMCC and DMC are under budget for 2016.

IX. 2017 Meeting Schedule. Chair Rybak directed the Board to the quarterly 2017 regular meeting schedule in the Board materials, but noted that additional meetings may be called if necessary.

Resolution B: Approval of 2017 Regular Meeting Schedule.

Mr. Dougherty moved approval. Mayor Brede seconded.

Ayes (6), Nays (0), Motion carried

X. Meeting Schedule. The next regular meeting of the DMCC is Thursday, January 26, 2017 at the Mayo Civic Center.

XI. Adjournment. Commissioner Bier moved to adjourn the meeting. Mr. Campbell seconded.

Ayes (6), Nays (0), Motion carried.