

**DESTINATION MEDICAL CENTER CORPORATION
BOARD OF DIRECTORS**

MINUTES

October 27, 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, Michael Dougherty and R.T. Rybak.

III. Approval of Agenda. Commissioner Bier moved approval of the agenda. Ms. Park Rani seconded.

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

IV. Approval of Minutes: August 25, 2016. Mr. Dougherty moved approval of the minutes from the meeting held on August 25, 2016. Commissioner Bier seconded.

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

V. Public Comment Period. Chair Smith invited members of the community to offer comments.

Kevin Lund, Rochester resident, spoke regarding the proposed Alatus development and proposed boundary extension request. His comments included a video of vehicle traffic and current residential homes in Saint Marys Place.

John Kruesel, Rochester resident, spoke regarding the Alatus project and suggested that the Rochester School District determine the impacts of the project on the Folwell elementary school.

Nancy Slocum, Rochester resident, spoke regarding the Days Inn development and Mayo Clinic.

VI. Chair's Report. Chair Smith noted that the 2017 DMCC meeting schedule was being developed. She reported on the AdvaMed conference, hosted for the first time in Minnesota, and highlighted the work in Discovery Square. Chair Smith emphasized that the DMCC is designed to facilitate broad economic development, rooted in a strong foundation of local control in evaluating particular developments and that how development unfolds properly remains the responsibility of local boards, with the benefit of local input.

VII. Project Update. Patrick Seeb and Terry Spaeth facilitated the project update.

A. Alatus: Proposed Development on 2nd Street SW. Bob Lux and Chris Osmundson spoke on behalf of Alatus LLC, noting that the proposed project, which includes a 349-unit apartment complex, has passed the first set of City Council and Planning and Zoning Commission approvals. In response to questions from Mr. Rybak, Mr. Lux outlined the proposed parking, the decrease from initial plans, and the intended parking focus upon residential and retail users of the project.

Resolution A: Authorizing Submission of Modification to the Development District to the City. Alatus, LLC requested that the DMCC consider a proposed modification of the DMC

Development District to include the portion of the project that currently lies outside of the district.

Mr. Rybak clarified that the resolution does not indicate DMCC approval of the project. Chair Smith noted that the resolution begins a 60-day public comment period that includes a public hearing.

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

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

- B. Transportation Update. Richard Freese, Beth Bartz (SRF) and Ken Holte (SRF) provided the transportation update, including a milestones schedule, with an initial milestone of January 2017. Transportation principles considered in the four studies include walkability, efficient parking options, sustainability, and maximizing public and private funds.

The four studies are integrated, and studies of parking, current demand, and the need to address future supply are being reviewed under a travel demand management system. The January 2017 deliverables include a transit needs statement and a broad set of mode options. The street use study will review current street use and traffic demand. A “park once” concept, on-street parking, sidewalk use, and other street typology considerations for downtown will be reviewed. The city loop study will include a baseline assessment and consideration of grades. The May 2017 deliverables reflect a narrowing of options, with preferred transportation solution scenarios anticipated by September 2017. Phasing, financing, and other practical elements will be considered.

Ms. Park Rani commended the aggressive deliverables and schedule and suggested that the milestones schedule specify the primary consultant.

Council Member Hickey noted that the city’s policy does not prioritize any transit mode over another. Mr. Holte and Mr. Freese explained that the consultants will consider how right of way is used, and removing barriers to make options other than single-occupant-vehicles available. Commissioner Bier stated that the street typology and finite space will determine how new pedestrian or bike right-of-ways are created. Mayor Brede expressed thanks for a complete report and for the hard work. Mr. Dougherty asked about the consultant cost for 2016 and 2017. Mr. Holte noted that the total for all four studies is \$7.5 million. In response to questions from Chair Smith, Ms. Bartz noted that each milestone stage of the studies includes input from the public.

Mr. Rybak emphasized the importance of peripheral parking in measuring mode shifts. He noted that determining the location of the transit system, regardless of type, should be accelerated. Mr. Dougherty agreed. Commissioner Bier noted that existing traffic lanes should be preserved.

- C. Titan/OPUS Proposed Development between First Avenue SW and Broadway. Matt Rauenhorst and Ernesto Luiz Garcia, OPUS Group, described the proposed development. The project includes multi-family housing, a green roof, two-story lobby, no visible parking, and active uses at the street level. Mr. Rybak praised the proposed project design.
- D. Hammes Company Proposed Development at West Center Street and First Avenue NW. Bob Dunn, Hammes Company, presented an overview of the proposed mixed-use project on the current Days Inn site, which includes a hotel, residential, retail, and parking.

Commissioner Bier described the project as aspirational. Mr. Campbell noted that parking may continue to be an issue.

E. Subdistrict Update.

1. Heart of the City.

- a. Public Space Design Milestone Schedule. Jon Buggy, RSP Architects, provided a public space design update, noting the importance of harnessing the energy and creativity of the community, creating private investment, jobs, and generating tax revenue.
- b. Chateau Theatre Taskforce Report. Rochester Civic Music Director Steven Schmidt provided the Chateau Theatre reuse and renovation update. Mr. Schmidt described the extensive community engagement process. He explained that a draft business plan, including a market analysis and phasing for renovation, will be published in the next month, and that the market analysis supported an on-going role for the Chateau Theatre. Mr. Schmidt described potential footprint options, including using the existing footprint, expanding into the alley, and excavating the basement, as well as seating options and multi-purpose space. Mr. Rybak noted the opportunities created by exploring aspirational options.

2. Saint Marys Place. Mr. Seeb noted that an open house for public input is being planned.

VIII. DMCC 2016 Budget: Year to Date Update. Commissioner Bier provided a budget update.

IX. 2017 DMCC Funding Request.

Resolution B: Approving the 2017 DMCC Funding Request and Authorizing Transmittal. DMCC Treasurer Bier summarized the efforts of the DMCC budget working group and described the 2017 budget review process, noting a total reduction of nearly \$1 million from 2016. He explained the four components of the 2017 DMCC Funding Request, including the EDA Work Plan and Budget, the DMCC Budget, the Capital Improvement Plan, and the extension of the working capital loan agreement.

Council Member Hickey thanked City and EDA staff for making meaningful adjustments, and described the work plan as ambitious. Chair Smith thanked the budget work group, and noted her support of the Funding Request.

Commissioner Bier moved approval of the 2017 Funding Request. Council Member Hickey seconded.

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

X. League of Minnesota Cities Insurance Trust. General Counsel Kaela Brennan explained that as part of its insurance policy, the Board must annually consider whether it wishes to retain certain statutory monetary protections or waive them, and that the Board's risk management consultant recommended that the DMCC not waive these protections.

Commissioner Bier moved that the DMCC elect not to waive the statutory protections. Mr. Dougherty seconded.

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

- XI. Meeting Schedule. The next regular meeting of the DMCC is Thursday, December 15, 2016 at 9:30 AM.
- XII. Adjournment. Chair Smith adjourned the meeting.

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