

DESTINATION MEDICAL CENTER CORPORATION (DMCC)  
BOARD OF DIRECTORS

MINUTES

Thursday, April 27, 2017

I. Call to Order. Chair Tina Smith called the meeting to order at 9:30 a.m. at the Mayo Civic Center, Suite 111, located at 30 Civic Center Drive SE, Rochester, MN 55904.

II. Roll Call. In attendance were Chair Tina Smith, R.T. Rybak, Council Member Mark Hickey, Jim Campbell, Mayor Ardell Brede and Susan Park Rani.

III. Approval of Agenda. Mr. Campbell moved approval of the Agenda. Mayor Brede seconded.

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

IV. Approval of Minutes: February 8, 2017. Council Member Hickey moved approval of the Minutes of the meeting held on February 8, 2017. Mr. Rybak seconded.

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

V. Public Comment Period. Chair Smith invited members of the public to comment.

Paula Hardin, a Rochester, MN resident, expressed concerns about the public investment in the DMC initiative and offered suggestions regarding how the community may benefit from future public investment.

Richard Olen, a Shoreview, MN resident, expressed support for elevated rail in Rochester.

VI. Chair's Report

A. Executive Committee Report. Chair Smith reported that on March 23, 2017, the Executive Committee, joined by Mayor Brede, met and approved extensions of the agreements with Risk Management Resources, Inc. and CliftonLarsonAllen. The Committee also authorized the submission of the 2016 certification of expenditures to the Minnesota Department of Employment and Economic Development (DEED).

B. Transportation Work Session. Chair Smith reported that on April 18, Chair Smith, Mr. Rybak, Commissioner Bier, Mayor Brede, and Council Member Hickey joined colleagues from the City of Rochester, Mayo Clinic, the EDA and the DMC Integrated Transit Studies (ITS) team at an informal transportation work session.

Richard Freese, Public Works Director for the City, thanked the Board and noted that the comments made during the work session were shared with the ITS teams. He stated that the studies proceed on schedule, and that there will likely be a second work session in early June that includes the City Council, Olmsted County Board of Commissioners, DMCC and EDA Boards of Directors.

Mr. Rybak stated the intersection of Civic Center Drive and U.S. Highway 52 needs to be addressed to affect downtown traffic/transit demand and parking. He noted that some issues are more pressing than others and that phased solutions could be implemented as growth occurs.

Ms. Park Rani requested information regarding the costs of each option. Mr. Freese stated that cost analyses will be completed in September 2017.

- C. Project Matrix. Chair Smith presented the Board with a matrix of current projects in the DMC district and stated that she welcomes feedback on the provided information.
- D. Resolution A: Commending Stevan Kvenvold. Chair Smith thanked Mr. Kvenvold for his service on behalf of herself and Governor Mark Dayton. On behalf of the Board, Chair Smith expressed gratitude for Mr. Kvenvold's role in the stewardship and support of DMC.

Mayor Brede moved approval of the resolution. Council Member Hickey seconded.

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

#### VII. Project Approval Conditions.

- A. Resolution B: Requiring Additional Review of Projects upon Material Deviation from Approvals Granted. Chair Smith stated that the resolution was developed to ensure that projects that changed in a material way after DMCC approval still serve the goals and vision of the DMC initiative. She thanked Mr. Campbell, Mr. Dougherty and Mr. Rybak for their comments.

Chair Smith moved approval of the resolution. Mr. Campbell seconded.

Mr. Rybak moved to amend the resolution to provide that a change of 10% or greater of the approved number of hotel rooms be included in the criteria. Mayor Brede seconded. Ayes (6), Nays (0), Amendment carried.

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

#### VIII. Project Update.

- A. Public Realm Design Panel. Patrick Seeb, EDA Director of Economic Development and Placemaking, introduced the panel. The panel is intended to allow the Board to keep pace with public realm change and provide feedback and counsel. Mr. Seeb introduced Tom Fisher, an EDA board member and Director of the University of Minnesota's Metropolitan Design Center, to facilitate the presentation of progress on public realm initiatives. Professor Fisher stated that great cities have great public spaces and that Rochester has an opportunity to become America's City for Health.
  - a. DMC Design Guidelines. Terry Spaeth, City of Rochester Redevelopment Director, described the design guideline sections: downtown, public areas, and individual sites. The design guidelines were developed with support from the University of Minnesota's Metropolitan Design Center. Mr. Spaeth described the process, including community engagement, that created and refined the guidelines. Next steps include planning and zoning commission and city council review and implementation. Professor Fisher and Mr. Spaeth stated that the guidelines follow the best examples of effective design guidelines and are tailored to Rochester. Mr. Campbell requested Board members be made aware of cities that served as models for the design guidelines.
  - b. Heart of the City. Jon Buggy, of RSP Architects, began his presentation by noting that the Heart of the City public realm design has been crafted in accordance with the design guidelines and is authentic to Rochester. The design team's deliverables will include a

schematic design, cost estimates, and phasing and implementation plans. Next steps include a review of the plan with the community advisory committee, city and EDA staff, and property owners; refinement of the cost estimate; a design recommendation; an operations and maintenance plan (to include identified revenue-generation opportunities); and community presentations. A final design and report will be prepared in June 2017. Mr. Rybak asked the design team to consider how to activate Peace Plaza year-round, how changes to First Avenue might create more dramatic public space, and how to connect the skyway and subway system to ground-level space. Ms. Park Rani asked what legal matters exist, and Mr. Buggy cited street ownership as an example.

- c. Chateau Theatre. City Administrator Stevan Kvenvold began his presentation by thanking the Board for its commendation of his service to the City of Rochester. Mr. Kvenvold stated that it is his understanding that financing for the purchase and renovation of the theatre was to be accomplished through DMC sale tax revenue and state infrastructure funds. Operating expenses are to be a city responsibility. Mr. Kvenvold stated that the theatre should be renovated to provide a multi-purpose arts and meeting center but that the cost could exceed \$21 million.

Mayor Brede stated that the Chateau Theatre is a community asset. Mr. Rybak suggested that, prior to full investment and renovation, interim programming could be allowed to measure interest in the use of the theatre for various functions. Mr. Campbell stated that investment in the Chateau Theatre should be maximized by examining innovative ways to enhance or expand the building footprint and suggested considering a partnership with the owners of adjacent properties. Council Member Hickey asked the design team to consider if a renovated theatre would compete with other downtown venues. Mr. Rybak suggested that the renovated theatre could be a “loss leader” that encourages downtown visitation and asked the team to consider how tax-increment revenue or a not-for-profit trust could mitigate the potential for budget deficits resulting from theatre operations.

- d. Saint Marys Place. Andy Masterpole, of SEH, Inc., provided the Saint Marys Place update. Mr. Masterpole stated that the accelerated public realm design efforts are the result of development interest in the subdistrict, including Mayo Clinic’s announced \$218 million expansion to Mayo Clinic Hospital Saint Marys Campus. Protected street-level walkways, a pedestrian tunnel connecting the north and south sides of Second Street SW, public space on Twelfth Avenue, mid-block connections that shorten block lengths, functional alleys, and using Second Street SW as an entrance to downtown are being considered in the current concept. Next steps include community and City Council presentations and a demonstration of proposed design concepts. Mr. Campbell suggested that Second Street SW between the Mayo Building and Saint Marys campus should encourage pedestrian use. Mr. Rybak stated that transportation solutions could connect these unique places. Chair Smith suggested including the public realm design work in the next transportation work session.
- e. Discovery Square. Mr. Seeb noted that progress in Discovery Square has come quickly: the renovation of the Conley-Maass-Downs building, the selection of Mortenson Co., the opening of 501 First Ave, the approval of Urban on First, and the proposed Residences at Discovery Square all demonstrate the vibrant market activity. Next steps are to determine the scope of public realm design work, select a design team, and commence design work on pace with the upcoming Mortenson project.

Chair Smith thanked the panelists.

- B. Discovery Square Project. Jeremy Jacobs, of Mortenson Co. and Eli Hoisington, of HOK, offered an update on the Mortenson project. Progress to-date includes completion of the HR&A market study that identified successful building programs for innovation and the selection of Colliers International as a tenant recruitment partner. Mr. Hoisington noted that opportunities exist using this first building as an anchor for future development. Mr. Campbell asked if other research and development centers have served as models. Mr. Jacobs stated that Johns Hopkins and Cortex are examples of effective innovation spaces but declared that Mayo Clinic is a differentiator, and noted that access to Mayo Clinic staff, services, and technologies sets the development apart from others. Ms. Park Rani asked if overseas developments have been examined. Mr. Jacobs noted that while foreign developments have not been studied, other project team members, including the Medical Alley Association and DEED, have international relationships that may inform program development.
- C. Other Projects. Chair Smith noted an update on other projects is in the Board packet.
- IX. Mayo Clinic Five Year Facilities Update. Tim Siegfried and Gail Eadie of Mayo Clinic's facilities department presented the Mayo Clinic five-year facilities update. Ms. Eadie described the medical zoning districts that direct how Mayo Clinic constructs buildings and highlighted the list of projects Mayo Clinic may undertake in the next five years. Mr. Rybak noted employee distribution between downtown and the Saint Marys campus and suggested it could inform transit discussions. Chair Smith indicated the Board may request another presentation and Mr. Rybak requested that Mayo Clinic find ways to move employee vehicular traffic through portals other than the Civic Center Drive and U.S. Highway 52 interchange. Mr. Campbell complimented the Mayo Clinic team on the comprehensive update.
- X. EDA Report. Lisa Clarke, EDA Executive Director, directed the Board to the metrics report and marketing campaign metrics document found in the Board packet.
- A. Metrics Dashboard. Ms. Clarke presented the first review of the DMC metrics dashboard and noted that Wilder Research is a resource for DMC and many regional groups, providing stakeholders with a common data set. The metrics report is updated in the spring and fall of each year. By the end of 2017 EDA staff should have an early indication of which data are needed, missing, or not needed. Additionally, a summary dashboard will be created for Board use.
- B. Marketing Metrics. Ms. Clarke described the DMC state, national, and international awareness campaign that is underway.
- XI. DMCC 2017 Budget: Year to Date Update. Chair Smith noted that the DMCC financial statements are in the Board packet.
- XII. Meeting Schedule. Chair Smith stated that a DMCC Executive Committee meeting may be held on May 24 and that staff are examining options for scheduling a second transportation work session.
- A. Next Regular Meeting: July 27, 2017 at 9:30 A.M.
- XIII. Adjournment. Mr. Campbell moved to adjourn the meeting. Council Member Hickey seconded.
- Ayes (6), Nays (0), Motion carried.