

DESTINATION MEDICAL CENTER CORPORATION (DMCC) BOARD MEETING

Thursday, November 2, 2017

9:30 A.M.

MINUTES

- I. Call to Order. Chair Tina Smith called the meeting to order at 9:33 a.m. at the Mayo Civic Center, Suite 101, located at 30 Civic Center Drive SE, Rochester, MN 55904.
- II. Roll Call. In attendance were Chair Tina Smith, Vice Chair R.T. Rybak, Council Member Mark Hickey, Jim Campbell, Commissioner Jim Bier, Susan Park Rani and Michael Dougherty.
- III. Approval of Agenda. Commissioner Bier moved approval of the agenda. Mr. Rybak seconded.  
Ayes (7), Nays (0). Motion carried.
- IV. Approval of Minutes: July 27, 2017. Council Member Mark Hickey moved approval of the Minutes of the meeting held on July 27, 2017. Mr. Rybak seconded.  
Ayes (7), Nays (0). Motion carried.
- V. Public Comment Period. Paula Hardin, Rochester resident, discussed affordable and accessible housing, tax-increment financing for affordable housing and the cooperative procurement of construction materials.  
Candace Rasmussen, Rochester resident, commented on median wages in the DMC development district and about relocation expenses in the DMC law.  
Nancy Adams, Rochester resident, spoke about affordable housing, and the need for many types of housing in the DMC development district.  
Richard Olen, resident of Shoreview, MN, spoke about elevated rail and current transportation planning.  
Steve Larson, Rochester resident, discussed the Communities United for Rochester Environment ("CURE") position on affordable housing.  
Che Lopez, Rochester resident, a CURE organizer, also commented on affordable housing.
- VI. Chair's Report. Chair Smith stated that Board member Susan Park Rani will be resigning from the DMCC, effective with this meeting. Chair Smith noted that Ms. Park Rani brought an important perspective to the Board as a businesswoman, transportation professional, and community leader. Ms. Park Rani stated that it was a privilege and an honor to work with her Board colleagues, local citizens, Mayo Clinic, the City of Rochester, and others. She also noted her appreciation for the statewide engagement of small and minority owned businesses.
  - A. Resolution A: Commending Susan Park Rani. Commissioner Bier moved approval. Mr. Dougherty seconded.  
Ayes (7), Nays (0). Motion carried.

Chair Smith also noted Mayor Ardele Brede's absence due to a medical procedure, welcomed new Rochester City Administrator Steve Rymer, and informed the Board of Assistant City Administrator Gary Neumann's expected retirement during the first quarter of 2018.

Chair Smith then highlighted the 2017 achievements, and discussed the Board's 2018 priorities. She said that the Board intends to continue to focus its attention on transportation, Heart of the City, and Discovery Square and noted that the Board will join the community in celebrating today's groundbreaking for the first new bioscience/research building in Discovery Square. She stated that the groundbreaking represents significant progress toward creating increased collaboration, entrepreneurial opportunity, and engagement with Mayo Clinic.

Chair Smith highlighted the significance of surpassing the \$200 million private investment threshold, especially considering the more than \$700 million in private development projects in various stages of design, development, and use throughout the DMC development district. She noted that this development interest and activity, with private projects being successfully pursued without direct DMC public investment, is a signal that the DMC strategy is working.

Chair Smith acknowledged that transportation has been a complex issue, and that the deliberative pace of transportation planning is the result of the Board's intention to design a system that complements city-wide and regional transportation networks and is adaptable to new technology. These considerations, as well as cost and other implementation factors, will inform the Board's decision-making in 2018.

Chair Smith commended the EDA for preparing metrics reports for the Board. She stated that "experience" and "housing" ought to be considered as additional priorities in 2018.

VII. Project Updates (City of Rochester, EDA). Steve Rymer, City Administrator, Gary Neumann and Terry Spaeth, Assistant City Administrators, Lisa Clarke, EDA Executive Director, and Patrick Seeb, EDA Economic Development and Placemaking Director, gave the report of project updates.

A. Status of Projects Receiving Prior Approval. Mr. Seeb noted that 19 projects were underway.

1. Titan Hilton. The \$125 million mixed-use and hotel development broke ground in December, 2016. Currently, there are more than 120 workers on site, with more than 300 daily workers expected in later stages. The construction of parking ramp #6, immediately adjacent to the Titan Hilton, is on schedule and expected to be completed in August, 2018.
2. Alatus Project. Demolition of existing site structures has begun. Financing and groundbreaking are expected in the near future.
3. Urban on First. Entitlements are complete and permitting is being finalized.
4. Mortenson at Discovery Square. Noting that the groundbreaking is today, Mr. Seeb stated that marketing and tenant recruitment efforts are in full swing.

B. Public Realm.

1. Heart of the City. Mr Seeb reported that public realm design and development planning is being coordinated with the proposed or expected development activity at Chateau Theatre, the Wells Fargo building, and the former Michael's restaurant site. Next steps include ensuring that a public realm governance and programming model exists and identifying phasing and construction timetables, financing opportunities, and funding streams. The proposed 2018 Capital Improvement Program budget includes design funding. Mr. Rybak encouraged efforts to integrate public realm planning with adjacent development and stated that the DMCC should continue to advocate for public space and programming.
2. Chateau Theatre. Mr. Seeb reported that additional funding streams for Chateau Theatre renovations are being examined, and staff are also examining potential programming and governance options. The proposed 2018 Capital Improvement Program includes Chateau Theatre-related investments. Mr. Rybak stated that it may be possible to pursue a less capital-intensive renovation that also leverages the historic nature of the building. Mr. Neumann stated that the City has begun reviewing tax credit programs as a capital source and noted that any costs above and beyond the initial cost of the theatre acquisition will come back to the Board for review. Mr. Rybak stated that an interim and permanent programming plan ought to move in parallel to any capital improvement planning and indicated that he is willing to introduce similar venue operators and programming professionals.
3. Saint Marys Place. Mr. Seeb described the current state of the design concepts in Saint Mary Place, noting that some concepts are included in the proposed 2018 CIP budget.
4. Discovery Walk. Mr. Seeb reported that design planning will coincide with the redesign of Fourth Street SW. Mr. Rybak noted the importance of this public realm work, stating that such efforts can turn a building into a place.

C. Transportation Update. Beth Bartz of SRF Consulting gave a brief transportation update, and said that a more complete update will take place in early 2018. Ms. Bartz also stated that they are using complex models to assess parking, a transit system that serves multiple populations, street use,

the “city loop” and other issues. Ms. Bartz stated that once a recommendation is agreed upon, an implementation plan with phasing, cash flow, and funding scenarios will follow. Mr. Neumann noted that there is estimated funding for implementation planning in the proposed 2018 CIP. Mr. Rybak said that significant progress has been made and the Board has a much better grasp of transportation problems and opportunities, but stressed that Mayo Clinic should be involved in all travel demand management discussions. Mr. Rybak also noted that transportation is an opportunity to pursue a public-private partnership.

VIII. EDA Report.

- A. DMC Initiative Metrics. Ms. Clarke stated that the EDA is involved with several community organizations evaluating ways to address affordable housing. Commissioner Bier noted that the Olmsted County HRA recently held a retreat on affordable housing.

Ms. Clarke said that two dashboards exist, a high-level dashboard that reflects the progress of the DMC initiative against the five DMC goals, and a more comprehensive, community- and region-wide indicators dashboard maintained by Wilder Research. Mr. Rybak stated his appreciation for focusing on goals and stressed the importance of addressing workforce shortages. Ms. Clarke said that workforce recruitment and retention efforts could be added to the employment growth goal. Council Member Hickey expressed his appreciation for the goals and metrics dashboard specific to DMC.

IX. 2018 DMCC Funding Request to City. Chair Smith thanked Council Member Hickey, Mr. Dougherty, Mr. Campbell, and Commissioner Bier for leading the Board’s efforts to examine the draft budget and work plan strategy.

- A. DMCC Budget. Kathleen Lamb presented the DMCC budget, which was reduced by \$100,000 from its 2017 budget and includes costs related to insurance, legal counsel, audit services, and meeting operations.

- B. EDA Budget and Workplan. Ms. Clarke noted that the public funding for the EDA budget is decreased by 4.7% compared to the 2017 budget, and that Mayo Clinic increased its funding to the EDA by 36%. Council Member Hickey acknowledged that the budget is expected to support the achievement of several goals. Chair Smith thanked Mayo Clinic for its increased contribution and noted that operating costs are low compared to capital costs.

- C. Capital Improvement Plan. Mr. Seeb reported that transportation and infrastructure projects are the two major categories of CIP investments for 2018-2022. The 2018 projects include 31 initiatives totaling \$22 million in value.

Commissioner Bier noted that state funding is only made available based on a percentage of previously invested private development. Over the twenty year DMC initiative, private funding will lead any public investment. Mr. Dougherty noted that Mayo Clinic receives no public funding and that Mayo’s operating budget contribution was integral to funding the 2018 budget.

Ms. Park Rani stated that public infrastructure projects are necessary for growth and private investment. Mr. Neumann agreed and noted that with respect to sewers, the City would not be undertaking the work but for anticipated DMC development, and that some sewer infrastructure is being built to accommodate development that may not occur for several years, but that such investments are prudent and the result of good planning. Mr. Neumann stated that the City’s intention was to share the cost of several of these projects on a 50/50 basis. Mr. Neumann also said that some costs will count toward the City of Rochester’s DMC contribution.

- D. Working Capital Loan Extension. Commissioner Bier stated that the DMCC is requesting an increase in its working capital loan to \$1,000.00, correcting the amount stated in the materials. This was accepted by the Board as a friendly amendment.

Resolution B: Approving the 2018 DMCC Funding Request and Authorizing Transmittal.  
Commissioner Bier moved to approve Resolution B. Mr. Dougherty seconded.

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

- X. DMCC Insurance: League of Minnesota Cities Insurance Trust (LMCIT) Waiver. Ms. Lamb described the annual insurance policy renewal, which requires the Board to select its tort liability coverage. Ms. Lamb recommended that the Board not waive its statutory protections.

Commissioner Bier moved that the DMCC elect not to waive the limit on coverage. Mr. Rybak seconded.

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

- XI. DMCC 2017 Budget: Year to Date Update. Commissioner Bier reported on the year to date budget.

- XII. DMCC 2018 Regular Meeting Schedule.

Resolution C: Approval of 2018 Regular Meeting Schedule. Mr. Rybak moved approval of Resolution C. Mr. Dougherty seconded.

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

- XIII. Meeting Schedule.

A. Next Regular Meeting: March 22, 2018 at 9:30 A.M.

B. Next Executive Committee Meeting: February 8, 2018 at 9:30 a.m.

- XIV. Adjournment. Mr. Rybak moved to adjourn the meeting. Mr. Dougherty seconded.

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

Respectfully submitted,



Lisa Clarke  
Secretary