

DESTINATION MEDICAL CENTER CORPORATION (DMCC)  
BOARD MEETING

Thursday, February 6, 2020  
9:30 A.M.

MINUTES

- I. Call to Order. Chair R.T. Rybak called the meeting to order at 9:30 a.m. at Mayo Civic Center Suite 101, located at 30 Civic Center Drive, Rochester, MN 55904.

Chair Rybak welcomed Pamela Wheelock, and highlighted Ms. Wheelock's extensive leadership experience across public and private sectors.

- II. Roll Call. Chair R.T. Rybak, Mayor Kim Norton, Paul Williams, Jim Campbell, Commissioner Jim Bier, Pamela Wheelock, and Council Member Nick Campion were present.

- III. Approval of Agenda. Council Member Campion moved to amend the agenda to include Resolution C regarding Discovery Square Two Project, under item XI. Commissioner Bier seconded.

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

Council Member Campion moved approval of the amended Agenda. Commissioner Bier seconded.

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

- IV. Approval of Minutes: November 12, 2019. Commissioner Bier moved approval of the Minutes. Council Member Campion seconded.

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

- V. Public Comment Period. John Eischen, Executive Director of Rochester Area Builders, informed the Board of the upcoming Rochester Home Show hosted in the Mayo Civic Center.

Dr. Lori Carrell, Chancellor of the University of Minnesota Rochester (UMR), highlighted UMR's role in developing and retaining a skilled workforce and its nationally-acclaimed work to close the student achievement gap, and described UMR's presence in One Discovery Square.

Dee Sabol, Executive Director of Rochester's Diversity Council, highlighted Rochester's participation in the Intercultural Cities Initiative.

Kenneth Bush, Rochester resident, thanked the DMCC, state agencies, and the City of Rochester for hosting women- and minority-owned business certification information events.

Al Lun, Rochester resident, requested that DMCC Board meeting presentations be more promptly archived on the DMC website.

VI. Chair's Report. Chair Rybak highlighted the annual DMCC-City report to the legislature. He noted that a collaborative session with members of the DMCC, EDA, the Rochester City Council, and the Olmsted County Board of Commissioners would follow the Board meeting.

VII. Consent Agenda

A. Resolution A: Authorizing an Extension to Agreement with CliftonLarsonAllen.

B. EDA: Request for Budget Encumbrance for 2020.

Commissioner Bier moved approval of the Consent Agenda. Council Member Campion seconded.

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

VIII. Annual Report to the Legislature.

Resolution B: Approving February 15 Report to the Legislature. Council Member Campion moved approval of the resolution. Mayor Norton seconded.

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

IX. DMC Metrics. Lisa Clarke, EDA Executive Director, provided an update on business development. Her presentation included a map of the United States indicating the origins of private financing for DMC-supported projects. Mr. Campbell stated that out-of-state financing validates Minnesota as a target for investment. Council Member Campion noted that measuring out-of-state investment may create or refine private investment targets.

Bill Von Bank, EDA Marketing and Communications Director, and Rob Rankin, President of CCF, the EDA's marketing consultant, described how marketing strategy has changed in recent years to national tactics that leverage data analytics, paid search, and podcasts to target specific audiences. These efforts resulted in a thirty-four percent year-over-year increase in DMC website traffic. Chair Rybak asked if spikes in website visits from specific locales were the result of targeted marketing or a specific event; Mr. Rankin responded that CCF will examine this issue. Mayor Norton encouraged DMC's retail and dining marketing to focus on health. She also suggested that international relationships, including Rochester's five sister cities, could present global marketing opportunities. Ms. Wheelock stated that marketing efforts should be tailored to create a sustainable mix of uses. Council Member Campion asked the EDA to consider clear objectives in this area for 2020. Mr. Williams asked the EDA to update its goals for targeted market outreach for 2020.

Ms. Clarke provided the final metrics report, updating the Board on WMBE and targeted workforce goals. Council Member Campion suggested that the focus should be on results, rather than goals, with an expectation to exceed prior results.

X. Project Updates

A. Heart of the City. Patrick Seeb, EDA Economic Development and Placemaking Director, noted that Heart of the City bid respondents were asked to account for DMC's "Business Forward" strategy, which seeks to minimize the impact of construction on patients, community members, and adjacent businesses. This strategy

would likely increase costs by approximately eight percent. The EDA continues to review bids and may present the Board with a recommended revised project budget.

Chair Rybak stated the importance of working with businesses through construction. Mr. Williams noted the need to adapt and communicate throughout the construction process. Mayor Norton described DMC's public space investments as a community benefit intended for residents, patients, and visitors. Ms. Wheelock stressed the importance of managing expectations, recognizing that DMC funding is finite.

- B. Transportation. Mr. Seeb stated that downtown Rochester will be a test site for the State of Minnesota Department of Transportation Connected and Autonomous Vehicle pilot program. Aaron Parrish, City of Rochester Deputy Administrator, noted that the City expects to receive notice that it may apply for U.S. Federal Transit Administration grant funding in September 2020. The City is in the process of selecting an engineering team to complete design, traffic, and environmental reviews.

Land use concepts and site partnership terms for the transit villages are expected to be presented at the May 2020 Board meeting. Chair Rybak asked if including housing at the transit villages improves federal grant scoring outcomes. Mr. Parrish stated that the increased ridership resulting from transit village housing should make the grant application more competitive. Commissioner Bier also affirmed Olmsted County's commitment to develop housing at the east mobility hub.

- XI. Discovery Square Two. The City and EDA staff recommended that the Board designate Discovery Square Two as a public infrastructure project and approve \$7.3 million in tax-increment financing (TIF). Mr. Seeb described the staff analysis, noting that the TIF recommendation includes a "look-back" provision that will decrease the TIF amount if an anchor tenant is secured. Terry Spaeth, City of Rochester Assistant Administrator, noted that transit-oriented development like Discovery Square Two will strengthen the district and support DMC rapid transit efforts.

Council Member Champion emphasized the importance of job creation. Mr. Williams noted that the recommended amount of TIF is nearly sixteen percent of the project budget. Mr. Spaeth noted that although this approach deviates from the City's TIF policy guidance, in considering the different factors, the priorities of the district, and the role of strengthening transit development, the recommendation is appropriate. TIF also is subject to City Council approval. Mayor Norton noted that the approved TIF amount would be credited towards the City's local contribution. Ms. Wheelock approved leveraging the new tax increment to catalyze other community needs. Commissioner Bier stated that this project provides an example of attracting companies who seek to work with Mayo.

As to parking issues, Mr. Seeb noted that it is assumed that Mortenson and Mayo Clinic will address tenant parking needs. He stated that Mortenson is willing to accept a parking-to-building size ratio that is approximately one-half of a similarly sized medical office building and to participate in a more comprehensive parking strategy. If a parking solution is not reached, staff will advise the Board.

Resolution C: Approving the Mortenson Discovery Square Two Development Project, Contingent Upon Evidence of Financing. Mayor Norton moved approval of the resolution. Council Member Campion seconded.

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

XII. Development Plan Five Year Update. Ms. Clarke stated that the Development Plan update will be a topic at the collaborative meeting, and also presented at the May Board meeting. Chair Rybak suggested that the Executive Committee could provide guidance to the plan update process.

XIII. EDA Update. Ms. Clarke reported that the EDA may provide a district energy system update at a future Board meeting and described the DMC Assistive Tech Challenge.

XIV. DMCC 2020 Budget: Year-to-Date Update. Commissioner Bier provided the DMCC budget update.

XV. Meeting Schedule

A. Next Regular Meeting: May 28, 2020 at 9:30 AM

B. Next Executive Committee Meeting: March 26, 2020 at 9:30 AM

XVI. Adjournment. Council Member Campion moved to adjourn the meeting. Mr. Campbell seconded.

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