

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. 24-2015

Authorizing Report to the Legislature Pursuant to Statute

The following Resolution was offered by James R. Campbell, seconded by R.T. Rybak.

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that the Chair of the DMCC is authorized to execute and submit the report to the Minnesota Legislature as required by the Act, in form similar to the form attached here as Exhibit A, as may be modified through further discussions with the City, and to take such other actions as are necessary and appropriate to effectuate the timely submission of the report to the Minnesota Legislature.

The question was on the adoption of the Resolution and there were 8 YEAS and 0 NAYS, as follows:

BOARD OF DIRECTORS
Destination Medical Center Corporation

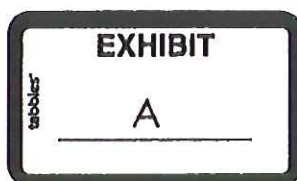
	<u>YEA</u>	<u>NAY</u>	<u>OTHER</u>
James V. Bier	<u>X</u>	_____	_____
Ardell F. Brede	<u>X</u>	_____	_____
James R. Campbell	<u>X</u>	_____	_____
Ed Hruska	<u>X</u>	_____	_____
William George	<u>X</u>	_____	_____
Susan Park Rani	<u>X</u>	_____	_____
R. T. Rybak	<u>X</u>	_____	_____
Tina Smith	<u>X</u>	_____	_____

RESOLUTION ADOPTED ON January 29, 2015.

ATTEST: _____



Tina Smith, Chair
Destination Medical Center Corporation



February __, 2015

The Honorable Patricia Torres Ray
Chair, State and Local Government
Committee
Minnesota State Senate
309 Capitol
75 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1606

The Honorable Dan Hall
State and Local Government Committee
Minnesota State Senate
103 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable David Tomassoni
Chair, Environment, Economic Development
and Agriculture Budget Division
Minnesota State Senate
G-9 Capitol
75 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1606

The Honorable Bill Ingebrigtsen
Environment, Economic Development and
Agriculture Budget Division
Minnesota State Senate
143 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Richard Cohen
Chair, Finance Committee
Minnesota State Senate
121 Capitol
75 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1606

The Honorable Tim Sanders
Chair, Government Operations and Elections
Policy Committee
Minnesota House of Representatives
553 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Michael Nelson
Government Operations and Elections Policy
Committee
Minnesota House of Representatives
351 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Patrick Garafolo
Chair, Job Growth and Energy Affordability
Policy and Finance Committee
Minnesota House of Representatives
485 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Tim Mahoney
Job Growth and Energy Affordability Policy
and Finance Committee
Minnesota House of Representatives
345 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Jim Knoblach
Chair, Ways and Means Committee
Minnesota House of Representatives
453 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Michelle Fischbach
Finance Committee
Minnesota State Senate
15 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Rod Skoe
Chair, Taxes Committee
Minnesota State Senate
235 Capitol
75 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1606

The Honorable Julianne Ortman
Taxes Committee
Minnesota State Senate
119 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

Commissioner Cynthia Bauerly
Minnesota Department of Revenue
600 North Robert Street
St. Paul, MN 55101

The Honorable Paul Wilson
Chair, Olmsted County
Board of Commissioners
151 4th St SE
Rochester, MN 55904

The Honorable Lyndon Carlson Sr.
Ways and Means Committee
Minnesota House of Representatives
283 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Greg Davids
Chair, Taxes Committee
Minnesota House of Representatives
585 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

The Honorable Ann Lenczewski
Taxes Committee
Minnesota House of Representatives
209 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

Commissioner Katie Clark Sieben
Minnesota Department of Employment and
Economic Development
1st National Bank Building
332 Minnesota Street, Suite E200
St. Paul, MN 55101-1351

Re: Destination Medical Center
February 15, 2015 Report

Dear Senators, Representatives, Commissioners and Chairs:

Pursuant to 2013 Minnesota Laws, Chapter 143, Article 10 (the "Act"), the Destination Medical Center Corporation (the "DMCC") and the City of Rochester (the "City") must jointly submit a report by February 15 of each year with respect to the status of the Destination Medical Center initiative.

On behalf of the DMCC and the City, we are pleased to submit this report, setting forth the progress that has been made since the last report, dated February 14, 2014.

I. Destination Medical Center Activities to Date.

A. Development Plan Status.

One of the primary goals of the Act is the creation of a Development Plan.

In September 2013, the DMCC established specific goals and objectives for the Development Plan: to create a comprehensive strategic plan, and over the life of the project, to leverage \$585 million in eligible public funds in order to attract \$5 billion in private investment, create 35,000-45,000 new jobs, generate \$7.5 billion to \$8.5 billion in net new tax revenue, and achieve the highest quality patient, visitor and resident experience.

The Development Plan will be the strategic framework for the Destination Medical Center initiative, establishing a comprehensive business and economic development strategy. As described in the Act, the Development Plan must address several items, including land use, transportation and infrastructure planning, market research, funding priorities, business and economic development and market strategies.

As required by the Act, the DMCC engaged the Destination Medical Center Economic Development Agency (the "EDA") to assist the DMCC in preparing the Development Plan. Most of 2014 was focused on the planning, analysis and research necessary to draft the document. The EDA submitted the draft Development Plan to the DMCC on December 17, 2014, and it was posted and available on the DMCC website: (www.dmccorporation.org) for public review and comment.

The DMCC formally submitted the proposed Development Plan to the City on January __, 2015. The Act requires that the City must act on the proposed Development Plan within sixty days following its submission by the DMCC. The DMCC is also required to hold a public hearing, which will likely be scheduled in early April. Upon making the findings set forth in the Act, including finding that the City has approved the Development Plan, the DMCC may adopt the Development Plan.

B. Community Outreach.

The community engagement process in 2014 was robust. The EDA established an eighty-person community input committee, to engage experts in each of the core areas, in order to facilitate information-gathering and public comment. A master list of current studies, information, and initiatives was created by the group and shared with the planners during the information-gathering phase of the project. In June 2014, the community input committee hosted a series of community conversations which included focus groups in each area. The outreach methods that were employed in this process throughout the year included: stakeholder meetings (e.g. residents, downtown organizations, developers, businesses, etc.); meetings with the community input committee; meetings with the leadership group; meetings of the technical committee (including EDA and City/County staff); and other working sessions/meetings with City/County staff.

C. WMBE/Small Business Utilization.

The DMCC and City are committed to increasing opportunities for the growth of employment, local business and WMBE/Small Business utilization. The Act provides that for all

public infrastructure projects, the City must make every effort to hire and cause the construction manager and any subcontractors to employ women and members of minority communities, and must establish goals for construction projects. The City adopted a plan and goals for the Destination Medical Center initiative on July 21, 2014.

D. Websites.

As stated in our previous report, the DMCC has established a website: www.dmcccorporation.org. The website contains the regular meeting schedule, meeting agendas, minutes and other information on DMCC activities. The EDA has also created a website: www.dmcmn.org, which contains general information on the project, including information about the community outreach process. The City's website, www.rochesterminn.gov, also has a link to the DMCC website.

E. DEED Agreement, Transit Aid Agreement.

In order to qualify for general State infrastructure aid, the Act requires that the City and the Commissioner of Department of Employment and Economic Development enter into an agreement that will govern the State funding. The City has taken the lead role in negotiating and drafting the agreement with DEED as well as an agreement with the County, and those discussions are underway. We expect that these agreements will be finalized shortly.

II. Specific Elements Required to Be Included in the Report.

The Act requires that certain elements be included in this annual report. Some of what is presented here has been referenced above.

A. "The Development Plan and any proposed changes to the Development Plan."

The proposed Development Plan has been drafted and was submitted to the DMCC on December 17, 2014. It has been posted and available for public review and comment since that date. On _____, 2015, the DMCC formally submitted the draft Development Plan to the City, triggering the sixty-day period for the City's review and action. Upon action by the City, the City will then forward the Development Plan back to the DMCC. The DMCC will hold a public hearing on the Development Plan, and upon the DMCC's findings as required by the Act, will approve the Development Plan.

B. "Progress of projects identified in the Development Plan."

Because the Development Plan is in draft form and is not scheduled for full approval until early April, there are no projects yet identified or approved in the Development Plan.

C. "Actual costs and financing sources, including the amount paid under Minnesota Statutes Section 469.47, and required local contributions of projects completed in the previous two years by the DMCC, City, Olmsted County and Mayo."

As noted above, because the Development Plan has not yet been approved, no public infrastructure projects have been approved for funding.

With respect to private projects, the Act requires that DEED must certify that Two Hundred Million Dollars of private investment has been made before any state funding may be paid. To date, Mayo Clinic has announced its first expansion related to the Destination Medical Center initiative: a \$72 million expansion of the St. Mary's campus. In addition, there has been significant third party interest from developers and other entities considering investment opportunities in Rochester. The Act requires that an annual certification of private investment by Mayo or other private investors be made to DEED by April 1 of each year. Attached is the annual certification of private investment that was submitted to DEED by April 1, 2014, as well as the DEED certification.

D. "Estimated costs and financing sources for projects to be started in the next two years by the DMCC, City, Olmsted County and Mayo."

The Development Plan sets forth a framework and examples of projects that may be considered for funding in the next several years. Each project will be approved on an individual basis. See also the response to "C," above.

E. "Debt service schedules for all outstanding obligations of the City for debt issued for projects identified in the plan."

As noted above, because the Development Plan has not yet been approved, no projects have been identified or approved in the Development Plan.

Thank you for your consideration of this annual report. On behalf of both the DMCC and the City, we welcome your comments or questions. We look forward to substantial progress on the Destination Medical Center initiative in 2015.

Tina Smith, Chair
Destination Medical Center Corporation

Ardell Brede, Mayor
City of Rochester