

MINUTES OF THE REGULAR MEETING OF THE BOARD OF THE METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

St. Louis, MO
June 26, 2014

A regular meeting of the Board of Directors was held in the McDonnell Center at River Camp at the St. Louis Zoological Park, St. Louis, Missouri at 12:00 p.m. on Thursday June 26, 2014. The primary purpose of the meeting was to review the Zoo's 2013 operations and its 2014 budget.

Thelma Cook Chair of the Metropolitan Zoological Park and Museum District ("District"), called the meeting to order. The following Zoological Park Subdistrict representatives introduced themselves to the Board:

<u>Saint Louis Zoo Association:</u>		<u>Zoological Park Subdistrict</u> <u>Commissioners:</u>	<u>Zoological Park Staff:</u>
Peggy Ritter, President	Nancy Koplar	Holmes Lamoreux, Chair	Jeffrey Bonner, President & CEO
Joe Ambrose	Susan Krawll	Jim Buford	Stephen Barth
Barbara Archer	Elizabeth Monticelli	JoAnn Arnold	Cynthia Holter
Susan Block	Mark Montovani	Win Reed	Kelly Fesler
Mary Campbell	Erin Moloney	Bob Hermann	Susan Gallagher
Sharon Fiehler	Megan Willerton	Jim Sansone	Elaine Gill
Mike Abbene	Barry O'Neil	Steve Schankman	Jack Grisham
Marguerite Garrick	Gregory Portell	Carol Wilson	Wyndel Hill
Cathy Gidcumb	Karen Condie		Fred Falker
Jan Goldstein	Peggy Ritter		Jeff Huntington
Joe Imbs	Sally Roth		David McGuire
Don Imholz	Ken Steinback		Eric Miller
Margie Imo	Todd Tiefenauer		Jennifer Poindexter
John Irace	Trudy Valentine		Cassandra Ray
Larry Katzenstein	Virgil Van Trease		Jennifer Walton
Lee Kling	Rob Williams		Ginnie Westmoreland
	Barbara Wilson		

Upon roll call, the following Board members were present:

Gloria Wessels	Robert A. Powell
Thelma V. Cook	Charles Valier
Thomas J. Campbell	

Ben Uchitelle and Robert G. Lowery, Sr. were absent. Other persons attending the meeting included: Susan Fowler, from Saint Louis Public Radio; Everett Dietle, Director of Communications at the Missouri History Museum; Michael A. Chivell from Armstrong Teasdale LLP, the District's legal counsel; and District employees: J. Patrick Dougherty, Sharon Wilcutt and LaQuana Dilworth.

Zoological Park Subdistrict Budget Presentation: Holmes Lamoreux, Chair of the Zoological Park Subdistrict Commission welcomed the Board and introduced the Subdistrict Commissioners in attendance from the City of St. Louis and St. Louis County.

Peggy Ritter, President of the Saint Louis Zoo Association then introduced the numerous Trustees in attendance.

Dr. Bonner initiated the budget presentation with an update of Association of Zoos and Aquariums accreditation including positive reviews from the association.

Dr. Bonner presented a slide that represented 2013 tax support as a percent of Gross Revenues;

- o Tax Revenue: 30% - \$21.1 million;
- o Support & Fundraising: 24% - \$17.2 million;
- o Visitor Spending: 35% - \$24.3 million;
- o Investment Income: 11% - \$7.5 million.

In addition the 2013 tax support as a percent of Net Operations was presented:

- o Tax Revenue: 50% - \$20.9 million;
- o Support & Fundraising: 23% - \$9.7 million;
- o Visitor Spending: 27% - \$11.0 million;

Dr. Bonner presented a detailed expense chart of total expenses in 2013. Tax revenue is only used to pay certain salaries. It was noted that salaries are not funded for employees in fundraising or in revenue producing departments (*i.e.*, food service, gift shops). Dr. Bonner further explained that tax support revenue provides funding for core functions at the Zoo, including: Animal Division; Education Department; Veterinary Hospital; Animal Research and Conservation Medicine.

Dr. Bonner presented examples of earned revenues, endowment growth, per capita spending, visitor demographics and an update on the Forest Park Hospital site. A summary of the year in review included membership statistics, attendance, volunteer hours, gift shop/food and beverage ratings and highlights from the 2013 Zoo Visitor Study.

Dr. Bonner explained that the 'Living Promise Campaign' now totals \$12,549,915 in commitments with a ending goal of \$12,799,979.

Dr. Bonner stated that the Education Department offers significant discounts for on-site school programs; on-site Collage Lab programs; Outreach programs and events and Outreach Booth and Assembly programs for residents within the ZMD taxing district. In addition the Education Department has successfully developed programs for the hearing and visually impaired students and visitors.

Dr. Bonner addressed employee and volunteer diversity. Improvements have been made in all areas of diversity.

Dr. Bonner then presented the newly adopted Code of Ethics:

Board members are encouraged to bring their resources to bear in providing their goods and services to the Zoo. But when you (or your family) stand to receive something of value (most often, financial compensation that exceeds a nominal amount) in exchange for a good or service that you are offering to the Zoo, it is very important that certain procedures be followed in order to avoid a conflict of interest. A conflict of interest can occur when the Board considers making a decision that stands to directly benefit you, your family or the business interests of you or your family. Such a situation risks the creation of an impression that the decision-making process of the Board was corrupted and motivated by personal gain and not in the best interests of the Zoo. In order to avoid an actual, potential, or the appearance of a conflict of interest, the Zoo employs a simple but strict procedure to maintain the integrity of the Board's deliberations: Notify & Recuse. By becoming a Board member, I agree that I shall immediately NOTIFY the Board President and the Executive Committee of any actual, potential or perceived conflict of interest in writing with a copy to the Zoo leadership (President & CEO and/or Vice President, External Relations). In all circumstances where the actual, potential or perceived conflict affects the interest of me or my family.

I agree that I will RECUSE myself from voting on any and all such matters, abstain from deliberating on such issues; and act in a prudent manner as is befitting of a Board member.

Tom Campbell asked management to address the security protocol with reference to electronic data; membership information, credit card transactions and record storage.

Jennifer Poindexter explained that the Zoo has contracted with an outside service to maintain the highest level of safety measures for electronic transactions. An awareness program and a response plan are in place to take action with any problems.

Gloria Wessels addressed the Zoo's 2012 990. She inquired about payments to a company called Skystone Partners Inc. Dr. Bonner informed the Board that Skystone Partners Inc. is a consulting firm that provides fundraising services to the Zoo. He further explained that the company has worked with the Zoo for years on the 'Living Promise Campaign'.

Gloria Wessels inquired if Zoo management would consider offering a special concession (*i.e.*, reduced parking, percent off food/gift shops, free Zoo line Train tickets) to taxpayers from the City of St. Louis and St. Louis County. Dr. Bonner stated that management will consider a 'test' of possible options.

Charlie Valier inquired about the increase in Risk Management rates.

Wyndel Hill explained that the preceding 'rebate program' with the past Insurance Broker continued to increase with time. Subsequently, the former Workers Compensation carrier declined to cover zoo associations. A new Workers Compensation Policy is in place and the premiums have increased as per the national average.

Charlie Valier asked about the budget variance in fundraising.

Cynthia Holter explained that the capital campaign has been very successful over the past seven years. Time tables vary on receiving individual contributions – the capital campaign underperformed according to budget in the past two years – but endowment over performed in the same time period. A discussion ensued.

Charlie Valier asked for further explanation on the possible assessment to all participating organization in the City Retirement Plan.

Dr. Bonner explained that the Zoo has paid the amount directed by the City Manager. Unfunded liability exists and may be a problem if the City defaults. He further explained that the Zoo is reviewing options it may have concerning participation in the Plan.

Tom Campbell asked for an update/status on the Forest Park Hospital site.

Dr. Bonner stated that the overall plan at this time is a 20/25/30 year plan. As of June 2014, the hospital building has been demolished and the site will be covered with four feet of dirt and buffalo grass. The renovated parking structure will be open in July. Zoo management's long range plan and strategy is in one-hundred year increments. Dr. Bonner further stated that this is the only opportunity to expand outside of the existing footprint of the Zoo/Forest Park. The philosophy of the Zoo management staff has been 'do it right rather than fast'.

Upon completion of the budget presentation the meeting recessed. Within a few minutes, Thelma Cook called the meeting to order.

The meeting resumed and a brief discussion of all key information presented ensued.

Thelma Cook commented on the wonderful presentation and stated that information presented during the presentation answered her questions. She further commented that the introduction of Commissioners and Trustees was helpful.

Charlie Valier stated that the presentation was professional and contained a considerable amount of information. In addition, the membership numbers at the Zoo are strong and the donations received are from a wide range of citizens.

Approval of Minutes: The Chair called for the approval of the regular Board meeting held on June 9, 2014.

Pat Dougherty informed the Board that a typo on page two has been corrected, ‘...the endowment and proving...’ should read ‘...the endowment and providing...’ in addition Amber Hardesty from Kerber, Eck & Braeckel LLP was incorrectly identified as a CPA.

Charlie Valier asked that comments made to the June 9, 2014 minutes at the Botanical Garden Meeting by Ben Uchitelle with reference to the Garden’s admission fees be expanded. Charlie Valier proposed submitting an amended expanded paragraph covering admission fees for review by the full Board. A discussion ensued.

The approval of the June 9, 2014 minutes was tabled pending the review of proposed revisions from Charlie Valier.

The Chair then called for the approval of the April 21, 2014 minutes.

Charlie Valier asked for additional time to review portions of the April 21, 2014 minutes from the Missouri History Museum. Approval of the minutes was passed until the next Board meeting.

Thelma Cook addressed the post-budget meeting letters for the Science Center, Botanical Garden and the History Museum. A discussion ensued.

Tom Campbell suggested that following each budget meeting a letter from the Board be prepared thanking the Subdistrict for their presentation and informing them that any additional comments and/or observations will follow at a later date.

Thelma Cook recommended that revisions and suggestion to the post-budget meeting letters be forwarded to the Executive Director. Revised drafts of the post-budget meeting letters will be sent to all Board Members.

Executive Director’s Report: Mr. Dougherty informed the Board that, as of June 25, 2014, the balances in the District controlled bank and investment accounts approximated \$25.0 million and included:

<u>Account for the benefit of:</u>	<u>Amount</u>
Zoological Park Subdistrict	\$ 131,050.16
Art Museum Subdistrict	\$ 8,906,978.31
St. Louis Science Center Subdistrict	\$ 612,503.39
Botanical Garden Subdistrict	\$ 5,336,903.33
Missouri History Museum Subdistrict	\$ 5,155,589.56
District Operating Fund	\$ 4,635,591.44

Pat Dougherty then presented the District's internal financial statements for the months of April and May 2014.

Gloria Wessels questioned the Auditing Fees paid through May 2014. She further asked for an update to the District office timetable for a Request for Proposal (RFP) for Auditing services. She also inquired about Board Training Service.

Pat Dougherty explained that an RFP will be developed and issued in June or July 2014. The RFP for Auditing service will be for the District office year end 2014 audit. A discussion ensued.

Thelma Cook addressed Board Training and explained that the Board work-session and additional Committee Meetings to respond to the Board of Alderman superseded the Board Training timetable. A discussion ensued.

Audit Committee: Robert Powell had no report.

Code of Ethics: Tom Campbell reported that the Code of Ethics Committee met on Wednesday June 25, 2014 and discussed possible updates and revisions that will make the Code of Ethics an easy to understand and succinct document. The next Code of Ethics Committee meeting is scheduled for August 11, 2014 at the District Office.

Report of Legal Counsel: Mike Chivell reported that Charlie Valier requested additional information regarding the Code of Ethics Committee options. He will provide more documentation to the Committee concerning disclosure requirements used by other institutions.

Old Business: Thelma Cook presented the Board's response to the Aldermanic Parks and Environmental Matters Committee Report regarding the Committees recommendations to the Board. A discussion ensued.

Tom Campbell moved to approve the response to the Board of Alderman and authorize the District Chair to mail the letter to the Aldermanic Parks and Environmental Matters Committee. Robert Powell seconded the motion. The motion was passed unanimously by the Board to mail the response to Alderwoman Lyda Krewson and the Aldermanic Parks and Environmental Matters Committee with all members voting 'aye'.

Charlie Valier offered a recommendation to the post-budget meeting letter addressed to the Science Center suggesting that management review in detail the requirements of the Sunshine Law to ensure that the procedures are followed. A discussion ensued.

Thelma Cook instructed the Board to review the final drafts of the post-budget meeting letters addressed to the Science Center, Botanical Garden and the Missouri History Museum when received from the Executive Director and respond within three days with additional comments and suggestions.

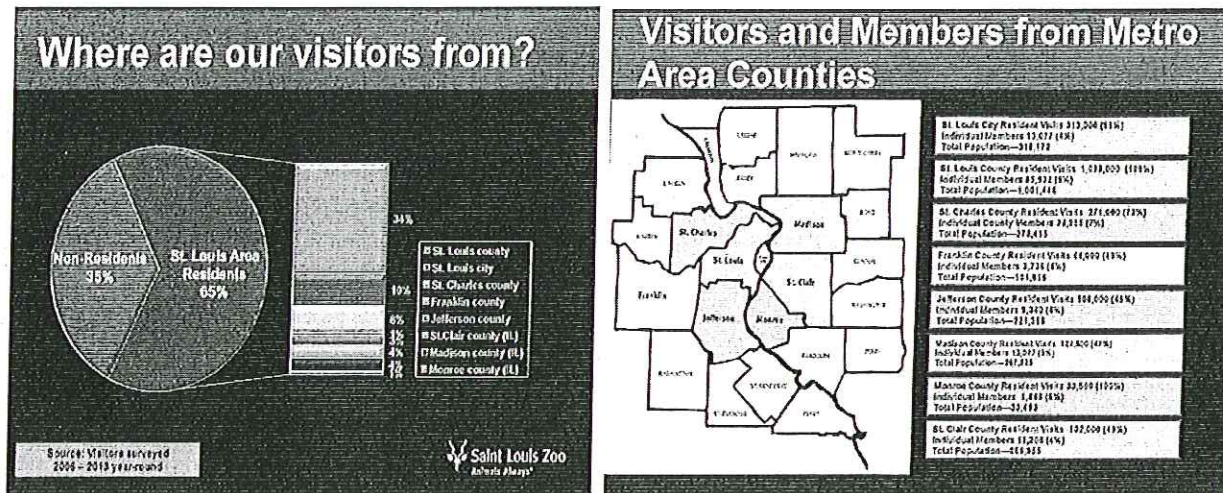
Thelma Cook then addressed the post-budget meeting letter addressed to the Missouri Botanical Garden.

Tom Campbell suggested management review in detail the adherence of the Conflicts of Interest and the Sunshine Law requirements to ensure compliance with statutory provisions. A discussion ensued.

Thelma Cook suggested that Conflicts of Interest filings and the Code of Ethics Policies from the five institution governing bodies be submitted to the District.

Charlie Valier suggested that the Saint Louis Zoo, Art Museum, Science Center and History Museum Subdistricts that do not charge admission - consider charging non-district members admission. In addition Mr. Valier suggested that the Botanical Garden remove the admission fee for St. Louis City and St. Louis County tax payers. He further recommended that the Board schedule time to address the statutory issues regarding fees for admission.

Charlie Valier referenced a slide presented during the Zoo meeting. He noted that of the 65% of the visitors are from the St. Louis Area – more residents from St. Charles County visit the Zoo than residents of the City of St. Louis.



Thelma Cook acknowledged the issue, and explained that the current State Statutes would need to be addressed in order to amend policies concerning admission fees. In addition, the policies and guidelines endorsed by the governing Boards of the Subdistricts will need to be considered. Mrs. Cook asked that the topic be included on the agenda for a future Board Meeting.

Charlie Valier presented five graphs showing revenues/expenses/assessed valuation with relation to tax revenue and the Zoo:

- ZMD Net Tax Revenue - 1972 - 2012;
- History of Saint Louis Zoo Tax Revenue - 2007 - 2013;
- ZMD Assessed Valuation - 2007 - 2013;
- Tax Rate for Art Museum and Zoological Park Subdistrict - 2004 - 2013; and
- History of Saint Louis Zoo Operating Expenses - 2007 – 2013.

A discussion ensued. Mrs. Cook asked that the topic be included on the agenda for a future Board Meeting.

New Business: Pat Dougherty presented a 2013 financial summary of District operating expenses in order to disburse the District's 2013 "excess administrative fee revenue" of \$ 2,951,982 to the five Subdistricts. Mr. Dougherty presented detailed information regarding the computation of the proposed distribution:

<u>Subdistrict</u>	<u>Percentage of 2013 Total Subdistrict Tax Receipts</u>	<u>Resulting Distribution</u>
Zoological Park Subdistrict	28.62855%	\$ 845,109.64
Art Museum Subdistrict	28.62855%	845,109.64
Science Center Subdistrict	14.24763%	420,587.47
Botanical Garden Subdistrict	14.24763%	420,587.47
History Museum Subdistrict	14.24764%	420,587.78
Total 2013 District distributable "excess administrative revenue"		<u>\$ 2,951,982.00</u>

A discussion ensued with regards to the timing of distributing the excess revenue. Mr. Valier suggested that going forward the excess funds be dispersed in September each year following the setting of the tax rates. A discussion ensued.

Tom Campbell made a motion to distribute "excess administrative fee revenue" as presented by Mr. Dougherty to the Zoological Park Subdistrict, Art Museum Subdistrict, Science Center Subdistrict, Botanical Park Subdistrict and the History Museum Subdistrict as soon as reasonably possible. Mr. Campbell recommended that a firm time-table be set for future disbursements. Charlie Valier seconded the motion. Following discussion, the motion was passed with Charlie Valier, Tom Campbell, Robert Powell and Thelma Cook voting 'aye' and Gloria Wessels voting 'no'.

The discussion of the History Museum's rental of its Delmar property to the Loop Trolley Transportation Development District was tabled.

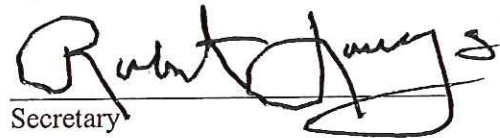
The chair called for public comments.

Closed Session: Thelma Cook then moved to close the meeting pursuant to RSMo. § 610.021 (3) and (13) to discuss personnel matters. Robert Powell seconded the motion. Minutes from the closed session were prepared by Mr. Chivell and will be filed at the office of Armstrong Teasdale LLP.

The closed session was adjourned and the regular meeting was then reopened to the public at 3:30 p.m.

There being no further business, Tom Campbell moved that the meeting be adjourned. Robert Powell seconded the motion and it was unanimously passed. The meeting adjourned at 3:32.

Respectfully submitted,

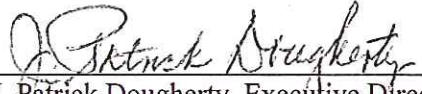

Secretary

CERTIFICATE

I, J. Patrick Dougherty, do hereby certify that the attached Notice of Regular Meeting was published in accordance with the provisions of Section 610.020 of the Revised Missouri Statutes, by posting said Notice at least twenty-four hours in advance of the date of said meeting in a prominent place easily accessible to the public at the Saint Louis Zoological Park and the Pierre Laclede Center Building, 7733 Forsyth Boulevard, Clayton, Missouri, 63105 and by mailing and/or e-mailing a copy of said Notice by ordinary mail to:

- David Hunn
- Stephen Deere
- St. Louis Business Journal
- Riverfront Times
- Susan C. Thomson
- Mark Schlinkmann
- Betsey Bruce
- Patrick Brown
- Jeff Rainford
- Sable Campbell-Jones
- Pat Westhoff
- Nancy Fowler
- Eric Miller
- Erin M. Nolan
- Alex Heuer
- F. Holmes Lamoreux
- Barbara B. Taylor
- Douglas H. Yeager
- John C. McPheeters
- Romondous Stover
- Diane Toroian Keaggy
- Deborah Peterson
- Elsie Glickert
- Charlene Prost
- Susan Hegger
- Martha Fitz
- Odester Saunders
- Tonya Sinkovits /John Butler
- Tom Curran
- Matthew Hathaway
- Rachel Lippmann
- St. Louis Public Radio
- Barb Boyle
- Bert Vescolani
- Wyndell Hill
- Peggy Ritter
- Adrienne D. Davis
- Donna Wilkinson
- Lelia J. Farr
- John R. Roberts

Signed this 26th day of June 2014



J. Patrick Dougherty, Executive Director

NOTICE OF REGULAR MEETING

--REVISED--

METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

Pursuant to Section 610.020 of the Revised Missouri Statutes, notice is hereby given that a Regular Meeting of the Metropolitan Zoological Park and Museum District Board will be held as follows:

Date: June 26, 2014

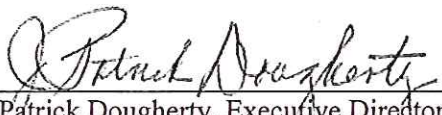
Time: 12:00 P.M.

Place: Saint Louis Zoological Park
McDonnell Center at River Camp
St. Louis, MO 63110

Agenda:

1. Saint Louis Zoological Park 2013 Financial Statements and 2014 Budget.
2. Continued discussion of the proposed ZMD response to the report from the Aldermanic Parks and Environmental Matters Committee.
3. Report from the Executive Director concerning District Matters.
4. The Board may also hold a closed session, with a closed vote and record, as authorized by Section 610.021 (1), (2) and (3), Revised Statutes of Missouri, related to legal issues, real estate and/or personnel, negotiation of a contract pursuant to 610.021 (12) RSMO, proprietary information pursuant to Section 610.021 (15) and/or confidential or privileged communications with our auditor pursuant to (17).

Further information may be obtained at the District Offices, 7733 Forsyth Blvd., Suite 550, Clayton, Missouri 63105, (314) 862-4222


J. Patrick Dougherty, Executive Director