

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

St. Louis, Missouri
June 9, 2014

A regular meeting of the Board of Directors was held in the Spink Pavilion at the Missouri Botanical Garden, St. Louis, Missouri on Monday June 9, 2014. The primary purpose of the meeting was to review and discuss the 2014 budgets and the 2013 financial statements of the Botanical Garden Subdistrict and the Missouri Botanical Garden (“Garden”).

Thelma Cook, Chair of the Metropolitan Zoological Park and Museum District (“District”), called the meeting to order. In attendance were Missouri Botanical Garden Trustees, Botanical Garden Subdistrict Commissioners and Garden staff including:

**Missouri Botanical
Garden Trustees:**

Lelia Farr, Chair
Edward Higgins
David Hollo
David Kemper
Charles Kopman
Carolyn Losos
Robert Williams
Benjamin Hulsey
William Bush
Cheryl Morley
Steve Roberts

**Botanical Garden Subdistrict
Commissioners:**

John McPheeters, Chair
Theresa Loveless
Brian A. Murphy
Marcia Mellitz
Hillary Zimmerman

**Missouri Botanical
Garden Staff:**

Dr. Peter Wyse Jackson
Robert Herleth
Bill Dale
Richard Angevine
Cheryl B. Mill
James S. Miller
Rebecca Ingram
Peggy Lents
Nancy Lissant
Donna McGinnis
Katie O’Sullivan

Upon roll call, the following Board members were present:

Thelma V. Cook	Charles E. Valier
Gloria Wessels	Robert A. Powell
Ben Uchitelle	Thomas J. Campbell
Robert G. Lowery - via phone	

Other individuals attending the meeting included Frank Wolff, Missouri Botanical Garden Legal Counsel; Kathryn Giddings, Botanical Garden Subdistrict Legal Counsel; Tom Curran, St. Louis County Director of Intergovernmental Affairs; Nancy Fowler, St. Louis Public Radio; Barbara Boyle, Vice President and Chief Financial Officer of the Saint Louis Science Center; Stephen Barth, Vice President of Business and Chief Financial Officer of the Saint Louis Zoo; Rick Gratza, CPA and Amber Hardesty, from Kerber, Eck & Braeckel LLP, the District’s accounting firm; Michael A. Chivell, District Legal Counsel; and District employees: J. Patrick Dougherty, Sharon Wilcutt and LaQuana Dilworth.

Thelma Cook asked for public comments from those in attendance. Since there were no public comments, Mrs. Cook asked the representatives from the Missouri Botanical Garden to begin the presentation.

Subdistrict and Botanical Garden Budgets: Lelia Farr, Chair of the Botanical Garden Trustees opened the meeting with an overview of some of the Garden’s most significant achievements from 2013. She

addressed attendance, including Garden Glow visitors, volunteers and maintaining a strong membership. Mrs. Farr announced that Dr. Peter Wyse Jackson was elected chairman of the World Flora online – a collaboration of leaders from Botanical Gardens around the world dedicated to documenting all known plant life. In addition Dr. Wyse Jackson recently authored a book; *Ireland's Generous Nature: The Past and Present Uses of Wild Plants in Ireland*.

Dr. Peter Wyse Jackson thanked the ZMD, Subdistrict Commissioners, Trustees and employees for helping to achieve another extraordinary year at the Garden. He began the presentation with a summary of major achievements through 2013:

- 250 new plant species discovered;
- 109,866 specimens added to Herbarium;
- 6,480,125 specimens in Herbarium;
- A DNA lab has been established to study rare and endangered species;
- Kemper Center answer line is celebrating 50 years of operation;
- The Garden has seen an increase in visitors and class participation;
- Increasing sustainability with institutions and governments agencies in the community;
- Introduction of *My Guide to the Garden*, encouraging personal learning and exploration; and
- Improving visitor experience for guests with disabilities.

John McPheeters addressed the Board and thanked the Garden's staff for their dedication and hard work throughout the year. He stated that the Garden remains one of the top three Gardens in the world. Mr. McPheeters commented on the Subdistrict Commission structure, and noted that the Subdistrict Commissioners participate in multiple sub-committees, working with the Trustees and Garden staff. The Garden maintained a balanced budget and received a clean audit in 2013.

Dr. Wyse Jackson then provided the Board with an overview of the Garden's 2013 financial results. The topics discussed included the following:

- Total 2013 revenues, including donations and bequests, were reported at \$60,474,529. He emphasized that total 2013 revenue exceeded expenses by \$1,044,187 (exclusive of pension liability adjustment).

Ben Uchitelle asked for clarification on the 'pension liability adjustment'.

Rick Angevine, Vice President Financial Services and Comptroller explained that none of the pension liability adjustment is included in the excess revenue amount, and further explained that for 2013 the Garden did not recognize an increase in the pension liability, in fact the Garden experienced a positive adjustment due to market conditions.

- A 3% merit increase for the staff was presented.
- The Garden utilizes a ten year financial plan which is updated quarterly and plans to increase revenue while conservatively managing expenses.
- The Garden has no debt and does not plan on obtaining debt in the future.
- The endowment exceeds \$110 million and the capital campaign has raised \$75.3 million in pledges and commitments to date.

Ben Uchitelle asked for additional information on the capital campaign.

Dr. Wyse Jackson stated that the campaign has been in the silent phase for the last few years and the focus of the capital campaign will be on increasing the endowment and providing funds for improvements and critical work in science conservation. The goal of the campaign is \$100 million by the end of 2014.

Charlie Valier asked if any additional projects are planned when the capital campaign goal is reached.

Dr. Wyse Jackson explained that several projects are planned; renovation and improvement of the Brooking Interpretive Center, Ridgeway Visitor Center and restoration of the 1859 historic museum building built by Henry Shaw.

Tom Campbell asked for an explanation on changes in the investment portfolio from 2012 through 2013.

Bob Herleth stated that the Garden takes a cautious approach to investments and the investment strategy is relatively conservative.

Thelma Cook asked for additional information on the new management team, Event Network, Inc., managing the Garden Gate Shop.

Peggy Lents informed the Board that the transition has gone better than expected. The shop now employs eighteen local workers, three more than were previously employed. She further explained that five of the local vendors now sell goods in gift shops across the country due to the larger distribution network.

Ben Uchitelle asked about the anticipated increase in the budget with regards to property and equipment acquisitions (from \$4.2 million in 2014 to \$14.1 million in 2016).

Bob Herleth explained that the 2016 budgeted amount reflects significant projects the Garden plans to complete, pending a successful capital campaign.

Ben Uchitelle asked what percent of visitors to the Garden were residents from the County/City taxing district.

Dr. Wyse Jackson explained that 70% were residents from St. Louis City or County taxing districts.

Ben Uchitelle speculated if a joint tax rate increase was proposed by all five Subdistricts would it affect the Garden, due to the current admission fees. He further asked if management at the Garden has considered eliminating entrance fees and perhaps charging for parking.

Dr. Wyse Jackson explained that the Garden offers 'free days' for ZMD residents, and explained that the option to charge for parking might be a problem given the residential neighborhoods around the Garden.

Gloria Wessels questioned fees that were paid to a financial institution for which a Trustee is a director. She asked how long this financial institution has been managing the funds and if consideration has been given to any other investment firms.

Bob Herleth emphasized that the conflict of interest policy is very clear; a RFP was issued three years ago to review investment firms. This conflict of interest was approved at the Garden Board of Trustees regular meeting held on February 22, 2012 and again on March 6, 2013.

Ben Uchitelle commented on the minority hiring and volunteer participation. A discussion ensued.

Thelma Cook thanked Dr. Wyse Jackson and Mr. McPheeters for their participation. Upon completion of the Garden budget presentation, the meeting recessed. Within a few minutes, Mrs. Cook called the meeting to order.

Approval of Minutes: Thelma Cook called for the approval of the minutes from the regular Board meeting held on May 22, 2014 and the minutes from the Board work session held on May 20, 2014. Charlie Valier moved that both sets of minutes be approved. Robert Powell seconded the motion.

Tom Campbell asked that a correction be made on page 2 of the May 20, 2014 minutes...“Team two stated that it was not within the prevue...” be corrected to “Team two stated that it was not within the purview...”.

The motion to accept the May 22, 2014 regular Board meeting minutes and the May 20, 2014 Board work session with the correction requested by Mr. Campbell was approved with all members voting ‘aye’.

The chair called for a discussion on the presentation from the Garden.

Ben Uchitelle stated that it was a very able and good presentation. He further commented on the excellent point that the Garden has raised \$75 million of the \$100 million planned for the capital campaign.

Thelma Cook asked if Robert Powell wanted to address the Board with reference to enabling legislation.

Robert Powell began his discussion with a background on the amendment to House Bill 186 allowing the creation of the African American History Museum and Cultural District. He further stated that he was trying to build a coalition that would go forward with seeking membership into the ZMD. Mr. Powell requested the opportunity to begin talking with other institutions that have previously made an attempt to join the District. (These include St. Louis Symphony, St. Louis Sports Authority and the Transportation Museum). A discussion ensued.

The consensus of the Board was that Mr. Powell can begin to meet with the organizations seeking to join the District, but only as an individual and not a ZMD representative. The Board also discussed ways in which Mr. Powell’s gallery ownership might constitute a conflict of interest.

Mike Chivell discussed potential conflicts of interest, cost incurred with an election and issues with past elections. Information was given on an application to join the District that was developed in 2007. A discussion ensued.

Ben Uchitelle left the meeting.

Executive Director’s Report: Mr. Dougherty reported that, as of June 6, 2014, the balances in the District controlled bank accounts approximated \$26.1 million and included:

<u>Account for the benefit of:</u>	<u>Amount</u>
Zoological Park Subdistrict	\$ 71,941.82
Art Museum Subdistrict	\$ 10,130,639.38
St. Louis Science Center Subdistrict	\$ 583,088.22
Botanical Garden Subdistrict	\$ 5,307,408.16
Missouri History Museum Subdistrict	\$ 5,126,094.39
District Operating Fund	\$ 4,930,960.53

Finance/Audit Committee Report: Rick Gratza informed the Board that the District Audit Committee accepted the December 31, 2013 and 2012 financial statements as submitted at the Audit Committee meeting on April 4, 2014.

Rick Gratza and Amber Hardesty then presented a summary of Auditors' Results that were reported to the Audit Committee on April 4, 2014:

- Management's responsibility to prepare the financial statements;
- Auditors' responsibility to express an opinion on the financial matters;
- The financial statements only include the financial data of the District (primary government) and do not include the financial data of the Subdistricts (component units);
- Summary of opinions issued in:
 - Business-type activities: Unmodified
 - Aggregate remaining fund information: Unmodified
 - Discretely presented component units: Adverse
 - No material weakness in internal control were identified;
 - No material noncompliance with laws, regulations, grants or contracts were identified; and
 - Allowance for uncollectible property taxes was the most sensitive estimate affecting the financial statements. Key factors and assumptions used to develop the estimates in determining the allowances were determined to be reasonable.

Pages 14 and 15 of the Financial Statements represent a new statement; Statement of Fiduciary Net Position – Pension Trust Fund; this represents the contribution to the new pension plan that was approved by the District in December 2013. A discussion ensued.

Rick Gratza then introduced the Report to the Board of Directors. He reported that there had been no changes to the District's accounting policies and procedures during the 2013 calendar year.

Pat Dougherty presented the 2014 District's Accounting Procedures Manual. Information related to changes in 'Net Refunds to Taxpayers' (page 3) was discussed and 'Review of Authorized Vendor File' (page 5) was addressed.

Thelma Cook asked that the Board discuss the draft of the Mission and Vision Statements presented at previous Board meetings. A discussion ensued.

Tom Campbell moved that the following Mission Statement be adopted. Charlie Valier seconded the motion. The motion to approve the Mission Statement was approved with all members voting 'aye'.

Mission Statement

The Mission of the Zoo Museum District is to represent the taxpayers of the District in the careful oversight of the financial affairs of the Subdistricts: Art Museum, Botanical Garden, Missouri History Museum, Science Center, and Zoological Park.

The Board then reviewed the options presented for the Vision Statement. A discussion ensued.

Tom Campbell moved that the following Vision Statement be adopted. Robert Powell seconded the motion. The motion to approve the Vision Statement was approved with all members voting 'aye'.

Vision Statement

The task of the Zoo Museum District is to lead, plan and collaborate in strengthening the Subdistricts to assure quality institutions that educate, enhance and benefit the residents of the St Louis region.

Thelma Cook then asked that the Board address and develop a response to Recommendation III within the Parks and Environmental Matters Committee Report to the Board of Aldermen as agreed by Resolution Number 33 dated May 3, 2013—ZMD District Policies and Funding Agreements. A discussion ensued.

Comments included:

The Committee believes that the expenditure of the dedicated tax funds deserves more scrutiny than “properly authenticated vouchers”:

- The question of authenticating vouchers – is it an administrative function?
- The District holds hearings, views budgets and questions the institution – this process goes beyond the administrative function.
- Questions were asked if vouchers are ever rejected for improper requests.
- It was explained that any voucher request containing a problem is usually a minor adjustment/correction that needs to be made. For example, a request for reimbursement for a cobra payment was included on a voucher – a phone call is then made to the Subdistrict and a corrected voucher is submitted.
- It was further explained that it has been a policy that reimbursement is not made on Subdistrict enterprise funds. (A fund that provides goods or services to the public for a fee).
- It was suggested that the District develop a ‘policy statement’ clarifying reimbursable expenses.

The Parks and Environmental Matters Committee recommended the development of quantifiable data to support the level of funding:

- A suggestion was made that the salaries of the highest paid individuals need to continue to be monitored.
- Issues with the City Pension plan that have been addressed at Subdistrict meetings still need to be resolved – the District should assist with that.
- Health Care costs vary within each institution – clarification on deductibles/cost for each employee etc... needs to be known.
- It was suggested that the District should secure information on how each compensation committee arrives at salaries for their executive team.
- A comment was made that often the compensation consultants hired by the Subdistricts have a vested interest in the end result of the salaries.
- Results from a compensation consultant would offer a range of information - years of employment – salary range – how other similar organizations of this type arrive at compensation rates...etc.
- An example given was that Bob Archibald had risen to the highest compensation amount possible compared to other organizations that had much larger staffs and larger budgets.

Possible funding benchmarks include: tax subsidy per attendee:

- Comparing attendance at each Subdistrict is difficult. What we can compare is similar institutions in similar size communities.
- A discussion on charging admission should be raised.
- ‘Cost per attendee’ is a measurement against itself. For example, if attendance drops significantly the reasons should be noted.

- A comment was made that you cannot compare each institution against each other. Each Subdistrict is different with different strengths.
- It was noted that you can look at institutions in similar circumstances.

Possible funding benchmarks include: community outreach and education:

- It was mentioned that the Art Museum raised a significant amount of funds (\$150 million from private sources).

Tom Campbell explained that the District will not have the methodology completed by June 30, 2014; the District can inform the Parks and Environmental Matters Committee that the District is continuing to work and address all of these matters. The Board plans to revisit all of these issues and drill down to a consensus.

Consider establishing compensations caps on salaries that are supported by tax dollars. Institutions would be allowed to compensate staff at higher levels, if appropriate. Private contributions to a “compensation fund” could provide the funding for the higher staff salaries.

- A comment on the lack of power the District has over the Subdistricts with regards to setting the compensation. The Subdistricts explanation that tax dollars are not used when paying executive salaries - is often given when questions are raised.
- It was suggested that the Board have a better idea of the process that each institution goes through to arrive at compensation.
- The District does monitor compensation caps and the Board reviews where funds to pay executive compensation comes from.
- If the Board is going to take on the role of coordinating executive compensation process – (which the Board is totally unskilled to do) – the Board first needs to understand how each Subdistrict arrives at executive compensation.
- It was suggested that the Board ask each Subdistrict to report the step by step process on how executive compensation is reached.
- It was stated that each Subdistrict has a compensation committee.
- It was noted that some of the Subdistricts use a law firm as part of the compensation committee.
- A suggestion that the Board looks at proxy statements from public corporations – the Board might find that you can get detailed analysis of what information that they look at - and how they acquire the information.
- The District has received some information on how they arrive at compensation from some of the Subdistricts.
- It was reported that two to three years ago the District received detailed explanation, and since that time each Subdistrict has described methods used at arriving at executive compensation. A request was made to submit the past information to the Board members.
- A suggestion that in the interest of time, a review of all of the past information does not need to be done immediately.
- Compensation consultant firms hired by the Subdistricts have a vested interest in the end result of the salaries.

Thelma Cook suggested that the discussion be reviewed by all Board members – and a draft be prepared to respond to the Aldermanic Committee in ten days.

Revision of the ZMD Code of Ethics has been suggested. The code of Ethics committee is currently reviewing this matter.

- Thelma Cook reported that the next Code of Ethics Committee meeting is scheduled for June 25, 2014.

Thelma Cook asked if any further topics need to be addressed from the report.

- It was suggested that careful consideration be taken in preparing the Annual Report as to not intrude on the Subdistricts publications. In addition, a 'standardize' annual report be developed.
- The consensus of the Board felt that the goal to compile the Annual Report was that late 2014 – early 2015 should be a goal for the Districts Annual Report publication.

Pat Dougherty reviewed the draft of the post-budget meeting letter addressed to the History Museum and questioned if any specific issues at the Science Center need to be addressed in the post-budget meeting letter.

Charlie Valier addressed additional issues with the Conflicts of Interest statements filed by the Commissioners and the Trustees at the Science Center. A summary of the Code of Ethics from the Science Center was requested along with a copy of the Commissioners and Trustees signed disclosure statements. A request for a summary of salaries for the top eight managers at the Science Center from 2012, 2013 and 2014 was made.

Charlie Valier asked for additional time to review the changes made to the post-budget meeting letter addressed to the History Museum. A discussion ensued.

Gloria Wessels informed the Board that Elsie Glickert, Board Member of the Sutter-Meyer Farmhouse Museum in University City had contacted her with a follow up request from the September 30, 2013 District Board meeting. Mrs. Wessels was asked to inform the Board that John Roberts, Chair of the History Museum Trustees had recommended that a presentation for funding be presented to the History Museum for consideration. As of this time no funding has been received by the Sutter-Meyer Farmhouse Museum in University City.

Report of Legal Counsel: Mr. Chivell had no report.

Old Business: There was no old business.

New Business: There was no new business.

The Chair then asked for public comments from those in attendance; no comments resulted.

There being no further business, noting the absence of a quorum the meeting adjourned at 2:40 p.m.

Respectfully submitted,


Secretary

NOTICE OF REGULAR MEETING

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 9, 2014

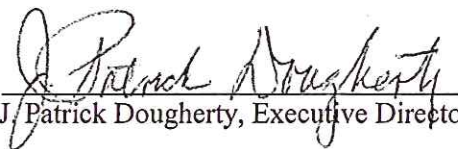
Time: 12:00 P.M.

Place: Missouri Botanical Garden
Spink Pavilion
2101 Tower Grove Avenue
St. Louis, MO 63110

Agenda:

1. Missouri Botanical Garden 2013 Financial Statements and 2014 Budget.
2. Presentation of the District's December 31, 2013 financial statements and audit report, issued by Kerber, Eck & Braeckel, LLP.
3. Continued discussion of the proposed ZMD response to the report from the Aldermanic Parks and Environmental Matters Committee.
4. Report from the Executive Director concerning District Matters.
5. 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

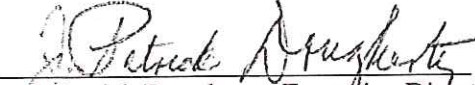

J. Patrick Dougherty, Executive Director

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 Missouri Botanical Garden 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 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 9th day of June 2014



J. Patrick Dougherty, Executive Director