

For Informational Purpose Only

METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

St. Louis, MO
May 23, 2017

A regular meeting of the Board of Directors was held in the Living World Board Room at the St. Louis Zoological Park, St. Louis, Missouri at 12:00 p.m. on Tuesday May 23, 2017. The primary purpose of the meeting was to review the Zoo's 2016 operations and its 2017 budget.

Ms. Chadwick, Vice Chair of the Metropolitan Zoological Park and Museum District ("District"), called the meeting to order. She welcomed the Saint Louis Zoological Commissioners, Trustees and Staff.

Upon roll call, the following Board members were present:

Michelle Harris	Christine Chadwick
Robert E. Eggmann	

Thomas Campbell, Darnetta Clinkscale, Thomas C. Mummert and Robert Lowery, Sr. were absent. Other persons attending the meeting included Michael Chivell from Armstrong Teasdale LLP, the District's legal counsel LLP; Rick Gratza, CPA from Kerber, Eck & Braeckel LLP and District employees: J. Patrick Dougherty and LaQuana Dilworth.

The Chair then called for Public Comments.

Mr. Uchitelle, a public citizen, addressed the meeting and expressed his concern over Senate Bill 49. Mr. Uchitelle stressed that the proposed sales tax is a regressive tax and may present some challenges for the District. His concerns included how the potential sales tax revenue will be spent; the possible restrictions for the other Subdistricts to be able to go out for additional revenue increases; and the impact on the currently taxed city and county residents. Mr. Uchitelle advocated that the Zoo and the ZMD Subdistricts be granted the right to charge admission fees to non-St. Louis City/County residents.

Zoological Park Subdistrict Budget Presentation: Dr. Bonner initiated the budget presentation with an update of Association of Zoos and Aquariums accreditation and the Zoo was named the top free attraction and America's top free Zoo.

Dr. Bonner presented a slide presentation that represented 2016 tax support as a percent of Gross Revenues;

- Tax Revenue: \$21.7 million;
- Support & Fundraising: \$11.8 million;
- Visitor Spending: \$28.0 million; and
- Investment income: 4.5 million.

In addition the 2016 tax support as a percent of Net Operations was presented:

- Tax Revenue: \$21.5 million;
- Unrestricted Support & Fundraising: \$14.8 million;
- Visitor Spending: \$28.6 million.

Dr. Bonner then presented a detailed expense report of total expenses in 2016. He explained that 37% of the expenses are covered by the ZMD Tax support money. It was noted that salaries are not funded for employees in fundraising or in revenue generating departments (*i.e.*, food service, gift shops).

Dr. Bonner further explained that tax support revenue remained flat and provides funding for core functions at the Zoo, including: utilities, animal division, education department, veterinary hospital, animal research, finance, human resources, facilities management and marketing.

Dr. Bonner presented an overview of the Zoo's endowment and investment funds and the association's portfolio. He explained how funds are used to fund new exhibits like Grizzly Ridge. He recapped the year and highlighting: diversity, attendance, membership, visitor data including area /non area tourists and city county residents and visitor satisfaction ratings. Dr. Bonner explained the facilities condition assessment, a review of every major component of equipment and structures within the Zoo, and their life maintenance plan. The overall deferred maintenance looking out over 20 years is about \$102 million dollars.

Mr. Macek, Chief Operation Officer, presented information of the education programs and preschool opportunities offered at the Zoo. Information was given on collaborations with other ZMD institutions.

Ms. Ray, Director of Finance, heads up the institution wide effort on diversity. She addressed the board to explain the many diversity initiatives at the Zoo.

Dr. Bonner presented a seven minute informational video.

Mr. Deschamp, V.P. Internal Relations, gave a summary on the impact of increasing the minimum wage for part-time and seasonal employees.

Ms. Holter, VP of External Relations, presented a summary of the steps taken and the goals for enabling legislation for House Bill 49 for public funding.

Board Members asked for further clarification on the ongoing needs for additional capital and the strategies required to implement them. Questions regarding the 'collar counties' (Jefferson County, St. Charles County and Franklin County), related to House Bill 49 and who would be oversee the collection of the taxes. A question on what percentage of restricted/unrestricted endowment can be used was asked and answered.

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

Due to lack of a quorum the board continued with an informational session.

Ms. Chadwick called for comments and discussion on the information presented by the Saint Zoological Park staff, the discussion included:

- A comment was made on the length of the presentation, if possible a limit of 45 minutes was suggested.
- A suggestion to include a more in-depth finance report. To include a better understanding of how the operating expenses are expended.
- Further suggestions included, the institution should keep the ZMD apprised of the ongoing progress of House Bill 49, and any development and discussions with the counties involved with the legislation.

Executive Director's Report: Mr. Dougherty informed the Board that, as of May 22, 2017, the balances in the District controlled bank and investment accounts approximated \$44.3 million and included:

<u>Account for the benefit of:</u>	<u>Amount</u>
Zoological Park Subdistrict	\$ 2,347,055.12
Art Museum Subdistrict	\$ 16,414,666.93
St. Louis Science Center Subdistrict	\$ 1,695,721.37
Botanical Garden Subdistrict	\$ 8,747,001.88
Missouri History Museum Subdistrict	\$ 9,837,383.27
District Operating Fund	\$ 5,328,929.93

Communications Committee: Ms. Harris reported the Annual Report is almost ready to go, the District is waiting for additional feedback from the Science Center.

Audit Committee: Mr. Eggmann informed the Board that on June 6, 2017 the District will host a two hour training session at 10:00 a.m. with BDO to discuss the process involved with the institutions for the cyber security review.

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

Old Business: No old business.

New Business: Mr. Rick Gratza introduced the Board to the three Reports contained in the Packet. The Financial Statements – December 31, 2016 and 2015; the Independent Accountants' Report on Applying Agreed-Upon Procedures – December 31, 2016 and the Report to the Board of Directors – December 31, 2016.

Mr. Gratza presented a summary of Auditors' Results:

FINANCIAL STATEMENTS:

- *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) due to a timing issue;*
- *Balance Sheet - Statements of Net Position – Proprietary Fund;*
- *Statements of Revenues, Expenses and Changes in Net Position – Proprietary Fund;*
- *Statements of Cash Flow – Proprietary Fund;*

NOTES TO FINANCIAL STATEMENTS

- *There was a small addition in Capital Assets due to the purchase of software.*
- *A change in the single-employer defined benefit pension plan administered by the St. Louis Science Center; as of January 1, 2016 the plan had a net pension liability. The District believes its proportionate share would not be material in relation to the District's financial position.*
- *Information relating to property tax abatements granted by the City and County were discussed.*
- *Summary of opinions were 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.*

REPORT TO THE BOARD OF DIRECTORS

- *Mr. Gratza then introduced the Report to the Board of Directors. He reported that the only change to the District's accounting policies was the GASB 77 Tax Abatement Disclosures;*
- *A review of Management's estimates on uncollectable taxes was evaluated;*
- *No difficulties or disagreements in dealing with management were encountered; and*
- *Mr. Gratza reported that to their knowledge, no consultations with other accountants were made.*
- *No material noncompliance with laws, regulations, grants or contracts were identified.*

No discussion resulted.

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

There being no further business, Mr. Eggmann moved that the meeting be adjourned. Ms. Harris seconded the motion and it was unanimously passed. The meeting adjourned at 1:49 p.m.