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

St. Louis, Missouri
April 4, 2013

A regular meeting of the Board of Directors of the Metropolitan Zoological Park and Museum District (the "District") was held at The Pierre Laclede Center at 12:00 p.m. on Thursday April 4, 2013. The primary purpose of the meeting was the discussion and approval of the 2013 preliminary non-binding tax rates.

Ben Uchitelte, Chair of the District, called the meeting to order. Upon roll call, the following Board members were present:

Ben Uchitelte          Robert A. Powell
Charles E. Valier      Gloria Wessels
Jerome E. Glick        Thomas J. Campbell
The ma V. Cook         Robert G. Lowery, Sr. – via phone

Other persons attending the meeting included: Tessa Trelz from Armstrong Teasdale LLP, the District's outside counsel, and District employees J. Patrick Dougherty and Sharon L. Wilcutt.

Others in attendance included:
- John R. Roberts, Chairman, Missouri History Museum Trustees
- Frank P. Wolff, Jr., Attorney for the Missouri History Museum, Bryan Cave, LLP
- Joan Briccetti, Secretary, Missouri History Museum Subdistrict Commissioners
- Dale Singer, Saint Louis Beacon
- David Hunn, St. Louis Post Dispatch
- Kevin Killeen, KMCX News
- Tom Curran, Director of Intergovernmental Affairs, St. Louis County
- Rachel Lippman, St. Louis Public Radio
- Matt Hathaway, Communications Department, Saint Louis Art Museum
- Lou Hamilton, citizen

The Chair asked for any public comments from those in attendance.

Mr. Curran addressed the Board on behalf of County Executive Charlie Dooley. Mr. Curran stated that the five institutions are the crown jewels of the region, and asked that the Board endorse, support and approve the maximum allowable preliminary non-binding tax rate for all of the cultural Subdistricts.

Mr. Dougherty discussed the need for the District to establish 2013 preliminary non-binding tax rates. He further explained the process for establishing the proposed rates and the Resolution for doing so which was provided to the Board.

Mr. Lowery addressed the Board and stated that he endorses the maximum allowable tax rate for all five Subdistricts.

Mr. Campbell moved that, based on the Missouri History Museum Subdistrict’s needs, as reflected in budgets submitted and received in prior years, the Missouri History Museum Subdistrict’s preliminary, non-binding 2013 tax rate be set at 3.91 cents for all categories of taxes. The 2013 preliminary, non-binding rate incorporates a 0.02 cent recoupment from the 2012 levy and will be reported in a 2013 preliminary, non-binding resolution to be signed by the Board’s Chair and Secretary. Mrs. Cook seconded the motion.
Mr. Valier then made a motion to amend Mr. Campbell's motion to set the preliminary tax rate for the History Museum at 3.26 cents per one hundred dollar assessed valuation. Mrs. Wessels seconded the amended motion. A discussion ensued with Mr. Valier stating his reasons for arguing in favor of reducing the tax rate (included in remarks read into the record later in the meeting). Mr. Roberts on April 1, 2013 stated that approval of History Museum non-budget expenditures has been adjusted to $10,000 from $300,000 notwithstanding the terms of the Operating Agreement, and that all History Museum meetings will be in compliance with Missouri Sunshine Law.

Mr. Lowery left the meeting.

Mrs. Cook reminded the Board that the District needs to establish a sense of confidence for the citizens of the City and the County of St. Louis in the duly appointed Commissioners and Directors at each institution.

Mrs. Wessels read the following statement:

_The Trustees and Commissioner who purchased the Delmar property without an appraisal, who pledged $1 million to the Loop Trolley and lavished their lease with outrageous compensation are basically the same group who have been serving the Museum for many years and who are still requesting the maximum tax rate. Bob Archibald did not make these decisions by himself. Just because he resigned does not exonerate their part in this misuse of public funds. Taxpayer money must be accounted for and not simply allowed to flow through the Commissioners to the private Museum organization._

_If you look at the minutes of our ZMD’s Board meeting on the budget with the MHM you will see that we asked very few questions considering the scope of the problems revealed by the Agreed upon Procedure document. Questions that were submitted weeks before the meeting were not answered until 10 days after the meeting in a packet delivered to our homes. This gave us no opportunity for discussions on these queries or for the public and media to hear them._

_The new operating agreement that was forged by Dr. Danforth was never viewed, discussed nor compared to the former agreement of 1988 by this Board...only the public bullet points of the new agreement have been repeated again and again. The new operating agreement was requested by our Mayor, County Executive and the Trustees to quell the impending damages of our Audit report. It only took two weeks for Dr. Danforth to come up with the new agreement and then it was hastily adopted by the Commissioners end Trustees. The new agreement took the onus of fiduciary responsibility off the back of this ZMD Board and gave our Board members an easy option to follow the powers that be._

_In talking with the Attorney General’s office I was told the Missouri’s Conflict of Interest interpretation is very broad, but as a public board we need to take our fiduciary responsibility very seriously and make sure that we use best practices in our decision making. The potential conflict of interest with Commerce Bank and two Trustees should be corrected. Investing 35% of their endowment with Commerce should raise a red flag as well as our own Chairman’s relationship with the Loop Trolley Board as Treasurer who had an interest in the $1 million pledge by the MHM. Other possible conflicts of our Board members should also be a consideration._

_Since 1988 the taxpayers have given over $199 million to the MHM. The net worth of the private organization has increased substantially during this time. In 2011, $8 million was moved from the operating fund to the endowment. They had nearly $20 million in their operating fund just sitting there. Yet, when the Commissioners and Trustees speak of their successful exhibits at the Museum, they still embrace the Lewis & Clark exhibit from 2005. The Museum has a huge collection that costs millions to store, but they are seldom on display. Three permanent exhibits have not changed since the new expansion in 2000. When the Delmar property project failed, why do they still not have their story telling_
idea incorporated in their present Museum? They seem to be wholly dependent on traveling exhibits, some of which are huge loss leaders of over $200,000.

When they continue to say that the Delmar property was to become a center for bridging the north and south of Delmar communities... it seems a reach, as the present Museum is just a few blocks away. There was some inexplicable need to be on the Loop Trolley route twice.

The main problem with the new operating agreement is one of governance. The History Museum has been run by a private club that lacks transparency and public accountability. The agreement is supposed to address the governance, but it is really just a band aid when a tourniquet is needed to stop the bleeding. The present governing body of 10 public appointed Commissioners and 55 Trustees, who represent a private entity, is not a level playing field, not an efficient way to govern the Museum. The new operating agreement must be revised to provide that transparency is permanent and must reflect the provisions of the Missouri Sunshine Law. Until and unless the agreement is amended I cannot in good conscience vote for the full tax rate. My suggestion would be to reduce it by $1.5 million. If changes are made to the Agreement I will reconsider my suggestion in September when the tax rate becomes permanent.

A discussion ensued with regard to District stationary and letters mailed. Mr. Campbell specifically quoted from a letter sent by three ZMD trustees on April 1, “While the politicians, who simply want this problem to go away, have cowed other members of the ZMD, we will continue to represent the public....” Mr. Campbell took exception to the term ‘cowed’, and felt that trustees’ objections over History Museum matters had become unnecessarily mean-spirited.

Mr. Valier stated that he believes the structure and governance of the Museum, which involves a private non-profit corporation running an institution funded with taxpayer funds, is flawed. He argued in favor of final issuance of the Audit Committee’s report on the History Museum and reduction of the tax rate as a means of ensuring better accountability to taxpayers.

Mr. Glick argued that the District Board has one duty, to set the tax rates, and that duty includes the authority to supervise for the taxpayers the five institutions, including by reducing the History Museum’s tax rate to send a message that we have seen waste at the Museum but no desire to correct the waste and that the District board objects and “is alive and well and functioning.”

Mrs. Wessels emphasized that the amended rate is temporary and not permanent.

Mr. Powell asked that the vote be called. The Chair put forth the amended motion for the Missouri History Museum Subdistrict’s preliminary, non-binding 2013 tax rate to be set at 3.26 for all categories. The amended motion to approve reduced rates failed with Mr. Valier, Mr. Glick and Mrs. Wessels voting ‘yes’ and Mr. Campbell, Mrs. Cook, Mr. Uchitelle and Mr. Powell voting ‘no’.

Mr. Campbell expressed his opinion that it is time to allow the History Museum to move forward in light of significant material changes in the management and government structure at the Museum. He expressed his belief that the District needs to allow the new governance at the Museum to have the opportunity to take effect.

Mr. Uchitelle commented that the Museum is a treasure for the entire region and it is of national level quality, that attendance figures compare favorably with Chicago, Atlanta and New York Historical Societies, and Dr. Archibald is gone and mistakes have been acknowledged. Mr. Uchitelle commended the ZMD and the Audit Committee for doing their job. He noted that shortfalls were found and corrected at the St. Louis Science Center also. Mr. Uchitelle stated that the Dodd report concluded that there was no evidence that any employee improperly shredded or removed any papers at the Museum.
Mr. Uchitelle then commented on recent developments at the Museum under the new Operating Agreement including a Joint Executive Compensation Committee meeting, a Joint Budget Committee meeting and a Search Committee for a new Museum President, all including an equal number of Subdistrict Commissioners and Trustees. He noted that the County Executive and the City Mayor support the maximum allowable tax rate for the Museum. Mr. Uchitelle urged the Board to adopt the top tax rates that are presented.

Mrs. Wessels questioned the spike in attendance in January and February of this year. Mr. Roberts explained that it was due in part to the George Washington exhibit.

Mr. Valier addressed the Board reading the below remarks:

> For 25 years we have experimented with a private non-profit corporation running an institution funded with taxpayer moneys. Our investigation has shown that, however well-intentioned those trustees are, and I have no doubt of their good intentions, their civic spirit and good will, the structure, the governance of the History Museum is flawed, it lacks accountability to the taxpayers of St. Louis, and transparency. Our investigation, carried out in the light of day, over a period of six months, has engendered dismay and outright hostility from those taxpayers. Today, we complete that investigation rather enigmatically without adopting a report or conclusion. The statute that created the Zoo-Museum District by Supreme Court decree vests the power of review and oversight with the Board. Our duty is to tell the people, the taxpayers who have paid the bill, what we have found out, what our conclusions are, and what our recommendations are to fix the problem. If we fail to carry out that essential task, our civic duty, with a simple recitation of the facts as we found them, and our view of how this problem can be fixed, then we have failed the officials who appointed us and the citizens we represent. More importantly, we will fail the institutions that comprise the District; the Zoo, the Art Museum, the Garden, the Science Center and the History Museum, the cultural heart of St. Louis. And in failing the Zoo Museum District we throw open to question the legislative scheme that gave voice to the public’s sacred pact to support these institutions. If we continue the tax rate as we have for the last 25 years without any accountability then we will leave to others the task we should have performed. We will have failed our civic duty, and actions that other legislative bodies take, may be far harsher than those envisioned by us. Further, we fail to consider the long term consequences of our failure to reform the governance structure of the Museum when the time comes for the ZMD to either expand or go back to the voters for more taxes. What we have failed to do today the voters may very well do later.

Now, my colleague, Ben Uchitelle, says that through the Danforth Plan that we have brought about reform by requiring a sharing of power between the Subdistrict Commissioners and the Trustees. I believe that there is some truth and validity in what he says. Certainly, the joint budget and executive compensation committees are a step forward. The appointment of the chairman of the Subdistrict Commission to the important position of the chairman of the executive compensation committee is affirmation of that progress. So, why do I speak out against our action to reaffirm the maximum tax rate for the Museum.

First, I believe the new revised operating agreement fails to provide genuine reform for the following reasons:

1. Section 10 allows the director/president of the History Museum to spend up to $300,000.00 of unbudgeted moneys each year without approval from the Budget Committee. This compares with $25,000.00 for the Zoo, a much larger institution, and zero for each of the other institutions in the ZMD.
2. Sections 12 and 14 provide for transparency only after a majority vote of the Commission and a request of the Missouri Historical Society for documents. Hardly, a genuine effort at transparency.
3. While the trustees are touting their new “sharing” arrangement with the Trustees, two sections of the Revised Operating Agreement prevent any real sharing of power. First, section 2 provides in two places that the Missouri Historical Society will be “wholly responsible for the operation of the Missouri history
Museum” and “wholly responsible for the care, maintenance and improvement of the Missouri history museum and all of the Missouri History Museum displays.” Second, section 5 provides that “MHM [Missouri Historical Society] shall be responsible for all aspects of the operation of the Missouri History Museum. The Chief Executive Officer of MHM shall report to the board of Trustees of MHM.” Archibald’s statement that he did not report to them [the Commissioners] still is true.

4. While the Trustees have touted the new budgeting process, section 7 limits the joint budget committee to tax moneys turned over by the subdistrict to the Missouri Historical Society. “The Subdistrict Budget shall be based on the MHM budget and shall project total revenues to the Subdistrict from the District [the ZMD] based on the tax revenue anticipated to be received by the Subdistrict from the District reduced by the Subdistrict’s expenses.”

5. While the Subdistrict now has equal representation on the Executive Compensation Committee and the Budget Committee, representation of Subdistrict Commissioners on all other committees, including the governing Executive Committee, is limited to one person in accordance with section 11. “The Chairman of the Subdistrict shall designate a Commissioner to serve on each of the above committees.”

6. Heretofore cancellation of the operating agreement required written notice 90 days before the end of the year, now section 3 requires the appointment of a renewal committee in August to take into account the Missouri Historical Society’s compliance with the terms of the Agreement, and then lists specific terms to be considered, i.e. attendance information, exhibits, education and outreach, and various reports of the chief financial officer and executive officer. If two weeks before the end of the year the decision is made to cancel there is a six month negotiation period between the two boards. At the hearing before the Board of Aldermen the attorney for the Subdistrict stated that the contract can only be canceled for cause. Counsel for the trustees took a different position. While the language is confusing, the fact is that cancellation is now far more difficult than it was before.

Second, the Trustees have refused, despite overwhelming evidence to admit that any mistakes were made with respect to the Delmar purchase, the Loop Trolley, the awarding of 14 weeks vacation to Dr. Archibald, and the level of compensation for him, even though the Missouri History Museum is only a good regional historical society, which has embraced traveling road shows, but not interactive exhibits that bring history alive. It is not “world class” as represented by some. One need only go 100 miles north to the Lincoln Museum in Springfield or 600 miles south to the World War II Museum in New Orleans to see what is meant by that term. What that arrogance says to St. Louis is that they plan to continue to running the Museum just as they have, except for the minor inconvenience of the ZMD audit.

Mrs. Wessels remarked that Mr. Uchitelle is also Treasurer of the Loop Trolley Board and that relationship should require him to recuse himself from the vote for a preliminary non-binding tax rate for the History Museum. In response, Mr. Uchitelle explained that, if anyone should be upset with the History Museum it should be him because the Museum’s pledge for the Loop Trolley was withdrawn and there is very little chance of it being reinstated. Mr. Uchitelle explained that he has disclosed numerous times his relationship with the Loop Trolley Board and there is no conflict of interest at issue here.

Mr. Powell asked that the vote be called. The Chair put forth the original motion for the Missouri History Museum Subdistrict’s preliminary, non-binding 2013 tax rate to be set at 3.91 for all categories. The motion passed with Mr. Campbell, Mrs. Cook, Mr. Uchitelle and Mr. Powell voting ‘yes’ and Mr. Valier, Mr. Glick and Mrs. Wessels voting ‘no’.

History Museum representative left the meeting.

Mrs. Cook moved that, based on the Zoological Park Subdistrict’s needs as reflected in budgets submitted and received in prior years, the Zoological Park Subdistrict’s preliminary, non-binding 2013 tax rate be set at 7.86 cents for all categories of taxes. The 2013 preliminary, non-binding rate incorporates a 0.04 cent recoupment from the 2012 levy and will be reported in a 2013 preliminary, non-binding resolution to be signed by the Board’s Chair and Secretary. Mr. Powell seconded the motion.
The Chair called the vote on the resolution and it was approved with Mr. Campbell, Mrs. Cook, Mr. Uchitelle, Mr. Powell, Mr. Valier and Mr. Glick voting ‘yes’ and Mrs. Wessels abstaining.

Mr. Campbell moved that, based on the Art Museum Subdistrict’s Subdistrict’s needs as reflected in budgets submitted and received in prior years, the Art Museum Subdistrict’s preliminary, non-binding 2013 tax rate be set at 7.86 cents for all categories of taxes. The 2013 preliminary, non-binding rate incorporates a 0.04 cent recoupment from the 2012 levy and will be reported in a 2013 preliminary, non-binding resolution to be signed by the Board’s Chair and Secretary. Mr. Valier seconded the motion.

Mr. Valier asked that the Subdistrict Budget meetings with the District (that currently are scheduled in the spring/summer of each year) be moved up. He stated that the Board should have the opportunity to review each Subdistrict’s budget prior to setting the preliminary tax rates. Mr. Uchitelle explained the preliminary non-binding tax rate allows taxpayers the opportunity to estimate the amount that will be billed later in the year. Mr. Dougherty explained that the Subdistricts’ first quarter historically is spent working on the year-end audited financial statements. Mrs. Cook suggested that Mr. Dougherty coordinate with the Subdistricts about the possibility of addressing Mr. Valier’s suggestion.

The Chair called the vote on the resolution establishing the preliminary non-binding 2013 tax rate for the Art Museum Subdistrict as moved by Mr. Campbell, and the motion passed with Mr. Campbell, Mrs. Cook, Mr. Uchitelle, Mr. Powell, Mr. Valier and Mr. Glick voting ‘yes’ and Mrs. Wessels abstaining. Mrs. Wessels explained that, due to her upset over the History Museum Subdistrict’s preliminary nonbinding tax rate not being reduced, she was abstaining from all votes on the other Subdistricts’ rates.

Mr. Campbell moved that, based on the Science Center Subdistrict’s needs, as reflected in budgets submitted and received in prior years, the Science Center Subdistrict’s preliminary, non-binding 2013 tax rate be set at 3.91 cents for all categories of taxes. The 2013 preliminary, non-binding rate incorporates a 0.02 cent recoupment from the 2012 levy and will be reported in a 2013 preliminary, non-binding resolution to be signed by the Board’s Chair and Secretary. Mr. Powell seconded the motion.

The Chair called the vote on the resolution establishing the preliminary non-binding 2013 tax rate for the Science Center Subdistrict and the motion was approved with Mr. Campbell, Mrs. Cook, Mr. Uchitelle, Mr. Powell, Mr. Valier and Mr. Glick voting ‘yes’ and Mrs. Wessels abstaining.

Mr. Campbell moved that, based on the Botanical Garden Subdistrict’s needs, as reflected in budgets submitted and received in prior years, the Botanical Garden Subdistrict’s preliminary, non-binding 2013 tax rate be set at 3.91 cents for all categories of taxes. The 2013 preliminary, non-binding rate incorporates a 0.02 cent recoupment from the 2012 levy and will be reported in a 2013 preliminary, non-binding resolution to be signed by the Board’s Chair and Secretary. Mr. Powell seconded the motion.

The Chair called the vote on the resolution establishing the preliminary non-binding 2013 tax rate for the Botanical Garden Subdistrict and the motion was approved with Mr. Campbell, Mrs. Cook, Mr. Uchitelle, Mr. Powell, Mr. Valier and Mr. Glick voting ‘yes’ and Mrs. Wessels abstaining.

Approval of Minutes – The Chair called for the approval of the Minutes from the February 28, 2013 regular Board meeting. Mr. Campbell moved that the minutes be approved and Mrs. Cook seconded the motion. Mr. Uchitelle asked that the minutes be corrected, in the seventh paragraph on Page 4, to read “Mr. Uchitelle asked for illumination on how the contract is actually working out” rather than “Mr. Uchitelle asked for illumination on how the contract with Dr. Archibald is actually working out.” Upon a motion duly made the February 8, 2013 minutes, with revisions, were approved with all members voting ‘aye’.
Mr. Campbell suggested that going forward the minutes reflect actionable items only. He commented that the minutes now reflect a quasi-transcript and are open for misinterpretation.

Mr. Valier asked if the minutes are recorded. Mrs. Wilcutt stated that they are, and the minutes are taken from the recording. Mr. Campbell suggested that the Board entertain the possibility of retaining a court reporter to provide a full transcript which would be maintained in the District’s files, and then the minutes should reflect only action items, approvals and agreements. A discussion ensued. It was agreed that, for the time being, the District will look into a more sophisticated, better quality recording device.

Executive Director’s Report – Mr. Dougherty reported that, as of April 3, 2013, the balances in the various District controlled bank accounts totaled approximately $30.9 million and included:

<table>
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<th>Account for the benefit of:</th>
<th>Amount</th>
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<td>Zoological Park Subdistrict</td>
<td>$389,486.51</td>
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<td>Art Museum Subdistrict</td>
<td>16,781,414.68</td>
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<td>Science Center Subdistrict</td>
<td>30,567.57</td>
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<td>Botanical Garden Subdistrict</td>
<td>6,258,049.68</td>
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<tr>
<td>History Museum Subdistrict</td>
<td>2,807,245.09</td>
</tr>
<tr>
<td>District Operating Fund</td>
<td>4,642,921.07</td>
</tr>
</tbody>
</table>

Mr. Dougherty then presented an amended 2013 District administrative budget. This modified budget incorporated the personnel cost adjustments that were approved in closed session on February 28, 2013.

Mr. Valier asked about the possibility of a reduced rate for legal counsel attending board meetings. It was agreed that Mr. Uchitelle, as Chair, would discuss Mr. Valier’s suggestion with the District’s counsel.

Report of Legal Counsel – Ms. Trelz had no report at this time.

Audit Committee - Mrs. Wessels informed the Board that an RFP (request for proposal) for Commissioner Training was published in the St. Louis American and the St. Louis Post Dispatch. The District has received six responses. Mrs. Wessels reported that the Audit Committee will be meeting on Friday April 5, 2013 to establish a timetable to meet with potential individuals.

Old Business – No old business.

New Business – Mr. Uchitelle presented the tentative dates for the 2013 Subdistrict Budget Meetings. A discussion ensued.

- Mrs. Wessels cannot attend the April 22, 2013 - Zoo meeting. Mrs. Cook will be available via phone.
- Mr. Glick might be available by phone on May 9, 2013 - Science Center meeting.
- Mr. Valier cannot attend the May 29, 2013 - Art Museum meeting.
- A new date will be selected for the Missouri Botanical Garden meeting.

Mr. Uchitelle recommended that all of the materials including PowerPoint presentations be delivered to the Board members prior to each Subdistrict Budget meeting.
There being no other business, Mrs. Cook moved that the meeting be adjourned. Mr. Powell seconded the motion, which was adopted unanimously with all members voting “aye.”

The meeting adjourned at 2:08 p.m.

Respectfully submitted,

[Signature]

Secretary