Dear MUSIC Member,

Well as is usually the case in Missouri in mid-June the weather is hot, hot, hot. In the St. Louis area, we recently hit the 100-degree mark and we have to be thankful that most of us operate out of air conditioned facilities as we get schools ready for the 2016-2017 school year. Property losses have been trending pretty well, with the exception of a couple fires that completely destroyed a multipurpose building and gymnasium. Hopefully that is not a trend that will continue during the summer months.

Recently the MUSIC Board of Directors held the second regular meeting of the year on June 3. At the meeting, the Board heard a report from Enterprise Bank and First Bankers Bank Securities on our investments with each of their institutions. Representatives of the two organizations reported good earnings through wise investment strategy. Financially, the 2016 budget is well and better than budgeted expectations.

The nominating committee, established to identify candidates for the Board member seat being vacated by Joy Tucker, recommended Patricia Thompson, Superintendent with Crawford County R-I. The committee consisted of board members Phil Cook and the outgoing Joy Tucker. Mrs. Thompson has served as superintendent for six years and for a total of 20 years with Crawford R-I School District. The district has been a member of MUSIC for 20 years. Mrs. Thompson will join the Board at the next meeting on Sept. 16 at Lake of the Ozarks.

Next, the Board approved the draft audit for the organization’s 2015 fiscal year. Based on the audits, the Board was unable to authorize a surplus allocation credit for 2016. This is because the financial reserves of MUSIC have not reached the 50-percent threshold previously established. If financial conditions continue to improve, a surplus allocation credit might be available at some point in the near future.

Best wishes to you all as you prepare for the new school year.

Dr. Bernard DuBray
Superintendent of Schools
Fort Zumwalt School District

Mark Stockwell
MUSIC Executive Director

I hope everyone had a great end of the school year and that you are also making time to relax with family and friends before you dive back into planning for the 2016-2017 school year.

The 2015 MUSIC audit has been completed and the results were shared with the Board of Directors at its quarterly meeting on June 3, 2016. The auditors provided a clean opinion on our financial statements and there were no surprises to share. Although the program had another good year as revenues exceeded expenses by approximately $3 million, the fund balance is still slightly below the level that would trigger another Surplus Allocation Credit. We are, however, optimistic that we will be able to offer some level of membership credit or assessment reduction based on current loss trends for the year. The MUSIC Board of Directors will make that decision at the 4th quarter meeting in October.

The annual golf tournament that we co-sponsor with MOASBO was another big success this year. There were 205 players on the two Lodge of Four Seasons golf courses and we were able to raise approximately $9,400 for the MOASBO and Holley/MUSIC Scholarship Foundations.
43 hole sponsors are highlighted later in the newsletter along with photos of the 2016 scholarship recipients. There were close to 200 applicants for these six scholarships and the winners are all extremely talented and hard-working leaders in their communities.

I’d like to acknowledge Dr. Joy Tucker for her outstanding service to the MUSIC Board of Directors. Joy is retiring effective July 1 and we wish her the best as she enters into this next phase of her life. We will certainly miss her leadership and friendship. We truly appreciate her great work in supporting public education in St. James and throughout the state.

As mentioned by Dr. DuBray, the MUSIC Board of Directors also unanimously approved Patricia Thompson from Crawford County R-1 to serve out Dr. Tucker’s remaining term representing the South Central Region on the Board of Directors. Please join me in welcoming Mrs. Thompson to the MUSIC Board.

**AUDIT RESPONSE LETTER**

**AMY MEHRMANN-DALE**

**CLIENT SERVICE ASSOCIATE**

**ARTHUR J. GALLAGHER**

This is a reminder that MUSIC usually provides you with your insurance coverage information as well as your assessment information in a one-page letter form to provide to your auditors.

Because it is that time of year again, I wanted to let you know that this information is now located in the Document Library section on the MUSIC website. You will be able to access this document by going to www.musicprogram.org and you must login, (if you have forgotten your login, please click on the link to request) as this document is specific to your district/college. Once logged in, you will see a blue box on the right side of the screen, click on Document Library – New.

The 2015 Audit Response Letter is located in the District/2016/Other Documents folder. You can either print or save the document, and then provide to your auditor.

**FINANCIAL UPDATE**

**SCOTT WIGHTMAN**

**AREA EXECUTIVE VICE PRESIDENT**

**ARTHUR J. GALLAGHER**

Our 2015 year-end financial audit has been completed and approved by the Board the Directors. We had a very good year and we added $3.0 million to the member surplus, taking it up to $34.6 million. The only negative news was a downward movement in the market value of our investments which had a $1.5 million negative impact. Without this adjustment, we had a net $4.5 million gain in our normal operations. Positive claim trends led the way to the gain in 2015 with an improvement of $6.3 million. We are getting closer to being in a position to reinstate the surplus allocation credit. The level established by the Board of Directors to release a credit is member surplus of 50% of assessments. 2015 ended at 46.3%, or a remaining gap of only $2.8 million, and losses have been trending very well through May of this year.

**SUMMER BUILDING PROJECTS**

**PEGGY WILSON**

**VICE PRESIDENT – MEMBER SERVICES**

**ARTHUR J. GALLAGHER**

It is that time of year when many members start or have already started construction projects by making updates to their buildings, renovations or constructing a new building. MUSIC provides its members’ Builders’ Risk coverage up to $50,000,000 for any one loss at any one location.

This coverage is needed when a construction project is being done by the member. Builders’ Risk coverage protects the member, contractor, sub-contractor(s), and sub-subcontractor(s) insurable interest in materials, fixtures and/or equipment being used in the construction or renovation of a building or structure should those items sustain physical loss or damage from a covered loss.

MUSIC has a Builders’ Risk Notification Form that is required to be completed PRIOR to the materials arriving on the project site. This form requests information pertaining to the project, so that we can have a record in our system and to present
to our excess property carriers. MUSIC also wants to make sure that all contracts have been reviewed by either your school attorney or someone from the MUSIC staff.

Contracts are very important. They are an agreement by two or more parties confirming that both parties agree to follow the wording in the contract. Most all contracts indicate that the “Member” is responsible to provide certain insurance requirements. We want to make sure that those requirements are in line with what MUSIC provides you as a member. If the Member signs a contract, you need to make sure that you are able to provide what the other party is requiring. We have come across cases where the contract has already been signed, but the requirements that have been agreed upon are not available. This is a problem and can slow the claim process down, and can put the Member on the line if there is no insurance or recourse that MUSIC can provide.

It is very important for all contracts to be reviewed by your school attorney or provide to the MUSIC Team for it to be reviewed to make sure both parties can provide what is being asked.

**TRAINING TOPICS**

**ERIN SMOTHERS**
**CLIENT TRAINING CONSULTANT**
**ARTHUR J. GALLAGHER**

As the in2vate site closes down, it is the perfect time to jump into the set-up of your new SafeSchools site, if you haven’t already. MUSIC will still only be requiring Smarter Adults, Safer Children, but we are very excited about the 10 additional courses we are able to provide as well as the new features available.

**5 Steps to a Successful SafeSchools Rollout:**

1. Schedule a demo with the SafeSchools team to become an expert on the system in 30 minutes or less.
2. Review all of the available content with key stakeholders and decide what you want to make mandatory, optional, or not available to users. This is also a good time to determine due dates.
3. Create an email that outlines how employees should log in, the courses they have been assigned (give title, duration, and due dates), and the contact information for SafeSchools technical support.
4. When making assignments, set up reminder emails so that staff receives notification of an upcoming due date if they haven’t started or completed that course.
5. Determine your goals for course completions and what the board and/or leadership would like to see. This helps to continue growing each year.

**BUS DRIVER TRAINING**

Don’t forget that all bus drivers in the state of Missouri are required to complete 8 hours of bus driver training each year. MUSIC provided each district with 4 hours of training through the School Bus Safety Company last summer that can be used annually. If you need any help finding additional training courses, please contact Erin Smothers at erin_smothers@ajg.com or (314)800-2234.

**RENEWAL QUESTIONNAIRE**

**DEANNA SHARLEY**
**CLIENT SERVICES MANGER**
**ARTHUR J. GALLAGHER**

Just a note to remind you to keep a lookout for the 2017 Renewal Questionnaire e-mail that should be arriving in your inbox around August 1st. If your e-mail address or personnel will be changing, please contact us so we can update our records.
**2016 SCHOLARSHIP WINNERS**

**Small School Category**

Paige Kelly – Stanberry R-II

(Also pictured Superintendent Dr. Adam Willard and Executive Director of MUSIC Mark Stockwell)

Lekisha Hernandez – Dadeville R-II School District

(Also pictured Executive Director of MUSIC Mark Stockwell)

**Medium School Category**

Joshua Sirois – Salem R-80

(Also pictured Executive Director of MUSIC Mark Stockwell and Superintendent John McColloch)

Katrina Gateley – Southern Boone County R-I

(Also pictured HS Principal Mr. Dale VanDeven)

**Large School Category**

Lindsey Breer – Jackson R-II School District

(Also pictured Superintendent John Fink Executive Director of MUSIC Mark Stockwell and Principal Vince Powell)

Elizabeth Bundschuh – Rockwood R-VI

(Also pictured Executive Director of MUSIC Mark Stockwell and Senior Class Principal Mr. Justin Ogelsby)
VALUATION OF BUILDING CONTENTS

SCOTT WIGHTMAN
AREA EXECUTIVE VICE PRESIDENT
ARTHUR J. GALLAGHER

As you know, we provide updated building values for every member based on formal, on-site building appraisals conducted every four years with inflationary updates in the interim years. However, we have never provided guidance on how to value the contents in those buildings. As a result, we asked our appraisal service to see if they had any contents benchmarks we could pass on to the members. They engaged an expert in this field and the following ranges (per square foot) are offered for your consideration when you update your statement of property values this summer as part of the Renewal Questionnaire process:

Elementary School - $27.50-$33.00
Middle School - $28.00-$33.50
High School - $30.00-$35.50
Vo-Ag Building - $25.00-$29.00
Administration - $25.00-$30.00
Gymnasium - $20.00-$24.00
Bus Barn/Garage - $6.00-$8.50

We conducted an analysis to see how these compared with what we have now in the system, and overall, it is actually very close. The current percentage of contents values to building values for the entire program is 16%, and after applying the mid-point of the square foot benchmark ranges above, it only goes up to 18%. That being said for the program as a whole, there are some districts with much lower percentages, so we would ask you to take a look this summer and see how your different types of buildings compare with the benchmarks per square foot above and consider any adjustments in your contents values you think may be appropriate.

QUICK CONTACTS

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