

**EMPLOYEE BENEFITS
PROGRAM AGREEMENT**

Dated as of July 1, 2009

between the

**MONTANA MUNICIPAL INTERLOCAL
AUTHORITY
as Authority**

and,

The Town or City of _____



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MONTANA MUNICIPAL INTERLOCAL AUTHORITY EMPLOYEE BENEFITS PROGRAM AGREEMENT

This EMPLOYEE BENEFITS PROGRAM AGREEMENT, by and between the MONTANA MUNICIPAL INTERLOCAL AUTHORITY (the "Authority"), a joint exercise of powers agency duly organized and existing under the laws of the State of Montana, and _____, a political subdivision duly organized and existing under the Constitution and laws of the state of Montana, (the "Member Entity") is agreed to this ____ day of _____, 2009;

WHEREAS, Article XI, Section 7 of the Montana Constitution provides that a political subdivision may (a) cooperate in the exercise of any function, power, or responsibility with, (b) share the services of any officer or facilities with, and (c) transfer or delegate any function, power responsibility, or duty of any officer to one or more other local government units, the state or the United States;

WHEREAS, Title 7, Chapter 11, Part 1 Montana Code Annotated ("Mont. Code Ann.") (the Interlocal Cooperation Act) authorizes political subdivisions to create interlocal agreements to jointly perform any undertaking that each such political subdivision unit is authorized by law to perform;

WHEREAS, Mont. Code Ann. § 2-18-702, authorizes cities and towns to enter into group hospitalization, medical, health, including long-term disability, accident or group life insurance contracts or plans for the benefit of their officers and employees and their dependents;

WHEREAS, Mont. Code Ann. § 2-18-711, permits the establishment of group programs by local government entities to provide employee group benefits;

WHEREAS, the Authority is authorized to exercise necessary powers to implement the purposes of the Authority as established by the Interlocal Agreement;

WHEREAS, the Authority and the Member Entity, in consultation with independent professional consultants, have formulated an Employee Benefits Program, the terms and conditions of which are set forth in this Agreement, to be administered by the Authority to meet the health and welfare benefit needs of the Member Entity and its officers, employees and retirees;

WHEREAS, it is the intent of the Member Entity that in executing this Employee Benefits Program Agreement that the Employee Benefits Program already established by the Authority and its Member Entities should remain in full force and effect and that continuity of the Employee Benefits Program should be and is maintained with the execution of Employee Benefits Program Agreement; and

WHEREAS, the governing body of the Member Entity has authorized the execution of this Agreement for the purpose of providing Coverage for the Member Entity for the benefit of the Member Entity's officers, employees or retirees; and

WHEREAS, the Member Entity has heretofore determined and does hereby confirm that the Risk Assessments to be required hereunder are reasonable and advantageous;

NOW THEREFORE, in consideration of the above recitals and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

SECTION 1: DEFINITIONS

1.1. **Definitions and Rules of Construction.** Unless the context otherwise requires, capitalized terms used herein shall, for all purposes of this Agreement, have the meaning specified in the Interlocal Agreement entered into between and among the Authority and its Member Entities, together with any amendments thereof or supplements thereto permitted to be made thereunder; and the additional terms defined in this Article I shall, for all purposes of this Agreement, have the meanings specified herein.

Agreement means this Employee Benefits Program Agreement entered into between and among the Authority, as Authority, and the Member Entities which are members of the Authority and signatories hereto, as Members.

Assessments means the Risk Assessments and Special Assessments which a Member Entity may be required to pay under the terms of this Program Agreement.

Coverage means the coverage, excess insurance, reinsurance, and other services provided pursuant to and in accordance with and on the terms set forth in this Agreement, the Member Entity Agreement, and the other Program Documents.

Employee Benefits Program means any health, dental, vision, disability, or group life benefits programs which the Authority may create for the benefit of its Member Entities which are Member Entities in such program or programs by virtue of their execution of this Employee Benefits Program Agreement.

Interlocal Agreement means that Interlocal Cooperation Agreement establishing the Montana Municipal Interlocal Authority pursuant to Title 7, Chapter 11, Part 1, Mont. Code Ann.

Coverage Year shall mean the period beginning each July 1 and the twelve (12) consecutive months thereafter during which the Member Entity Agreement shall be in effect for each Member Entity, unless the Board of Directors designates such other period of twelve (12) consecutive months as the period during which such Member Entity Agreement may be in effect. In the case of a Member Entity which joins the Program during a Coverage Year, the Coverage Year shall be the remaining portion of the Coverage Year from the effective date of Coverage until the end of such Coverage Year.

Loss Reserve means amounts in the Program Operations Fund required to be designated as reserves for payment of Claims pursuant to Section 3.4 hereof in accordance with prudent practice as determined by the Authority, including additional reserves established because of changed circumstances subsequent to the year any such Claim is filed and including the amount determined by a Qualified Consultant for loss development of claims.

Member Entity shall mean any political subdivision which has executed the Interlocal Agreement and become a member of the Authority.

Member Entity Agreement shall mean the contract or contracts setting forth the terms, conditions and Coverages in the Employee Benefits Program provided to a Member Entity for any Coverage Year.

Program means the Employee Benefits Program, the terms and conditions of which are set forth herein and in the other Program Documents.

Program Documents means this Agreement, the Interlocal Agreement, the Bylaws of the Authority, and such policies and procedures as may be adopted by the Authority related to the Program, and all exhibits pertaining to such documents.

Unencumbered Reserves means the amount in the Program Operations Fund in excess of the total amount that has been designated by the Authority as Loss Reserve and amounts required for operations.

1.2. Other Terms. Such other terms as may appear in this Agreement which are not defined in this Article I shall have such definitions as may be contained in the remainder of this Agreement.

SECTION 2: REPRESENTATIONS, COVENANTS AND WARRANTIES

2.1. Representations, Covenants and Warranties of the Member Entity. The Member Entity represents, covenants and warrants to the Authority as follows:

(a) Recitals. The Recitals to this Agreement are true and correct.

(b) Due Organization and Existence. Such Member Entity is a political subdivision of the State, duly organized and existing under the Constitution and laws of the State.

(c) Authorization; Enforceability. The Constitution and laws of the State authorize the Member Entity to enter into this Agreement and the Interlocal Agreement and to enter into the transactions contemplated by and to carry out its obligations under all of the aforesaid agreements, and the Member Entity has duly authorized and executed all of the aforesaid agreements. This Agreement and the Interlocal Agreement constitute the legal, valid, binding and enforceable obligations of each Member Entity in accordance with their respective terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally and except as to the limitations on remedies against public agencies generally.

(d) No Violations. Neither the execution and delivery of this Agreement or the Interlocal Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which such Member Entity is now a party or by which the Member Entity is bound, or constitutes a default under any of the foregoing.

2.2. Representations, Covenants and Warranties of the Authority. The Authority represents, covenants and warrants to each Member as follows:

(a) Recitals Correct. The Recitals to this Agreement are true and correct.

(b) Due Organization and Existence; Enforceability. The Authority is a legal entity created pursuant to the Interlocal Cooperation Act, Title 7, Chapter 11, Part 1, Mont. Code Ann., duly organized, existing and in good standing under and by virtue of the laws of the State of Montana; has the power to enter into this Agreement; possesses by virtue of the Interlocal Agreement full power to provide an employee benefits group self-funded program to parties signatory to the Interlocal Agreement; and has duly authorized the execution and delivery of all of the aforesaid agreements. This Agreement and the Interlocal Agreement constitute the legal, valid, binding and enforceable obligations of the Authority in accordance with their terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally and except as to the limitations on remedies against public agencies generally.

(c) No Encumbrances. The Authority will not pledge the Assessments or its rights under this Agreement except as provided under the terms of this Agreement.

(d) Equitable Exercise of Responsibilities. The Authority will exercise all rights and responsibilities hereunder reasonably and equitably for the benefit of all Member Entities without preference or discrimination among Members.

(e) No Violations. Neither the execution and delivery of this Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereby, conflicts with or results in a breach of the terms, conditions or provisions of the Bylaws of the Authority or any restriction or any agreement or instrument to which the Authority is now a party or by which the Authority is bound, or constitutes a default under any of the foregoing.

SECTION 3: ESTABLISHMENT OF ACCOUNTS; COVERAGE; PAYMENT OF SETTLEMENTS AND OTHER PROGRAM COSTS; PURCHASE OR ACQUISITION OF OTHER INSURANCE, EXCESS INSURANCE OR REINSURANCE

3.1. Program Funds and Accounts. The Authority hereby creates the following Funds and Accounts as set forth herein:

(a) Program Operations Fund. The Authority shall deposit in the Program Operations Fund all Assessments investment income and other funds or revenues allocated to the Program. This fund shall be used to pay all claims, excess insurance, reinsurance, and administrative costs of the Program. These funds may also be expended for investment, contribution or assessment for participation in a group or captive insurance program or pool as provided in Section 3.4.

- (b) The Program Operations Fund shall have the following accounts:
- (i) one or more Program Checking Accounts into which assessments and other revenue items shall be deposited and from which shall be paid Program costs and expenses;
 - (ii) Program Investment accounts. The Program shall maintain various investment accounts in compliance with MMIA's Investment Policy.

Unencumbered Reserves in these accounts may be used for the following purposes:

- To pay premiums, in whole or in part, for any insurance, re-insurance or excess insurance due by the Authority;
- As a credit against Assessments owed by Member Entities to the Authority; and
- As a payment to each Member Entity on termination of the Program

3.2. Coverage. The Authority through the Program hereby provides the Coverage to the Member Entity, and the Member Entity hereby agrees to accept the Coverage, upon the terms and conditions set forth in this Agreement and the Member Entity Agreement.

3.3. Establishment of Group Self-Funded Program. The Authority hereby establishes the Program as a group self-funded program to provide health and welfare benefits as may be set forth in the Member Entity Agreement, which benefits may include, as may be appropriate and as may be provided in the discretion of the Authority, health, dental, vision, disability and/or life insurance, on such terms and conditions as the Board of Directors of the Authority may in their sole discretion determine is in the best interests of the Member Entities. It is expressly agreed and understood that the Program is a separate program of the Authority and none of the assets of the Program shall be commingled with the assets of any other program of the Authority.

3.4. Purchase of Commercial Insurance, Re-insurance, or Excess Insurance. The Authority may provide the Coverage to the Member Entities by a combination of:

- (i) one or more group self-funded programs;
- (ii) the purchase of one or more policies of commercial insurance, reinsurance or excess insurance, either directly from one or more health, dental, vision, disability or life insurance carriers duly authorized to provide primary or surplus line insurance in the State of Montana, and/or
- (iii) through participation in a group insurance program or a group captive pooled insurance program which may include among its members one or more public entities or pools or groups of public entities as may be authorized under the laws of the respective jurisdictions in which such public entities or pools or groups of public entities may be located.

SECTION 4: NEW MEMBER ENTITY APPLICATIONS, ASSESSMENT PAYMENT, DELINQUENT ASSESSMENT PAYMENTS

4.1. New Member Applications. To the extent permitted by applicable law, an application for membership in the Program shall be submitted on an approved form to the Board of Directors of the Authority, or to such individual or committee as the Board may designate, which shall approve such applications provided the applicant meets the requirements for membership set forth in this Agreement and the Interlocal Agreement. Concurrence of the Program's health, vision, dental, disability or life insurance or reinsurance or excess insurance carrier(s), or group or pooled health, dental, vision, disability, or life insurance program(s) in

which the Program participates, may also be required as a condition for providing Coverage, to the extent permitted by applicable law.

4.2. Risk Assessments. Risk Assessments shall be adopted by the Board of Directors, with the advice of such committee or committees as the Board may establish, upon implementation of the Program, and on a Coverage Year basis for each Coverage Year, or on such other annual date as the Board of Directors may subsequently determine, provided, however, that the Board of Directors may make such mid-term adjustments to Risk Assessments as may be appropriate and in the best interests of the Program and the Member Entities to accomplish the goals of the Program. The Risk Assessments established by the Board of Directors shall be based on sound actuarial principles taking into consideration the premiums or rates charged by any health, dental, vision, disability, or life insurance carrier, reinsurer, or excess insurer, or group or pooled health, dental, vision, disability, or life insurance program in which the Authority may participate, and shall be adopted with the advice of an actuary experienced in the field of health and welfare programs.

In addition to Risk Assessments charged to the Member Entities, the Program may realize investment income which shall be treated as income to the Program. In establishing the Risk Assessments to be charged the Member Entities, appropriate credit may be given for investment income.

4.3. Administrative Costs As Part of Risk Assessments. The Risk Assessments charged Member Entities will be sufficient to secure and pay for ordinary and appropriate administrative services, including but not limited to, the following:

- a. General administrative services
- b. Loss prevention and risk assessment
- c. Investment services
- d. Legal services
- e. Accounting services
- f. Actuarial services
- g. Risk management consulting
- h. Brokerage services.

4.4. Special Assessments in Addition to Risk Assessments. In the event that the Board of Directors of the Authority, upon advice of such operating committees as it may establish and upon the advice of the Program's consulting actuary, accountant, and other professionals, determines that the Risk Assessments paid may not be adequate to fully fund the Program, the Board may make an equitably determined assessment ("Special Assessment") upon each Member Entity to ensure that there are adequate moneys to fully fund the Program. Such Special Assessments shall be due and payable as may be directed by the Board of the Authority. In the event that a Member Entity shall withdraw from the Program as provided in this Agreement, such withdrawing Member Entity shall be liable for any Special Assessment levied by the Board within the twelve (12) month period immediately following such withdrawal. For purposes of this section 4.4 and the obligations of withdrawing Member Entities pursuant to sections 5.4 and 5.5 herein below, in the event that the Board of Directors elects a rating plan which includes amortized payment of Loss Reserves, either actual or anticipated, and a Member Entity withdraws either voluntarily or involuntarily before the amortized losses have been fully paid by such Member Entity, any unpaid losses shall become immediately due and payable as a Special Assessment against such withdrawing Member.

4.5. Budget and Appropriation of Assessments. The Member Entity covenants to take such action as may be necessary to include Assessment payments payable hereunder in its annual budget. The covenants on the part of the Member Entity herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the Member Entity to take such action and do such things as are required by law in the performance of the official duty of such official to enable each Member Entity to carry out and perform the covenants and agreements in this Agreement agreed to be carried out and performed by such Member Entity.

4.6. Employee Benefits Program Audits: Risk Assessments are calculated based on the number of covered employees and dependents and the plans selected. The audit will be limited to the three months prior to the month during which the audit takes place. Audits will be designed to verify eligibility and plan selection of plan participants. Refunds for overpayments or billing for underpayments will be limited to the same period covered by the audit.

4.7. Member Entity Identified Errors. If an individual Member Entity finds errors in the amount of Risk Assessment paid for prior periods, and submits documentation deemed adequate by the Authority (e.g. an independent audit or authorized change to reports submitted to some other government entity), a refund may be requested or additional Assessments paid in accordance with the time limits identified above for Risk Assessment audits.

SECTION 5: ADMISSION TO, WITHDRAWAL FROM AND EXPULSION FROM THE EMPLOYEE BENEFITS PROGRAM

5.1. Conditions for Providing Coverage to a New Member Entity. To the extent permitted by applicable law, the Authority may provide coverage to a new Member Entity of the Program which is not currently a Member Entity under this Agreement, subject to the following conditions:

(a) such new Member Entity shall be signatory to the Interlocal Agreement and a member of the Authority;

(b) such new Member Entity shall have submitted a completed application for admission to the Program as may be required by the Board of Directors; and,

(c) such new Member Entity shall have executed such other Program Documents as may be required by the Board of Directors.

5.2. Initial Commitment Period. Each new Member Entity shall be obligated to participate in the Program for a period of sixty (60) consecutive months as provided herein from the first day of Coverage provided to its eligible program participants and their dependents under the terms of this Program and each applicable Member Entity Agreement ("Initial Commitment Period"). For purposes of computing this Initial Commitment Period, for each Member Entity which participates in the Program commencing October 1, 2004, the Initial Commitment Period shall be for a period ending June 30, 2009. Provided further that any Member Entity which enters the Employee Benefits Program after October 1, 2004, the Initial Commitment Period shall be for a period of sixty (60) months from their first date of participation or until the end of the Coverage Year during which the sixtieth month occurs, whichever is longer.

In the event a Member Entity breaches its obligation to participate in the Program and pay Assessments, the Authority may pursue any equitable remedies to which it may be entitled and the breaching Member Entity agrees to pay, in addition, liquidated damages in an amount equal to Risk Assessments which it would have paid for the balance of the Initial Commitment Period, based upon the coverage for the number of lives covered by the Program for such breaching Member Entity during the month immediately preceding the breach.

5.3. Automatic Renewal for Succeeding Coverage Year. After the Initial Commitment Period has expired, each Member Entity's participation in this Program shall renew automatically for each succeeding Coverage Year unless the Member Entity provides at least one hundred twenty (120) days' notice prior to the commencement of the next Coverage Year in writing to the Board of Directors of its desire to withdraw from the Program, in which case the Member Entity's termination shall be effective at 11:59 p.m. Mountain Time of the last day of the Coverage Year in which such notice is given.

5.4. Withdrawal by Member Entity.

(a) Notification.

After the Initial Commitment Period as provided in section 5.2 of this Agreement has expired, any Member Entity may withdraw from the Program by giving written notice to the Board of Directors by March 1 prior to the commencement of the next Coverage Year of its desire to withdraw, provided such withdrawal is permitted under the terms of the Program Agreements entered into by the Authority and the Member Entity. Such withdrawal will be effective at 11:59 p.m. Mountain Time of the last day of the Coverage Year in which such notice of withdrawal is given.

In no event shall withdrawal from Coverage, termination or non-renewal of a Member Entity's participation in the Program release a Member Entity from its obligation to pay damages resulting from default under the terms of this Agreement, nor shall such withdrawal or termination release a Member Entity from its obligation to pay Assessments as provided in the Program Agreements.

Notice to withdraw shall be revocable only at the option of the Authority.

(b) Bargaining Unit Withdrawal.

A Member Entity will be permitted to withdraw a portion of its employees by bargaining unit subject to the same requirements as specified in Sections (a), (c), and (d) of this section.

(c) Re-Admission.

Any re-entry into the Program by a former Member Entity whose participation in the Program has been terminated either voluntarily or involuntarily, or has provided a notice of withdrawal, may be conditioned upon such terms and conditions as the Board of Directors may require, at the beginning of the Coverage Year following thirty six (36) months from the Member Entity's withdrawal date. Re-admission may be subject to the payment by such former Member Entity of a re-entry fee in such amount as the Board may determine in its sole discretion to the extent permitted by applicable law and such re-entry shall commit the re-entering Member Entity to be treated as a new Member Entity for purposes of the Initial Commitment Period.

(d) Withdrawing Member Entity's.

In the event that a Member Entity shall withdraw from the Program as provided in this Agreement, such withdrawing Member Entity shall be liable for any Assessment levied by the Board within the twelve (12) month period immediately following such withdrawal. In no event shall a Member Entity exercising its unilateral right to withdraw be entitled to any refund or repayment of contributions or reserves.

5.5. Membership Review and Termination Procedure. Conditions of Membership Review, Suspension and Termination Procedure.

(a) The Authority may suspend or expel a Member Entity from the Program:

- (i) if the Member Entity is in default under the terms of this Agreement; or
- (ii) when, in the determination of the Chief Executive Officer, a Member Entity has engaged in conduct, other than a default under this Agreement that warrants expulsion from membership in the Program.

(b) The following shall be "Events of Default" under this Agreement and the terms "Events of Default" and "default" shall mean have the same meaning whenever they are used in this Agreement with respect to a Member Entity, any one or more of the following events:

- (i) failure by such Member Entity to observe and perform any covenant, condition or agreement on its part to be observed or performed herein or otherwise with respect hereto, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to such Member Entity by the Authority, provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority, as the case may be, shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Member Entity within the applicable period and diligently pursued until the default is corrected; or
- (ii) the filing by such Member Entity of a case in bankruptcy, or the subject of any right or interest of such Member Entity under this Agreement to any execution, garnishment or attachment, or, adjudication of such Member Entity as a bankrupt, or assignment by such Member Entity for the benefit of creditors, or the entry by such Member Entity into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Member Entity in any proceedings instituted under the provisions of the federal bankruptcy code, as amended, or under any similar act which may hereafter be enacted.

(c) When a Member Entity has been determined by the Authority to be in default under the terms of the Agreement, the Member Entity shall be given written notice of such default and shall be required to cure such default within ten (10) calendar days of receipt of such notice. If such default is not cured within the time prescribed herein, said Member Entity will be suspended from the Program and Coverage shall be terminated during the period of suspension, which shall be effective, without the need for a meeting of the Board of the Authority, at 12:01 a.m. on the 30th day after notice of termination has been received by the

Member Entity. Such period of suspension shall continue until the conditions of termination or expulsion have been met, at which time the defaulting Member Entity's participation in the Program shall be immediately terminated without a meeting.

(d) In the event the Chief Executive Officer has determined that the Member Entity has engaged in conduct that warrants expulsion other than a default under this Agreement, the Chief Executive Officer shall file a written report with the Board of Directors. Said report shall contain a summary of the facts and the recommendations regarding continued membership status. A copy of the report shall be served by mail to the Member Entity along with a Notice of Meeting of the Board of Directors. Said Notice of Meeting shall include the place, date and time of the meeting. At its discretion, the Board of Directors may submit written questions to the Member Entity, written answers to which must be mailed to the Chief Executive Officer no later than seven (7) calendar days prior to the date of the meeting. A Member Entity objecting to the report and recommendations of the Chief Executive Officer shall submit a written statement to the Board of Directors setting out in detail the basis for the objection and any other information the Member Entity desires to submit. Said statement must be mailed to the Chief Executive Officer no later than seven (7) calendar days prior to the meeting. The Board of Directors shall meet at the time and place designated in the Notice of Meeting. The Member Entity shall be entitled to be represented at the meeting and present an oral statement and other information. Following the meeting, the Board of Directors shall affirm, modify, or reject the recommendation of the Chief Executive Officer. The Board of Directors shall have the authority:

- (i) to place a Member Entity on probation, the terms and duration of which it shall determine;
- (ii) to suspend a Member Entity from Coverage; or
- (iii) to expel a Member Entity from the Program.

A copy of the Board of Directors' decision shall be served by mail on the Member Entity. In the event that the Board of Directors votes to suspend or terminate membership, such suspension or termination shall not take place for at least thirty (30) days after the Member Entity has received notice of the suspension or termination. The duration of the notice period shall be determined by the Board.

A Member Entity whose participation in the Program is to be terminated or who is expelled from the Program pursuant to this Section 5.5 shall be deemed to be suspended from the Program and Coverage under the Program shall be terminated during the period of suspension, which shall be effective at 12:01 a.m. on the 30th day after notice of termination or expulsion has been received by the Member Entity. Such period of suspension shall continue until the conditions of termination or expulsion have been met, at which time the Member Entity's participation in the Program shall be immediately terminated.

5.6. Damages related to Suspension from, Termination of, or Expulsion from Program. In no event shall involuntary termination or expulsion release a Member Entity of its obligation to pay damages resulting from default under the term of this Agreement.

5.7. No Remedy Exclusive. No remedy conferred herein upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity, including, but not limited to the right by mandamus or other suit or proceeding at law or in equity to enforce his rights against the Member Entity and to compel the Member Entity to

perform and carry out its duties under this Agreement. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article or by law.

SECTION 6: WITHHOLDING, OVERDUE PAYMENTS AND ABATEMENT

6.1. No Withholding. Notwithstanding any dispute between the Authority and a Participant, including a dispute as to the scope or nature of Coverage provided by the Authority or the availability of amounts in the Program Operations Fund to pay Claims made against any Participant, or for any other reason (other than the termination of the obligation to pay Assessment pursuant to Section 4.1 hereof), the Member Entity shall appropriate funds sufficient to pay and shall make all Assessment payments when due and shall not withhold any Assessment payments pending the final resolution of such dispute.

6.2. Rate on overdue Payments. In the event a Member Entity fails to make any of the payments required in this Article, the payment in default shall continue as an obligation of the Member Entity until the amount in default shall have been fully paid, and in addition to any remedies available with respect to such default, the Member Entity agrees to pay the same with interest or penalty thereon, at a rate or rates to be established by the Authority, from the date such amount was originally payable.

6.3. Abatement. There shall be no abatement of Assessment payments.

SECTION 7: AGREEMENTS WITH SERVICE PROVIDERS

7.1. Agreements with Service Providers. The Board of Directors may approve agreements with various service companies to perform such services as may be reasonably necessary for the operation of the Program.

SECTION 8: INDEMNIFICATION AND RELEASE OF PROVIDER; DISCLAIMER

8.1. Release and Indemnification Covenants. Each Member Entity shall and hereby agrees to indemnify and save the Authority and all other Member Entities harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (I) its breach or default in the performance of any of its obligations under this Agreement or (ii) its act or negligence or that of any of its agents, contractors, servants, employees or licensees with respect to the Coverage. No indemnification is made under this Section or elsewhere in this Agreement for claims, losses or damages, including legal fees and expenses, arising out of the willful misconduct, negligence, or breach of duty under this Agreement by the Authority, its officers, agents, employees, successors or assigns.

8.2. Disclaimer. THE AUTHORITY MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE ADEQUACY OF THE COVERAGE FOR THE NEEDS OF THE MEMBER ENTITIES.

SECTION 9: MISCELLANEOUS

9.1. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Agreement should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party contained herein, the defaulting party agrees that it will on demand therefore pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party awarded to the nondefaulting party by a court of competent jurisdiction.

9.2. No Additional Waiver Implied by One Waiver. In the event any covenant contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

9.3. Notices. All notices, bonds or other communications required to be given under the terms of this Agreement hereunder shall be sufficiently given and shall be deemed to have been received five business days after deposit in the United States mail in certified form, postage prepaid, to the Member Entities, the Authority at the following addresses:

If to the Member Entity: (please fill in)	The City or Town Clerk At the address of the City or Town As maintained in the official records of the Authority
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If to the Authority:	MONTANA MUNICIPAL INTERLOCAL AUTHORITY PO Box 6669 Helena, MT 59604-6669
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The Authority and Member Entities, by notice given hereunder, may designate different addresses to which subsequent notices, bonds or other communications will be sent.

9.4. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Authority and the Member Entities and their respective successors and assigns.

9.5. Enforceability. This Agreement is enforceable by the Authority, and the Member Entities of the Program.

9.6. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by a court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

9.7. Further Assurances and Corrective Instruments. The Authority and the Member Entities agree that they will, from time to time, execute, acknowledge and deliver, or cause to be

executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Coverage hereby provided or intended so to be or for carrying out the expressed intention of this Agreement.

9.8. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

9.9. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Montana.

9.10. Amendments. This Agreement may be amended by the affirmative vote of the Board of Directors of the Authority and an affirmative vote of a majority of the then-current Member Entities in good standing of the Program; and, such amendment shall be binding upon all the Member Entities of the Program.

9.11. Effective Date. This Agreement shall be effective as of 12:01 am July 1, 2009.

**MONTANA MUNICIPAL INTERLOCAL AUTHORITY
EMPLOYEE BENEFITS
PROGRAM AGREEMENT**

Dated as of _____, 2013

Signature Page

IN WITNESS WHEREOF, The Authority has caused this Agreement to be executed in its name by its duly authorized officers;

MONTANA MUNICIPAL INTERLOCAL AUTHORITY
as Authority

By _____
Chief Executive Officer

Date Signed _____

and the Member Entities have caused this Agreement to be executed in its name by its duly authorized officers, as of the date first above written.

City of _____
as Member Entity

Address _____

By _____

Its _____

Date Signed _____

ATTEST:

City Clerk