AMENDED and RESTATED PROPERTY PROGRAM AGREEMENT

Dated as of July 1, 2009

between the

MONTANA MUNICIPAL INTERLOCAL AUTHORITY
as Authority

and

The City/Town of _____

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MONTANA MUNICIPAL INTERLOCAL AUTHORITY
PROPERTY PROGRAM AGREEMENT

This Amended and Restated Property Program Agreement, dated as of July 1, 2009, by and among the MONTANA MUNICIPAL INTERLOCAL AUTHORITY, a joint exercise of powers entity duly organized and existing under the laws of the State of Montana, (the "Authority"), and the City or Town of _____, and such other political subdivisions that may hereafter become party hereto as provided herein, each a political subdivision duly organized and existing under the Constitution and laws of said State, (each a "Member Entity" and collectively the "Member Entities");

RECITALS

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; and

WHEREAS, , Mont. Code Ann. Title 7, Chapter 11, Part 1 , (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; and

WHEREAS, Mont. Code Ann. § 2-9-211authorizes political subdivisions of the state to procure insurance separately or jointly with other subdivisions, and to use a deductible or self-insurance plan, wholly or in part; and

WHEREAS, the Member Entity has determined it to be in its best interest to join with other local governments in forming and creating the Authority through the Interlocal Cooperation Act for the purposes of:

1. Developing effective risk management programs to reduce the amount and frequency of their losses;

2. Sharing some portion, or all, of their losses;

3. Jointly purchasing or otherwise acquiring insurance, excess insurance or reinsurance;

4. Jointly issuing bonds or notes to fund a self-insurance or deductible reserve;

5. Jointly purchasing administrative and other services when related to any of the other purposes;

6. Jointly make deposits which may take the form of assessments to an account or surplus account and pay premiums for the purposes of participating in group or captive insurance, excess insurance or reinsurance programs, in whole or in part; and

WHEREAS, the Authority is a joint exercise of powers entity established pursuant to an Interlocal Cooperation Agreement in accordance with the provisions of the Interlocal Cooperation

Act for the purpose of providing pooled risk coverage programs for the Member Entity and other political subdivisions executing the Interlocal Agreement; and

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 a Property Program, the terms and conditions of which are set forth in this Agreement, to be administered by the Authority to meet the property coverage needs of the Member Entity and which will provide the following advantages, among others, to each Member Entity:

(a) the funding of a Program Operations Fund for the purposes of paying claims and facilitating access to the reinsurance market, as well as paying operational cost s of the Program.

(b) spread and moderate the cost of property losses to each Member Entity by mutual agreement of the Member Entities to pay annual Assessments calculated actuarially; ,

(c) relief from the burden of paying premiums to commercial insu rers at levels reflecting the insurers' high costs of underwriting, administration and brokerage fees since the Authority's costs will be limited to reasonable administrative costs,

(d) access to the reinsurance market when reinsurance is available at ra tes deemed favorable by the Member Entities,

(e) access to group coverage, excess insurance, reinsurance or other coverage programs which may provide such coverage at reasonable rates and on advantageous terms and conditions, and

(f) assessment payments calculated to provide amounts necessary to maintain the Program Operations Fund at a sound level and therefore sufficient to reserve against the incurred losses of the Member Entity; and

WHEREAS, in consideration of the factors recited above the Autho rity has established and has offered to its Member Entities a Property Program since July 1, 1998, which Property Program has remained in continuance since that time; and,

WHEREAS, by executing this Revised and Restated Property Program Agreement the Member Entity signatory hereto has heretofore determined and does hereby confirm that the Assessments and other charges required by the Property Program have been and are just and reasonable and advantageous to the public benefit of the citizens of such Member Entity; and,

WHEREAS, it is the intent of the Member Entity that in executing this Revised and Restated Property Program Agreement that the Property Program should remain in full force and effect and that continuity of the Property Program should be and is maintained with the execution of this Revised and Restated Property 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 residents and taxpayers;

WHEREAS, it is a matter for the governing board of the Member Entity to determine the amount of assessments which the Member Entity shall pay for property coverage; and

WHEREAS, the Member Entity has heretofore determined and does hereby confirm that the Assessments to be required hereunder are reasonable and advantageous and to the public benefit of the citizens of such Member Entity;

WHEREAS, each Member Entity has knowingly and willingly entered into this Agreement;

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, the capitalized terms and the additional terms defined in this Section shall, for all purposes of this Agreement, have the meanings herein specified.

Administrative Costs means those ordinary and necessary costs incurred in providing administrative services to the Program, 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.

Agreement means this Amended and Restated Property Program Agreement dated as of July 1, 2009, by and among the Authority and the political subdivisions signatory hereto, as Member Entities.

Assessment means Risk Assessment and Risk Assessment Adjustments and Special Assessments payable on the Assessment Payment Date for any Coverage Year.

Assessment Payment Date means July 15 of each Coverage Year for Risk Assessments or such other date as the Board may specify for Risk Assessment Adjustments or Special Assessments.

Claim means a demand, action or suit by a Member Entity to recover for losses or damages within or alleged to be within the scope of Coverage set forth in the Memorandum.

Consultant means a consultant qualified in the area of political subdivision liability coverage or actuarial science, as the Authority deems appropriate.

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 and in the Memorandum provided to each Member Entity, or in such other agreements between the Authority and a Member Entity related to other Coverage options, including, but not limited to, rights to payment of Settlements and Judgments from funds on deposit in the Program Operations Fund under the terms of this Agreement

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.

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

Judgment means a final judgment entered in a court of competent jurisdiction or by an administrative tribunal after all appeals have been exhausted with respect to a Claim for which Coverage is provided under this Program. The amount of any Judgment may include any costs or expenses deemed appropriate by the Authority in connection therewith, including defense costs as defined in the Memorandum.

Loss Reserve means amounts in the Program Operations Fund required to be designated as reserves for payment of Settlements and Judgments pursuant to Section 3.7 hereof in accordance with prudent practice as determined by the Qualified Claims Administrator, including additional reserves established because of changed circumstances subsequent to the year any such Claim is filed and including the amount determined by a Consultant for loss development of claims and unallocated loss adjustment expenses.

Member Entity means that political subdivision of the State of Montana duly organized and existing under the Constitution and laws of the State of Montana and which has complied with the terms and conditions of this Revised Program Agreement for participation in the Workers' Compensation Program.

Memorandum shall mean the Memorandum of Property Coverage, as the same may from time-to-time be amended setting forth the terms and conditions for which Coverage is provided under the Property Program.

Program means the Property Coverage Program, the terms and conditions of which are set forth herein.

Program Documents means this Agreement, the Interlocal Agreement, the Memorandum, 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.

Program Operations Fund means the fund established to carry out the operations of the Liability Program, including but not limited to payment of Claims, payment of Administrative Costs, other insurance, excess insurance or reinsurance, loss reserves and unencumbered reserves.

Qualified Claims Administrator means an individual or an organization experienced in the handling of public entity liability claims, appointed by the Authority, or the Authority itself provided the Authority employs individuals who have such experience in the handling of public entity liability claims.

Settlement means the Settlement of a claim of a Member Entity.

Term of the Agreement means the time during which the Agreement is in effect, or provided in Section 4.1 of this Agreement.

Total Insured Value means the total value of all property of the Member Entity identified and valued pursuant to appropriate standards as determined by the Authority.

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 Section 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, execute, approve and issue, as the case may be, and to enter into the transactions contemplated by and to carry out its obligations under all of the Program Documents, and the Member Entity has duly authorized and executed all of the applicable Program Documents. The Program Documents constitute the legal, valid, binding and enforceable obligations of such Member Entity in accordance with their respective terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principals 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 is now a party or by which the Member is bound, or constitutes a default under any of the foregoing.

(e) Risk Management Guidelines. The Member Entity covenants to implement and follow risk management programs, guidelines and policies as adopted by the Authority from time to time.

(f) Payment of Assessments and Acceptance of Coverage. The Member Entity agrees to pay when due Assessment for and accept the Coverage as described herein and the Memorandum of Coverage upon the terms and conditions set forth herein.

(g) Observance of Laws and Regulations by the Member. The Member Entity agrees to keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State of Montana, or by an officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Member Entity, including its right to exist and carry on business as a municipal corporation or other local government agency, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become a bandoned, forfeited or in any manner impaired.

2.2. Representations, Covenants and Warranties of the Authority. The Authority represents, covenants and warrants to each Member Entity 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, Montana Code Annotated, 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 and possesses by virtue of the Interlocal Agreement full power to provide coverage to parties signatory to the Interlocal Agreement and this Agreement. This Agreement constitutes the legal, valid, binding and enforceable obligations of the Authority 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.

(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 the Member Entities.

(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.

(f) Agreement to Provide Coverage. The Authority agrees to provide the Coverage to the Member Entity described herein and in the Memorandum of Coverage and upon the terms and conditions set forth in this Revised Agreement.

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 3.5.

(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:

- May be credited against future assessments;
- May be used to increase the joint deductible reserve;
- May be payable to each Member Entity on termination of the Program.

3.2. Coverage. The Authority hereby agrees to provide the Coverage to each Member Entity for the Coverage Year, and each Member Entity hereby agrees to accept the Coverage, upon the terms and conditions set forth in this Agreement, the Memorandum, or in such other agreements between the Authority and a Member Entity related to other Coverage options; provided, however, that the Authority may revise the Coverage during the Coverage Year by issuing endorsements to the Memorandum.

3.3. Establishment of Deductible Plan. The Authority hereby establishes the Property Program as a joint deductible reserve plan for the benefit of the Member Entities of the Property Program. The initial joint deductible reserve for the Property Program shall be one hundred thousand dollars ($100,000); provided, however, that the Board of Directors of the Authority may from time to time either increase or decrease the joint deductible reserve for the Property Program as in their discretion and in the exercise of sound judgment, after obtaining appropriate actuarial or other advice from an industry professional, the Board of Directors deems prudent. Provided, further, that nothing herein shall be construed to prohibit the Board of Directors from amending this Program Agreement so as to authorize and elect to use a deductible or self-group coverage plan, wholly or in part, to provide coverage for this Property Program to the fullest extent as may be permitted by applicable law.

3.4. Establishment of Joint Purchase Program. In addition to the deductible plan established pursuant to Section 3.3 hereinabove, the Authority hereby also establishes a joint purchase program for the purchase of boiler and machinery insurance, crime and fidelity

insurance and such other forms of property insurance as the Board of Directors of the Authority may in their sole discretion determine shall determine is in the best interests of the Member Entities to purchase through a joint purchase program.

3.5. Payment of Claims, Settlements, Judgments and Administrative Costs. Settlements and Judgments which the Authority is obligated to pay under the terms of this Program Agreement and the Memorandum, or in such other agreements between the Authority and a Member Entity related to other Coverage options shall be paid on behalf of the Member Entities from the Program Operations Fund directly to the Claimants or designees. An amount representing the Administrative Costs incurred by the Authority with respect to the Program shall be paid to the Authority.

If the Program Operations Fund are insufficient to pay Settlements and Judgments as may be required, the Authority shall individually assess each Member Entity to the extent necessary to pay the award, and the assessment charged each Member Entity shall be determined on a proportionate basis as may be determined by the Board of Directors with the advice of its Consultant ("Special Assessment"). Any such Special Assessment shall be a contractual obligation of the Member Entity.

3.6. Subrogation. Each Member Entity agrees that in the event of the payment of any loss by the Program under this Agreement, the Program shall be subrogated to the extent of such payment to all the rights of the Member Entity against any person or other entity legally responsible for damages for said loss, and in such event the Member Entity hereby agrees to render all reasonable assistance, other than pecuniary, to effect recovery.

3.7. Loss Reserves. The Authority shall employ or retain a Qualified Claims Administrator for the purpose of adjusting Claims and submitting a report to the Authority and each Member Entity setting forth (a) the amount of Loss Reserves necessary to be established with respect to each Claim arising during the preceding full Coverage Year(s), and (b) any adjustments (whether increase or decrease) necessary to be made in the amount of each Loss Reserve previously established pursuant to this Section and to make supplemental reports from time to time throughout each year as needed in accordance with prudent practice. In determining the amount of Loss Reserves necessary to be established or adjusted as described above, the Qualified Claims Administrator shall consider such facts and circumstances occurring during the period covered by such report as it, in its independent judgment, deems necessary in accordance with prudent practice. Notwithstanding the foregoing, the Qualified Claims Administrator shall take into account Settlements of Claims in accordance with the criteria set forth in this Section.

The Authority shall adjust Loss Reserves in the Program Operations Fund annually, and additionally from time to time throughout each year as needed in accordance with prudent practice. In the event that any such adjustment to Loss Reserves results in the Unencumbered Reserves being reduced to zero, the Authority shall provide prompt written notice of such fact to the Member Entities and the Authority shall have the discretion to impose, and the Member Entities shall be obligated to pay, any Special Assessment which the Board of Directors may determine is necessary in order to fund the Unencumbered Reserves at a prudent level with the advice of a qualified actuary or other person knowledgeable about public entity property programs.

3.8. Other Insurance, Excess Insurance or Reinsurance. The Authority may provide Coverage, or a portion of Coverage, to the Member Entities, by purchase of property insurance,

excess insurance or reinsurance from a commercial insurer, excess insurer or reinsurer upon the approval of the Board of Directors of the Authority; by purchase of property insurance, excess insurance or reinsurance from a group or captive insurance program or pool; or by participation in a group or captive insurance program or pool for the purposes of acquiring property insurance, excess insurance or reinsurance. The Authority may use Unencumbered Reserves to purchase or make payments to acquire such insurance, excess insurance or reinsurance, or participate in such pool or program; provided, however, that the Authority may use Loss Reserves to purchase or otherwise acquire such insurance, excess insurance or reinsurance if the policy of commercial insurance, excess insurance or reinsurance to be purchased or otherwise acquired covers the claims for which such Loss Reserves were established. In the event of a dispute between the Authority and any Member Entity and any insurer, excess insurer or reinsurer as to payment of a Settlement or Judgment, the failure by either to pay such Settlement or Judgment shall not result in a default by the Authority under the terms of this Agreement. .

In a Coverage Year for which the Authority has purchased or otherwise acquired insurance, excess insurance or reinsurance on behalf of a Member Entity, each such Member Entity shall be obligated to pay a proportion of the costs of such insurance, excess insurance or reinsurance, and Risk Assessment Adjustments.

SECTION 4: TERM OF AGREEMENT; ASSESSMENT

4.1. Term of Agreement; Termination of a Participant's Obligations to Pay Assessment. The Term of this Agreement shall commence on the date of its execution and shall, continue until the Member Entity's participation in the Program terminates as provided in Article VI of this Agreement.

The obligation of any Member Entity to pay Assessments under this Agreement will terminate upon the terms and conditions set forth in Section 5 herein.

4.2. Budget and Appropriation of Assessment Payments. The Authority shall calculate the Assessments to be paid by each Member Entity for the next succeeding Coverage Year and provide a preliminary bill no later than April 15th of each year during the term of the Agreement. The Authority will deliver a final bill no later than June 1st of each year to Member Entities. Each Member Entity covenants to take such action as may be necessary to include Assessment payments payable hereunder in its annual budget, to levy ad valorem taxes outside its permitted mill levy limitation, if necessary, on all property within its jurisdiction to fund such Assessment payments and to make the necessary annual appropriations for all such Assessment payments. 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 officials 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.

4.3. Obligation to Pay Assessments.

(a) 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.

(b) 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.

(c) Abatement. There shall be no abatement of Assessment payments.

4.4. Assessments.

(a) Assessment. The entire amount of Assessment is due on the Assessment Payment Date.

(b) Risk Assessments. Risk Assessments shall be adopted by the Board of Directors on a fiscal year basis to be effective July 1 of each year thereafter, 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 Board of Directors shall set such Risk Assessments utilizing sound actuarial principles and taking into consideration the assessments or rates charged by any excess insurer, reinsurer, or group or group captive pooled program in which the Authority may participate to provide Coverage. The Risk Assessments charged Member Entities will be sufficient to secure and pay for ordinary and appropriate Administrative Costs of the Program and such other insurance, excess insurance, reinsurance, or group insurance, excess insurance or reinsurance costs as the Authority may incur in providing Coverage under this Program.

In addition to Risk Assessment charges 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 shall be given for investment income.

(c) Special Assessments. The Board of Directors of the Authority may impose such Special Assessments as may be permitted by this Agreement or other Program Documents.

4.5 Assessment Audits. The Authority may at its discretion audit each Member Entity to determine the accuracy of the basis used for the assessment calculations. Total Insured Value of scheduled property at the assessment rate established for the selected deducible level is used to determine the annual Property Risk Assessments. Audits will verify the existence, condition, and value of the property scheduled as well as making a reasonable attempt to ascertain that all property that should be covered is on that schedule. There will be no retroactive billing or refunds for property which is not included in the property schedule submitted by the Member Entity, except as may be determined by the policies and procedures adopted by the Board of the Authority or as may be required by any excess insurer, reinsurer or group program providing insurance, excess insurance or reinsurance. This audit is designed to ensure that future Risk Assessments are calculated on the proper basis. The audit will be limited to the

eight quarters covered by the two fiscal years prior to the fiscal year during which the audit takes place.

4.6 Member Identified Errors. If an individual Member finds errors in the amount of Assessments 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 Assessment audits.

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

5.1. New Member Entity Applications. Applications for membership in the Property Program are submitted on an approved form to the Chief Executive Officer of the Authority who 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 excess insurance or reinsurance carrier or group or pooled insurance program in which the Property Program participates may also be required as a condition for providing Coverage.

5.2. Conditions for Providing Coverage to a New Member Entity. The Authority may provide Coverage to a new Member Entity in the Program, subject to the following conditions:

(a) such new Member Entity shall be a member of the Authority.

(b) at least 30 days prior to the commencement of Coverage under the Program, such new Member Entity shall be signatory to the Interlocal Agreement and this Program Agreement;

(c) at least 30 days prior to the commencement of Coverage under the Program, such new Member Entity shall have submitted a completed application for admission to the Program as may be required by the Board of Directors.

The minimum time requirements for execution and submission of documents as provided in subparagraphs (b) and (c) hereinabove may be waived by the Board of Directors at their discretion.

Coverage of such new Member Entity shall be effective on the first day of the month next succeeding the approval of the new Participant's application by the Authority and the execution of the documents as provided herein.

5.3. Automatic Renewal for Succeeding Coverage Year. 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 commencement of the next Coverage Year in writing to the Board of Directors of its desire to withdraw from the Program, as provided in section 5.6.

5.4. Requirements for Participation in the Program.

Each Member Entity who participates in the Program shall execute this Agreement. Each Member Entity hereby acknowledges and agrees that, commencing with the

effective date of its participation in the Program, the Member shall be obligated to pay Assessments as computed pursuant to this Agreement.

5.5. Capital Assessment of New Member Entity to Program Operations Fund.

(a) If the Program Operations Fund is not adequately funded, the new Member Entity may be assessed a non-refundable amount to be deposited into the Program Operations Fund as determined by the Authority ("Capital Assessment"). Such new Member Entity shall pay all components of the Risk Assessment in addition to this Capital Assessment.

(b) If the Program Operations Fund is adequately funded as determined by a Consultant, no initial capital assessment will be required of the Member Entity.

5.6. Withdrawal by Member Entity.

(a) Notification. Any Member Entity may withdraw from the Program by giving written notice to the Board of Directors (120 days) 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 Documents 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 release a Member Entity from its obligation to pay damages resulting from default under the terms of this Agreement which is not remedied by payment of Termination Assessment or from its obligation to pay Assessments determined subsequent to the date of the withdrawal. The Authority shall continue to pay Settlements and Judgments of covered Claims relating to the withdrawn Member Entity which arose prior to withdrawal as provided herein, unless the Member Entity defaults in the payment of its continuing obligations described in the preceding sentence.

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

(b) 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. 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.

(c) Withdrawing Members. 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 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 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 Entity. In no event shall a Member Entity exercising its unilateral right to withdraw be entitled to any refund or repayment of assessments or reserves.

5.7. Membership Review 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, i n 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 Agreeme nt and the terms "Events of Default' and "default" sh all have the same meaning whenever they are used in this Agreement with respect to a Member Entity,:

(1) 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 t he 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

(2) 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 (l0) 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 Execu tive 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 b e 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 Dir ectors 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 5.4 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.

5.8. Damages from Suspension from, Termination of, or Expulsion from, the 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 or Assessments as provided in the Program Documents.

5.9. 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 Section, it shall not be necessary to give any notice, other than such notice as may be required in this Section or by law.

5.10. 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 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.

5.11. 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.

SECTION 6: INSPECTION OF FACILITIES AND EQUIPMENT; SAFETY CONSIDERATIONS AND NOTIFICATION OF ACCIDENT

6.1. Inspection of Facilities, Equipment and Records. The Authority and any of its agents, employees or attorneys shall be permitted at all reason able times to inspect the work places, plants, works, machinery and appliances covered by this Agreement and the Member Entity's books, vouchers, contracts, documents and records of any and every kind which show or tend to show or verify the Assessments which are payable under the terms hereof. This right to inspect or examine shall continue after termination of membership with respect to all Claims or matters arising during or relating to membership status.

6.2. Safety Considerations. Each Member Entity must follow the safety recommendations of the Authority or any other agent of the Authority, in order to maintain its covered property in a safe and secure condition.

SECTION 7: AGREEMENTS WITH SERVICE PROVIDERS

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

SECTION 8: INDEMNIFICATION AND RELEASE; 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 else where 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: ASSIGNMENT AND AMENDMENT

9.1. No Assignment by the Member Entities. This Agreement may not be assigned by any Member Entity.

9.2. Amendment. This Agreement may be amended by a written instrument duly authorized and executed by the Authority and a majority of the Member Entities. It is expressly agreed and understood that approval of any amendment by a majority of the Member Entities who are signatories to this Agreement at the time of such amendment shall operate to bind each Member Entity to such amendment. All costs and expenses incurred in connection with any

amendment to this Agreement shall be borne pro rata by the Member Entities.

SECTION 10: MISCELLANEOUS

10.1. 10.1. Notices. All notices or other communications hereunder shall be sufficiently given and shall be deemed to have been received five business days after depo sit in the United States mail in certified form, postage prepaid .

If to the Member Entity — the City or Town Clerk
At the address of the City or Town
As maintained in the official records of the Authority

If to the Authority: — Montana Municipal Interloc al Authority
PO Box 6669
Helena, MT 59604-6669

The Authority and the Member Entities, by notice given hereunder, may designate different addresses to which subsequent notices, bonds or other communications will be sent.

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

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

10.4. Further Assurances and Corrective Instrumen ts. The Authority and the Member Entities agree that they will, from time to time, execu te, 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 i ntended so to be or for carrying out the expressed intention of this Agreement.

10.5. 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.

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

10.7. Effect of Revised Agreement. This Revised Agreement amends and supersedes each prior Liability Program Agreement , and this Revised Agreement shall effect a continuation of the Program for all purposes with respect to the continuity of Coverage, expenses, accounts, contracts, and other agreements related to the operation of the Program .

MONTANA MUNICIPAL INTERLOCAL AUTHORITY
FIRST AMENDED PROPERTY
PROGRAM AGREEMENT
Dated as of July 1, 2009

Signature Page

IN WITNESS WHEREOF, The Authority has caused this FIRST AMENDED PROPERTY PROGRAM 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 Members 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