New Era in Health Care

A GAMECHANGER FOR MONTANA PUBLIC SCHOOLS

Dear School District Officials,

Imagine a world where your school isn't just a place of learning but a pioneer in health care innovation — where every dollar spent on employee benefits works harder, where catastrophic claims don't threaten your budget and where your staff thrives with tailored, top-tier care. This isn't a dream — it's the power of Bridged Health Alliance, and it's within your reach.

Bridged empowers Montana public school systems of all sizes with higher-quality, lower-cost health, wellness and pharmaceutical benefits responsive to the unique needs of employees and beneficiaries of Montana's public education systems. At its core, Bridged provides an avenue for Montana school districts to collaborate and achieve important goals:

1. **Lower fixed costs.** More efficient purchasing will leverage the size of multiple districts to secure more advantageous pricing to tilt administrative costs in your favor.

2. **Year-over-year stability.** You can leverage a much larger insurance risk pool and renewal methodology that focuses on a balance of fairness and consistency to experience greater predictability and stability in health insurance rates.

3. **Improved health outcomes.** Healthier employees will result in lower overall costs for schools, allowing you to focus on what's most important: the education and future success of Montana's children and youth.

4. **Maximize return.** Capitalize on the Legislature's historic $40 million investment to invest more money back in district budgets and back in teachers' pockets, where it belongs.

Enclosed, you will find a comprehensive proposal from Bridged Health Alliance, including a detailed cost and benefit proposal effective July 1, 2026, or upon your current renewal timeline; a legal Trust Agreement; a Participation Agreement; and a Multidistrict Agreement. Collectively, these documents lay the groundwork for participation in Bridged Health Alliance. We respectfully ask that you sign the Participation and Multidistrict agreements no later than Nov. 30, 2025, to signify your intent to become a part of Bridged Health Alliance.

In short, we are doing this for ***you***. Every dollar saved on health care costs through Bridged Health Alliance is a dollar that stays in education — funding classrooms, supporting staff and strengthening the communities we serve.

Sincerely,

John Doran, Chief Strategy Officer, Bridged Health Alliance

Solidarity in Schools

By uniting more than 150 school districts covering more than 12,000 employees, Bridged Health Alliance (Bridged) is using its size and scale to unlock strategic pricing models that simply don't exist for schools on their own. The fact of the matter is health care costs too much today. And in the traditional health insurance model, wild swings in price variability are causing costs to soar through the roof. That's where Bridged comes in. We are shaking up the existing profit-driven model to stabilize costs and inject much-needed predictability for Montana's public schools and special education cooperatives. It's the Bridged difference and we're in it for you.

Provider Network

Bridged selected Allegiance Benefit Plan Administration as its third-party administrator (TPA). Allegiance is a Montana-based, industry-leading provider of self-funded solutions. By partnering with Allegiance, Bridged enables your employees and their loved ones to access a robust provider network with 100 percent of hospitals and 97 percent of health care professionals in Montana. Outside of Montana, Allegiance affords our members access to providers through Cigna, one of the most extensive networks in the nation. This means little to no disruption for our members.

More importantly, however, is the fact that Bridged is leveraging a statewide provider network built on a multiple of Medicare – the most stable pricing structure in the country. While most insurer health care trends hover between 8 to 15 percent increases year over year, Medicare unit costs increase by at most 3 percent annually. Why does that matter? Bridged is resetting the baseline for the biggest driver of health care costs and setting course on a much lower, more predictable trajectory for the future. This adds up to substantial savings over time.

Pharmacy Benefit Management

Bridged selected Capital Rx as its pharmacy benefit manager (PBM). As a public benefit corporation, Capital Rx is executing its mission to reduce healthcare costs as a pharmacy benefit administrator and by deploying Judi®, the company's cloud-native enterprise health platform, which supports the administration of benefit programs for Fortune 500 companies, the largest unions in America, leading hospitals and health systems, health plans, municipalities, and top academic institutions. Capital Rx brings 24/7/365 customer service for our members, meaning you can fill your prescriptions no matter what life throws at you.

What makes Capital Rx really important, though, is its ethical, transparent pricing model. Rather than chasing pharmacy rebates that artificially drive up the cost of prescription medications, in particular costly specialty medications, Capital Rx uses a model based on ingredient cost, a small administrative fee per script, and a dispensing fee to the pharmacy. One hundred percent of all rebates flow back to the customer, in this case Bridged and its participating schools. Why does this matter? By bringing Capital Rx to Montana, Bridged is essentially eliminating the profit motive in favor of a model that ensures savings without compromising access to life-saving and routine medications.

Long-Term Stability and Predictability

While these models certainly improve the affordability of health insurance and reduce out-of-pocket costs to members, it's more about resetting the bar and creating a pathway to more stable pricing in the future. It's a gamechanger for schools and it would not be possible without Bridged. The time to take advantage of this opportunity is now, and we're asking you to seize the chance for a better future.

Innovative Two-Tier Structure

Bridged's unique structure offers two funding models from which schools can elect. This innovative approach maximizes benefits and costs, and provides stability, predictability, and peace of mind for schools, employees, and their loved ones.

Prairie Tier

The Prairie Tier (Tier One) is suitable for schools of all sizes but is optimized for those with fewer than 100 employees. In this tier, schools pay an even monthly contribution encompassing all administrative and expected claims costs, serving as the maximum financial liability. It's considered a level-funded plan, a type of self-funded plan in which the school district makes a steady monthly payment to cover costs for administration, claims payments, and stop-loss insurance. The basis of level-funded plans is the accuracy of the rates that are unique to each group. This model has its advantages when compared to fully insured plans and programs. Level-funded plans make it easier for small- and mid-sized school districts to offer their employees high-quality health care benefits at a more affordable price and take advantage of the potential to recoup money when claims are less than expected.

Claims account

A claims account is exactly what it sounds like. A portion of the monthly payment is used to pay for medical and pharmacy claims submitted by plan members.

Stop-loss Insurance

Stop-loss is a school district's safety net against high-cost claims. With level-funding, school districts pay up to the amount they are responsible for funding. After that, stop-loss insurance kicks in.

Administrative costs

Administrative services are provided to the school district so they can spend their time focusing on their business while a third-party administrator handles plan management such as paying claims, customer service, and other administrative tasks. Bridged will have the leanest administrative expense in Montana, and those savings will be passed on to you.

Opportunity for Premium Credit

If a group submits fewer claims than anticipated over the course of a year, a portion of the difference between projected and actual claims will be refunded to the school district. By transitioning to a level-funded plan, school districts not only have the opportunity to lower their overall healthcare expenses, but they may also benefit from additional savings through potential claim refunds.

Tier 1 Premium Credit

Example 1 – Low Claims

Listed below you will see the three components that make up the premiums for a school with 100 employees in Tier 1.

	Admin	Stop-loss	Claims Fund	Premium	Employees
Monthly	$43.98	$219.89	$615.68	$880	100
Annual	$52,776.00	$263,862	$738,814	$1,055,452	

At the end of the year, the school had funded $738,814 in claims but only experienced $627,991 in medical costs, leaving a surplus of $110,823 in their claims account. With a surplus factor of 60%, the school is eligible to receive $66,493 paid back over the course of the next three years.

Annual Claims	$627,991
Surplus	$110,823
Surplus Factor	60%
Premium Credit	$66,493

Surplus Payment 1 (50%)	$33,247
Surplus Payment 2 (30%)	$19,948
Surplus Payment 3 (20%)	$13,299

Example 2 – High Claims

Listed below you will see the three components that make up the premiums for a school with 100 employees in Tier 1.

	Admin	Stop-loss	Claims Fund	Premium	Employees
Monthly	$43.98	$219.89	$615.68	$880	100
Annual	$52,776.00	$263,862	$738,814	$1,055,452	

At the end of the year, the school had funded $738,813 in claims but experienced $775,754 in medical costs, leaving a deficit of $36,940 in their claims account. At renewal, the deficit is cleared out so the school can start their new year fresh with no additional premiums due from the prior year.

Annual Claims	$775,754
Surplus	($36,940)
Surplus Factor	60%
Premium Credit	$0

Renewal Underwriting

The entire trust will be underwritten annually upon renewal to determine any rate adjustments necessary for the upcoming year. All schools in the Prairie Tier will receive the same adjustment in the first renewal. The benefit of pooling all schools together is that the larger the group, the more predictable claims costs become. With greater predictability, the annual renewal adjustments will be lower and more consistent, allowing schools to more easily budget for health care costs. To maintain stability for the long-term, Bridged will make micro-adjustments every other year for schools that are performing substantially better (top 10 percent) or worse (lowest 10 percent) than other schools in the trust. This simply means that these schools can be moved up or down by **a maximum** of 8 percent in addition to the overall trust renewal.

Example 1 – Low Claims

School A has consistently had a claims surplus for several years. Instead of continuing to overpay, Bridged would reduce their monthly contributions by up to 8 percent after the overall trust renewal adjustment.

Example 2 – High Claims

School B has consistently had a claims deficit for several years. In order to balance their contributions and their claims cost, their monthly contributions could be increased up to 8 percent after the overall trust renewal adjustment.

The Skyline Tier

The Skyline Tier (Tier Two) is your traditional self-funding mode for school districts with more than 100 employees on their health plan. Schools in this tier maintain their own reserves, are responsible for paying their own claims, can bring their own benefit design and plans, maintain local control, and yet take advantage of the size and scale of Bridged to capture savings in administrative and claims costs.

Self-funding isn't a solo effort — it's a strategic collaboration designed to protect your school and empower your employees. Here's who's on your side:

An Established Trust – A dedicated fund driven by school and employee contributions, ensuring claims are paid without draining your operating budget.

A Broker – Your strategic guide, working alongside the Bridged team to develop solutions that fit your unique workforce.

A Stop-Loss Insurance Carrier – Partnered with Bridged, this safety net shields you from devasting claims – an airbag for the unexpected.

A Third-Party Administrator (TPA) – Missoula-based Allegiance Health Plan Management has been handpicked by Bridged, they handle the heavy lifting – customer service, claims processing, and access to top-tier hospitals, clinics, and doctors.

A Pharmacy Benefit Manager (PBM) – Also selected by Bridged, Capital Rx negotiates drug prices, streamlines prescriptions, and keeps costs in check.

Why Bridged Health Alliance?

Navigating self-funding alone is daunting. That's where Bridged steps in as your partner for health care savings. We've already done the hard work, vetting the best third-party administrator (TPA), stop-loss carrier and pharmacy benefit manager (PBM) in the business. Our coalition unites more than 150 school districts and 12,000-plus employees, leveraging collective bargaining power for unbeatable pricing and expertise. With consultants, pharmacists, actuaries and health management experts in our corner, we deliver world-class solutions that simplify health care for your employees – affordable, accessible, exceptional care.

And here's the kicker: Joining Bridged unlocks exclusive access to $40 million in funding through HB 332 – a historic investment to stabilize health insurance costs for the long-term.

The Time is Now

Health care costs are soaring, but your school can take another route. Participating in Bridged Health Alliance isn't just a strategy – it's a movement. It's about flexibility, savings and putting your employees first. There is no cookie-cutter fix, but with Bridged Health Alliance, you can craft a plan as dynamic as your school, while enjoying the significant savings our strategic platform is delivering for schools of all sizes in Montana.

BRIDGED HEALTH ALLIANCE TRUST

PARTICIPATION AGREEMENT

THIS PARTICIPATION AGREEMENT is made and entered into by and between [ ] School District (the "Participating School District") and the Board of Trustees of the Bridged Health Alliance Trust (the "Trust").

RECITALS:

WHEREAS, Montana Code Section 20-3-366 allows the formation of a district health insurance trust by a multidistrict agreement pursuant to Montana Code Section 20-3-363;

WHEREAS, Montana Code Section 20-3-363 permits the boards of trustees of any two or more school districts to enter into a multidistrict agreement;

WHEREAS, the multidistrict agreement creates a multidistrict cooperative to perform any services, activities, and undertaking of the participating districts;

WHEREAS, expenditures made in support of a multidistrict agreement may be made from the interlocal cooperative fund of each Participating School District under Montana Code Section 20-3-363;

WHEREAS, the Participating School District entered into the Multidistrict Agreement to form the Bridged Health Alliance Trust ("Trust") and pool risk by way of a self-insurance plan;

WHEREAS, the Trust shall provide health insurance benefits to Participants, as the Multidistrict Cooperative Trust Agreement defines that term, as an activity of the participating districts;

WHEREAS, the Trust shall sponsor the Bridged Health Alliance Plan ("Plan");

WHEREAS, under the terms of the Multidistrict Agreement, each Participating School District must execute this Participation Agreement to enroll in the Trust;

THEREFORE, the signatory parties agree with each other as follows:

Section 1. Incorporation of Terms of the Trust. All the terms, conditions, and provisions of the Multidistrict Cooperative Trust Agreement (the "Trust Agreement") are incorporated herein by this reference and shall be fully binding upon the parties hereto. By executing this Participation Agreement, the Participating School District, in accordance with Article II of the Trust Agreement, shall cause the Participating School District to participate in the Trust and the Plan, effective as of the date indicated in Section 17 of this Participation Agreement.

Capitalized terms used but not otherwise defined, herein, shall have the meanings set forth in the Trust Agreement establishing the Trust, as amended, modified or supplemented from time to time.

Section 2. Adoption of the Trust and the Plan. The Participating School District hereby adopts the Trust Agreement and the Plan. The Participating School District agrees to be bound by the terms of the Trust Agreement, as it may be amended from time to time. The Trust Agreement shall be incorporated into this Participation Agreement and made a part of such Participation Agreement. The Participating School District will be notified of any material amendment to this Participation Agreement and the Trust Agreement. In the event that any term of the Participation Agreement is inconsistent with any terms of the Trust Agreement, the terms of the Trust Agreement shall control.

Section 3. Approval of Participation. The Board of Trustees of the Bridged Health Alliance Trust (the "Board") hereby approves the Participating School District's participation in the Trust and Plan subject to satisfaction of all representations and requirements hereunder.

Section 4. Governing Board. The Trust shall be under the direction and control of the Board. The Board shall establish such rules and regulations, as may be necessary for its operation, the conduct of business, and the operation of the Trust. Such rules and regulations may be amended by the Board as necessary. The Montana state auditor or the auditor's designee shall be an ex officio nonvoting member of the Board as required under Montana Code Section 20–3–366. The Board shall first determine any question or dispute with respect to the rights and obligations of the parties to this Participation Agreement and the adopted Trust Agreement.

The Participating School District acknowledges and agrees that the Board, in its sole discretion, shall select the benefits to be made available to all Participating School Districts and the extent to which the Participating School District may choose from among such benefits. The benefits offered through the Trust are limited to those set forth in, and are subject to all terms and conditions of, the applicable governing Plan documents and policies.

Section 5. Contributions. The Board, in consultation with a qualified actuary, shall establish contribution rates for each Participating School District of the Trust pursuant to the Plan and Plan options elected by the Participating School District. The Participating School District will remit monthly contributions based upon rates established and applicable to each program year for the health benefit program it offers to its Participants.

(a) Rate tables for each Participating School District will be determined by the Board based upon advice from a qualified actuary. Rates may vary depending upon factors including, but not limited to, demographic characteristics, loss experience of the Participating School District, loss experience of all Participating School Districts, and benefits provided.
(b) Billing and eligibility management services will be provided by a Claims Administrator or vendor selected by the Board.
(c) Administrative costs shall not exceed twelve (12) percent of total costs, as required under Montana Code Section 20–3–366, as determined by the actuary using reasonable actuarial methods. Billing dates, payment due dates, and any late fees and/or penalties are set by the Board and defined in the offer Proposal ("Proposal," Exhibit A attached). All Participating School Districts will receive separate notification of any changes in due dates and/or penalty fees at least 30 days prior to effective date of change.
(d) Unless the Board determines otherwise, any payments the Participating School District owes to the Trust for coverage of its Participants shall be made directly to the Trust. The Board shall establish the deadline for payment of each contribution.
(e) In the event that any Participating School District fails to pay the full amount due by the deadline, the Board may assess a penalty on the Participating School District in such amount as determined by the Board, not to exceed ten (10) percent of the full amount due at such missed deadline. In the event the unpaid balance is placed for collection, the

Trust shall charge, and such Participating School District shall pay, the cost of collections of such due and unpaid amounts, including, but not limited to, reasonable attorney fees, court costs, and other costs of collection.

(f) If the Participating School District fails to pay contributions or premiums in such timely fashion as the Board may determine, the Board may notify Participants and suspend payment of all claims relating to the Participating School District and its Participants. The Board may also terminate the Participating School District's participation in the Trust as described in Section 11.

(g) The Participating School District shall select between the distinct tiered funding models offered by the Board in writing, subject to the Participating School District's eligibility for such selection.

(h) Rate tables will not include commissions for brokers or insurance agents. The Trust may distribute commissions to such broker or agent on a Participating School District's behalf, provided that such commissions are disclosed prior to the Participating School District's funding model selection.

Section 6. Proposal. The Trust will furnish the Participating School District with a Proposal that outlines the specific commitments offered to the Participating School District and the requirements that accompany those commitments. Each Proposal will define at least the following:

(a) Benefit designs available;
(b) Contribution rates for health insurance benefits;
(c) Premium rates for ancillary benefits;
(d) Contribution and premium payment rules, requirements and timing;
(e) Administrative services offered through the Plan, including any services contracted through service providers;
(f) Minimum eligibility requirements for employees and dependents; and
(g) Assumptions and information relied upon as accurate during the proposal development.

The Participating School District shall indicate their selection of benefits and acceptance of rates by signing the Proposal annually, and the Proposal shall be deemed part of and subject to this Participation Agreement and the Trust Agreement upon such signature.

Section 7. Assessments. In the event that the Trust is not adequately funded, the Trust may utilize pro-rata assessments to a Participating School District to ensure adequate funding is available. The shared risk of assessments shall be equally allocated among Participating School Districts as required under Montana Code Section 20–3–366. Determination of an assessment must be done by the Trust's actuary and in consultation with the state auditor. The Board shall timely notify the Montana Commissioner of Securities and Insurance if the state auditor determines such an assessment is necessary. If an assessment is declared, allocation will be based upon each Participating School District's proportional share of total premium paid for the preceding three (3) years or the number of years the Participating School District participated in the Trust if less than three (3).

Section 8. Surplus Funds. Should the Trust be funded in excess of actuarial and accounting requirements as established by the Board, the excess funds may be credited to Participating School Districts in accordance with the following:

(a) Determination of surplus funds must be assessed by the Trust's actuary as well as a third-party auditor;
(b) Return of surplus funds shall be used sparingly and in accordance with the purpose and objectives of the Trust;

(c) Participating School Districts must be current participants to receive the benefit of any surplus funds except upon termination of the Trust and distribution of assets; and
(d) Fund equity will be evaluated on a total program-wide basis as opposed to each year standing on its own.

Section 9. Participating School District Obligations. The Participating School District agrees to the following:

(a) The Participating School District shall maintain staff to act as liaison with the Board and the Claims Administrator.
(b) The Participating School District agrees to pay contributions or premiums in accordance with the rates and schedule defined in the Proposal for the initial term and all relevant renewal terms for the duration of participation in the Plan and the Trust.
(c) Benefits provided to Participants shall be as set forth in a plan summary provided to Participating School Districts.
(d) Benefits provided, and related enrollment options, through the Trust shall be communicated in a timely manner to each Participant.
(e) The Participating School District agrees to promptly provide the Trust with a complete and accurate census of its eligible employees and such additional information as is necessary for the Trust to administer benefits.
(f) The Participating School District agrees to notify the Trust within ten (10) business days or prior to the end of the month, whichever is sooner, of any change in the eligibility status of a Participant which might affect eligibility for coverage.
(g) In the event that the Participating School District fails to timely notify the Trust of any change in status of Participants which might affect eligibility for coverage, the Participating School District agrees that the Trust and Plan will not be responsible for any claims incurred that are not payable pursuant to the terms of the Plan.
(h) Upon request, the Participating School District agrees to provide the Trust with such documentation that may be reasonably necessary for the substantiation of eligibility.
(i) The Trust Agreement prohibits any preexisting health benefits trust or a Participating School District from imposing its liabilities on the Trust at any time.

Section 10. Trust Obligations. The Trust agrees to the following:

(a) It is the intent of this Participation Agreement for the Trust to provide self-insured health insurance benefits.
(b) The Trust may also offer the following ancillary benefits: dental, vision, life insurance, short-term disability, long-term disability, employee assistance program, voluntary insurance benefits, critical illness and accident insurance, gap health insurance, legal insurance, identity theft insurance, and pet insurance. The funds for ancillary benefits shall at all times be accounted for and recorded separately from any funds of the Trust. The provision of ancillary benefits shall not be permitted to interfere with or contravene the Trust's purpose of providing self-insured health insurance benefits.
(c) The Trust will establish a pool of funds consisting of contributions from all Participating School Districts, the incentive payment provided for by Montana Code Sections 20–3–366–370, and any earnings and profits thereon. Funds shall be used by the Trust or its designee to pay claims as incurred by Participants, and all the operational, insurance and administrative costs incurred by, and attributable to, the Trust. These funds will be

administered under the control and direction of the Board or through agents or employees whom the directors may appoint.

(d) The funds of the Trust, including the incentive payment, contributions, future legislative appropriations, and any grants, shall only be used to provide health insurance benefits to Participants.
(e) The Trust shall furnish descriptive materials (such as the Summary Plan Description, Summary of Benefits and Coverage and notifications required under the Consolidated Omnibus Budget Reconciliation Act of 1985) to each Participating School District accurately outlining the health insurance benefits provided to Participants through the Trust including terms and conditions of coverage.
(f) The Trust shall provide Plan options with associated contribution and premium rates from which Participating School Districts may select from annually as part of a process to offer Participants benefits during open enrollment periods.
(g) The Board will maintain reinsurance, stop loss, or other forms of excess insurance, on behalf of the Trust as needed.
(h) The Board will appoint a licensed third-party administrator ("Claims Administrator"), in writing, to adjudicate Plan claims and provide various administrative services, and such Claims Administrator shall comply with all applicable state licensing requirements.
(i) The Board will authorize the retention of various parties to assist with the management of the Trust and its funds.
(j) Beginning July 1, 2036, the Trust shall, as part of its annual actuarial analysis, identify and report to the state auditor no later than 90 days following the completion of its annual audit, any excess reserves existing in the Trust. The Trust shall remit to the state any excess reserves identified under such actuarial analysis until the cumulative amounts remitted reaches $40 million, as required under Montana Code Section 20–3–370. If the aforementioned actuarial analysis finds that no excess reserves exist in the Trust under Montana Code Section 20–3–370 and any associated rules developed by the state auditor, the Trust shall not remit any funds to the state.

Section 11. Membership Withdrawal. A Participating School District's participation in the Trust shall remain in effect unless the Participating School District voluntarily withdraws from the Trust pursuant to Montana Code Section 20-3-367. Additionally, the Board may terminate the Participating School District's participation in the Trust for cause, such as nonpayment or late payment of contributions. Such termination will be effective such date as the board may specify in writing, but in no case less than fifteen (15) days after the date of the termination notice. Termination does not relieve the Participating School District of its financial commitments to the Trust.

As required under Montana Code Section 20–3–367, a Participating School District that voluntarily joins the Trust may not withdraw from the Trust unless:

(a) the Participating School District has participated in the Trust for at least five (5) consecutive school fiscal years; or
(b) the Participating School District has an inflation gap factor equal to or greater than 1.5, after which such district or group may withdraw from the Trust upon the conclusion of the plan year in which the Trust reports an inflation gap factor to the district or employee group above 1.5 (or an inflation gap factor meeting or exceeding the requirements under any enacted amendment to Montana Code Section 20–3–367).

To complete its withdrawal, the Participating School District shall notify the Board in writing of its intent to withdraw no later than one hundred and eighty (180) days prior to its actual termination date. Such withdrawal will be effective at the end of the plan year following such notice period, unless the Participating School District has an inflation gap factor equal to or greater than 1.5 as described in Section 11(a) above, in which case the Participating School District may withdraw from the Trust effective upon the conclusion of the plan year as long as notice is provided prior to the end of such plan year. The Board shall timely notify the Montana Commissioner of Securities and Insurance when a Participating School Districts submits its notice of intent to withdraw from the Trust.

The Participating School District may rescind its notice of intent to withdraw unless otherwise barred by the applicable provisions of the Trust Agreement. Following a withdrawal under this section, such a school district:

(a) is ineligible to rejoin the Trust for at least five (5) full school fiscal years following the year in which the district withdraws;
(b) is ineligible for receipt of any portion of the net assets or reserve balance of the Trust attributable to the distribution of funds under the stabilization payment created by Montana Code Section 20–3–369 on withdrawal; and
(c) shall reimburse the Trust for the run-out liability of the withdrawing district or employee group. Such liability consists of all claims of the withdrawing district or employee group that were incurred by the Participants prior to the effective date of the district's or employee group's withdrawal.

Section 12. Acknowledgment. This Participation Agreement is entered into voluntarily after careful consideration by the Participating School District’s staff and Board of Trustees. The Participating School District acknowledges that it has had adequate opportunity to consult with legal counsel and health insurance experts prior to entering into this agreement. The Participating School District further acknowledges that:

(a) it has not relied on any promises or assurances of future performance;
(b) that health care and insurance costs are rising;
(c) there is no assurance or guarantee that contributions to the Trust and insurance premium payments will not continue to increase over the long term;
(d) the terms and conditions of the Plan may change from time to time; and
(e) there is no guarantee that rates, terms, and conditions will remain the same from plan year to plan year.

Any changes to Participating School Districts’ required contributions shall not be effective until the start of the following plan year.

any changes to Participating School Districts’ required contributions shall not be effective until the start of the following plan year.

Section 13. Complete Agreement. Except as otherwise provided herein, this Participation Agreement and the adopted Trust Agreement constitute the full and complete agreement of the Participating School Districts.

Section 14. Severability. Should any provision of this Participation Agreement be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.

Section 15. Amendment of Participation Agreement. This Participation Agreement may be amended by a majority vote of the Board and signature on the Participation Agreement by the Participating School District's designated representative, or alternate, who shall have authority to execute this Participation Agreement. Any Participating School District who fails or refuses to execute an amendment to this Participation Agreement shall be deemed to have withdrawn from the Trust on the next annual renewal date that is beyond any commitment required by the Trust Agreement.

Section 16. Indemnification.

(a) To the fullest extent authorized by law, and to the extent not otherwise covered by insurance, the Board shall be indemnified by the Trust against any and all liabilities arising by reason of any act, or failure to act, in relation to the Plan or the Trust, including without limitation, expenses reasonably incurred in the defense of any claim relating to the Plan or Trust, and amounts paid in compromise or settlement relating to the Plan or Trust, unless (1) it is established by a final judgment or a court of competent jurisdiction that such act or failure to act constituted gross negligence or willful misconduct, or (2) in the event of a settlement or other disposition of the claim, it is determined in a written opinion of legal counsel to the Plan or Trust that the act constituted gross negligence or willful misconduct.

(b) To the fullest extent authorized by law, and to the extent not first covered by insurance or the Trust's indemnity set forth in Section 16(a), the Board, and the Participating School Districts shall be indemnified by the Participating School Districts against any and all liabilities arising by reason of any act, or failure to act, in relation to the Plan or the Trust, including without limitation, expenses reasonably incurred in the defense of any claim relating to the Plan or Trust, and amounts paid in compromise or settlement relating to the Plan or Trust, unless (1) it is established by a final judgment or a court of competent jurisdiction that such act or failure to act constituted a breach of fiduciary duty, gross negligence or willful misconduct, or (2) in the event of a settlement or other disposition of the claim, it is determined in a written opinion of legal counsel to the Plan or Trust that the act constituted a breach of fiduciary duty, gross negligence or willful misconduct.

Section 17. Effective Date. This Participation Agreement shall be effective upon execution of this Participation Agreement, provided that the Trust has been approved by the Montana state auditor as required under Montana Code Sections 20–3–366–370. Such approval is subject to the Trust securing a binding contractual agreement among at least 150 districts, employing a minimum of 12,000 employees to participate in and obtain health insurance for its employees through the Trust.

Section 18. Counterparts. This Participation Agreement may be executed in one or more counterparts, each of which will be deemed an original.

IN WITNESS WHEREOF, the Participating School District and the Board of Trustee of the Bridge Health Alliance Trust have caused this Participation Agreement to be executed on the dates indicated below, effective as set forth in Section 17 hereof. The Participating School District acknowledges that it has received and agreed to the terms of the Trust Agreement.

Participating School District:

By: [   ] School District

Name: ______________________________

Title: ______________________________

Date: ______________________________

By: Board of Trustees of the Bridged Health Alliance Trust

Name: ______________________________

Title: ______________________________

Date: ______________________________

MULTIDISTRICT AGREEMENT
FOR THE FORMATION OF THE BRIDGED HEALTH ALLIANCE TRUST

[   ] School District is entering into this MULTIDISTRICT AGREEMENT with other Participating School Districts effective as of the date executed below.

RECITALS:

WHEREAS, Montana Code Section 20-3-366 allows the formation of a district health insurance trust by a multidistrict agreement under Montana Code Section 20-3-363;

WHEREAS, Montana Code Section 20-3-363 permits the boards of trustees of any two or more school districts ("Participating School Districts") to enter into a multidistrict agreement;

WHEREAS, the multidistrict agreement creates a multidistrict cooperative to perform any services, activities, and undertakings of the participating districts;

WHEREAS, each school district must execute this Multidistrict Agreement to join the multidistrict cooperative to become a Participating School District;

WHEREAS, although each Participating School District individually executes this Multidistrict Agreement, each agreement is part of the same agreement. **NOW**, therefore, the Participating School Districts agree as follows:

TERMS:

1. The Participating School Districts agree to enter into this Multidistrict Agreement to form the Bridged Health Alliance Trust ("Trust").

2. The services provided by the Trust on behalf of the Participating School Districts shall include the provision of health insurance benefits to eligible employees and their dependents as set for in the Trust Agreement and Participation Agreement governing the district health insurance trust.

3. The Participating School Districts intend for the Trust to qualify as a district health insurance trust under Montana Code Section 20-3-363 and will seek such qualification from the state auditor.

4. Each Participating School District must execute the Participation Agreement to enroll as a member of the Trust.

5. The Participation Agreement shall contain the terms and conditions of enrollment and eligibility of the Trust.

6. A Participating School District may withdraw from the multidistrict cooperative by withdrawing from the Trust pursuant to Section 11 of the Participation Agreement.

7. Each Participating School District shall contribute to the Trust as required in the Participation and Trust Agreements from the school district's general fund, budgeted funds other than the retirement fund or debt service fund, or nonbudgeted funds other than the compensated absence liability fund.

8. The Participating School Districts agree that the amount of such contributions to the Trust shall be calculated by the Boards of Trustees of the Trust as described in the Participation and Trust Agreements.

9. The term of this Multidistrict Agreement shall begin on the effective date and continue until the Trust is terminated pursuant to Section 7.2 of the Trust Agreement. If the Trust is terminated, the multidistrict cooperative shall also dissolve.

10. This Multidistrict Agreement shall be interpreted according to and governed by the laws of the state of Montana.

By: [ ] School District

Name: ______________________________

Title: ______________________________

Date: ______________________________

MULTIDISTRICT COOPERATIVE TRUST AGREEMENT
for the

BRIDGED HEALTH ALLIANCE TRUST

BRIDGED HEALTH ALLIANCE TRUST

THIS MULTIDISTRICT COOPERATIVE TRUST AGREEMENT (the "Trust Agreement") is established by the Trustees of the Bridged Health Alliance Trust and adopted by each Participating School District listed on Exhibit A, and is effective as of qualification by the Commissioner of Securities and Insurance once it satisfies the requirements described in Montana Code Section 20-3-366.

WHEREAS, Montana Code Section 20-3-366 allows the formation of a district health insurance trust by a multidistrict agreement pursuant to Montana Code Section 20-3-363;

WHEREAS, Montana Code Section 20-3-363 permits the boards of trustees of any two or more school districts to enter into a multidistrict agreement creating a multidistrict cooperative to perform any services, activities, and undertaking of the participating districts;

WHEREAS, under the 2025 amendment to Montana Code Section 20-3-363(7), a "multidistrict cooperative" means a public entity created by two or more school districts executing a multidistrict agreement with each other or with any other public or private entity participating in the cooperative;

WHEREAS, expenditures made in support of a multidistrict agreement may be made from the interlocal cooperative fund of each Participating School District under Montana Code Section 20-3-363;

WHEREAS, the Participating School District entered into the Multidistrict Agreement to form the Bridged Health Alliance Trust ("Trust") and pool risk by way of a self-insurance plan;

WHEREAS, the Trust intends to comply with these requirements and receive the incentive payment provided under Montana Code Section 20-3-369 to stabilize health insurance costs and capitalize operating reserves for the Trust; and

WHEREAS, the Trust shall sponsor the Bridged Health Alliance Plan ("Plan");

NOW, THEREFORE, the Trust is established as follows:

ARTICLE I
Definitions

Section 1.1. Agreement. This Trust Agreement.

Section 1.2. Board. The Bridged Health Alliance Trust Board of Trustees under this Trust comprised of the individual Trustees.

Section 1.3. Claims Administrator. The licensed third-party administrator appointed, in writing, by the Board to adjudicate Plan claims and provide various administrative services. The Claims Administrator must comply with all applicable state and federal laws and state licensing requirements.

Section 1.4. Health insurance benefits. Major medical insurance and excluding all excepted benefits as Montana Code Section 33-22-140(8) defines that term.

Section 1.5. Participating School District. A school district and any cooperative formed pursuant to Montana Code Sections 20–7–451 through 20–7–457 that has entered into a Participation Agreement.

Section 1.6. Participation Agreement. The agreement, signed by the Participating School District, so that the Participating School District can offer Plan benefits to Participants.

Section 1.7. Pharmacy Benefits Manager. The licensed pharmacy benefits manager appointed, in writing, by the Board to provide pharmacy benefit management services on behalf of the Plan. The Pharmacy Benefits Manager must comply with all applicable state and federal laws and state licensing requirements.

Section 1.8. Plan. The Bridged Health Alliance Benefit Plan.

Section 1.9. Participants. Employees as defined by Montana Code Section 20–3–366(6)(d) and their dependents.

Section 1.10. Stop-Loss Provider. The licensed stop-loss provider appointed, in writing, by the Board to provide stop-loss insurance or other reinsurance to the Plan. The Stop-Loss Provider must comply with all applicable state and federal laws and state licensing requirements.

Section 1.11. Trust. The Bridged Health Alliance Trust established to hold Plan assets and to pay Plan benefits and expenses.

Section 1.12. Trustees. The individual members of the Board.

Section 1.13. Trust Fund. The assets held under this Trust.

ARTICLE II
Purpose and Funding of Trust

Section 2.1 Establishment of the Trust. Upon transfer of contributions from the interlocal cooperative funds of the Participating School Districts and qualification by the Montana Commissioner of Securities and Insurance, the Trust is hereby established subject to the supervision and oversight of the Board of Trustees as provided for herein. If the Montana Commissioner of Securities and Insurance qualifies the Trust before July 1, 2026 and it begins operations before that date, the Trust will comply with all applicable rules subsequently adopted by the Montana Commissioner of Securities and Insurance pursuant to Montana Code Sections 20-3-366 to 370.

Section 2.2. Funding of the Trust. The Trust will accept the trust incentive payment provided for by Montana Code Sections 20–3–366 to 370 to stabilize health insurance costs and provide operating reserves as provided in Section 2.5. Participating School Districts and Participants will make contributions to the Trust in accordance with the terms of the Plan and the Participation Agreement. All such contributions and property, the investments made therewith, and proceeds thereof, and all earnings and profits thereon, less any payments or distributions which shall have been made by the Board pursuant to the terms of this Trust, are referred to herein as the "Trust Fund." The Trust Fund shall be held by the Trust and administered by the Board in accordance with the provisions of this Trust and applicable law.

The Trust expressly prohibits any preexisting health benefits trust or Participating School District from imposing its liabilities on the Trust at any time.

Section 2.3. Purpose. The Trust has been established for the purpose of providing self-insured health insurance benefits to Participating School Districts and Participants. Any public school district within the State of Montana may enroll for membership in the Trust. It is the intent of this Trust Agreement to adhere to all applicable guidelines and requirements set forth in Montana Code Sections 20–3–366 to 370, including any associated rules adopted by the state auditor, whether or not expressly incorporated into the terms of the Agreement.

Section 2.4. No Diversion. Except as otherwise provided herein and required by law, at no time prior to the satisfaction of all liabilities under the Plan shall the Trust Fund be used for or diverted to purposes other than to provide health insurance benefits for the exclusive benefit of Participants, except that any taxes and administration expenses for which the Trust is liable may be made from the Trust Fund. This limitation shall not prohibit the rebate of excess contributions, insurance premiums, or credits from the Trust based on the experience of the Participating School Districts. No Trustee, officer, employee, member of a committee, person connected with the Trust, or any individual or entity other than the State of Montana, a political subdivision thereof, or an entity the income of which is excludable from gross income under Section 115 of the Code shall receive, at any time, any of the net earnings or pecuniary profit from the Trust.

Section 2.5. Source of Trust Funds.

(a) Upon the Trust's qualification by the state auditor, the Superintendent of Public Instruction will distribute a one-time $40 million stabilization payment to the Trust as provided under Montana Code Section 20–3–369, which will be used solely to stabilize health insurance costs and capitalize an operating reserve for Participating School Districts.

(b) Participating School Districts and Members will make contributions to the Trust in accordance with the terms of the Plan and Participation Agreement.

(c) The Trust may also obtain insurance, such as reinsurance, stop loss or any other type of insurance necessary to defray liabilities of the Trust.

(d) Nothing in this Agreement shall be construed to permit any commingling of any Trust Funds with other funds used to fund ancillary benefits offered under the Plan to Participating School Districts.

Section 2.6. <u>Repayment of Initial Reserve</u>. Beginning July 1, 2036, the Trust shall, as part of its annual actuarial analysis, identify, and report to the state auditor no later than 90 days following the completion of its annual audit, any excess reserves existing in the Trust. The Trust shall remit to the state any excess reserves identified under such actuarial analysis until the cumulative amounts remitted reaches $40 million, as required under Montana Code Section 20–3–370. If the aforementioned actuarial analysis finds that no excess reserves exist in the Trust under Montana Code Section 20–3–370 and any associated rules developed by the state auditor, the Trust shall not remit any funds to the state.

Section 2.7. <u>Tax Status</u>. The Trust is intended to meet the requirements of Section 115 of the Internal Revenue Code.

Section 2.8. <u>Taxes</u>. All taxes of any and all kinds that may be levied or assessed under any applicable state or federal laws upon the Trust (excluding taxes, if any, upon benefits paid to Participants or their beneficiaries, heirs, executors, personal representatives, administrators or assigns) will be paid from the Trust Fund.

Section 2.9. <u>Contributions</u>. Each Participating School District shall make contributions to the Trust Fund for the Plan as specified from time to time by the Board (or such person acting on its behalf). However, the Board shall not change the amount of such required contributions within a plan year. A Participating School District may require Participants to pay a portion of such contributions. Neither the Trustees nor the Claims Administrator shall collect any amounts from such Participants. The Participating School District shall be responsible for collecting and paying the full amount of such contributions on a timely basis from their interlocal cooperative funds. The Board shall be under no duty to enforce payment of any contribution from Participants.

Section 2.10 <u>Ancillary Benefits</u>. The Board may also offer other ancillary benefits. The funds for such benefits shall have separate accounting and recordkeeping from the Trust Fund at all times. The Trust Fund may not be used to provide such ancillary benefits, and the provision of ancillary benefits shall not be permitted to interfere with or contravene the Trust's purpose of providing self-insured health benefits. The Board plans to offer the following ancillary benefits: dental, vision, life insurance, short-term disability, long-term disability, employee assistance program, voluntary insurance benefits, critical illness and accident insurance, gap health insurance, legal insurance, identity theft insurance, and pet insurance.

ARTICLE III
Powers of Board

Section 3.1. Duties of the Board. The Board shall be responsible for administering the Plan and administering the Trust Fund. The Board may also offer ancillary benefits outlined in Section 2.10 to Participating School Districts and Participants. Subject to the limitations set forth in this Trust Agreement, the Board shall have sole and exclusive discretion in determining the benefits to be made available pursuant to the Plan, the extent to which the Participating School Districts may choose from among such benefits, and the extent to which such benefits shall be provided through contracts of insurance or on a self-insured basis. In no event shall the Plan provide for the payment of any benefit that would be inconsistent with the status of the Trust's qualification for exclusion from federal income taxation under Section 115 of the Code and Montana Code Sections 20–3–366 to 370.

The Board shall pay from the Trust Fund:

(a) all premiums or other charges due with respect to any insurance contracts described herein;

(b) all expenses reasonably incurred in the administration of the Plan or the Trust, which shall not exceed twelve (12) percent of total costs, as required under Montana Code Section 20–3–366;

(c) all taxes of any kind assessed or levied against, or which are otherwise payable with respect to, the Trust Fund or any property included in the Trust Fund;

(d) the reasonable compensation of the Claims Administrator, Pharmacy Benefits Manager, Stop-Loss Provider, and of any other person retained by the Trustees pursuant to this Agreement to perform services for the Plan or Trust;

(e) any other expenses or amount properly payable pursuant to this Agreement; and

(f) claims as incurred by Participants.

Section 3.2. Board's Powers. The Board is authorized and empowered:

(a) to retain property constituting all or any part of the Trust held by it or to sell, exchange, convey, transfer, or otherwise dispose of any property constituting all or any part of the Trust held by it by private contract or at public auction. No person dealing with the Board will be bound to see to the application of the purchase money or to inquire into the validity, expediency, or propriety of any such sale or other disposition;

(b) to make commitments, either alone or in company with others, to purchase at any future date any property, investments, or securities as authorized under Section 3.4;

(c) to give general or special proxies or powers of attorney with or without power of substitution, to exercise any conversion privileges, substitution rights, or other options, to consent to or otherwise participate in corporate reorganizations or other changes affecting corporate securities, to delegate discretionary powers and to pay any assessments or charges in connection with the foregoing, and generally to exercise any of the powers of an owner with respect to stocks, bonds, securities, or other property held in the Trust;

(d) to make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;

(e) to register any investment held in the Trust in its own name or in the name of a nominee and to hold any investment in bearer form. The books and records of the Trustee will, at all times, show that all investments are part of the Trust;

(f) to borrow for the benefit of the Trust, for such period of time and upon such terms and conditions as may be deemed proper, any sum or sums of money, and to secure such loans by mortgage or pledge of any property belonging to the Trust, without personal liability therefore;

(g) to execute such deeds, leases, contracts, bills of sale, notes, proxies and other instruments in writing as will be deemed requisite or desirable in the proper administration of the Trust Fund;

(h) to do all acts, take all actions, and exercise all rights and privileges, although not specifically mentioned in this Section, that the Board deems necessary to administer the Trust Fund, and to carry out the purposes of this Trust;

(i) to employ such agents, actuaries, brokers, attorneys, accountants, custodians and financial counsel, investment managers and other persons that are necessary or desirable for the administration of the Trust Fund and to carry out the purposes of the Trust, and to pay their reasonable expenses and compensation;

(j) to appoint the Claims Administrator to adjudicate Plan claims and provide various administrative services and to appoint the Pharmacy Benefits Manager to provide pharmacy benefits services;

(k) to enforce all claims which may arise with respect to the Plan and the Trust and to institute appropriate proceedings of any nature to enforce such claims;

(l) to waive, modify, reduce, compromise, release, settle, or extend the time of payment of any legal claim of whatever nature in favor of or against the Board or any part of the Trust Fund; and

(m) to purchase reinsurance, stop loss or other forms of excess insurance, fidelity bonds, fiduciary liability insurance, and such other bonds or insurance as they may from time to time deem appropriate.

Section 3.3. Board Responsibilities. The Board shall:

(a) determine the contributions to be made by the Participating School Districts pursuant to the Plan in consultation with the Trust actuary;

(b) maintain accurate records of the contributions made by each Participating School District;

(c) hold and administer such contributions for the purposes of the Trust Fund;

(d) file such returns or reports with governmental agencies, including the Montana Commissioner of Securities and Insurance, as may from time to time be required by applicable laws;

(e) enter into and maintain contracts with companies authorized to transact business and duly licensed in the State of Montana as it may select for the purpose of providing life insurance benefits, accident insurance benefits, and other program benefits pursuant to the Plan;

(f) exercise all rights or privileges granted to the contract holder by the provisions of each such contract;

(g) enter into any agreement with the insurance carriers for the alteration, modification, or amendment of any such contract; and

(h) take any action respecting any such contract and the insurance provided thereunder as they may deem necessary or advisable.

Section 3.4. Investments. Subject to any restrictions imposed by applicable law, the Board will hold, invest, and reinvest Trust assets, keeping them invested as a single fund without distinction between principal and income, in any securities, bonds, notes, debentures, deposits, commercial paper, obligations of the United States government, stop-loss, and other insurance policies, or other investments, whether domestic or foreign, of any kind, class or character as the Board deems suitable for the Trust. Such investment and reinvestment will comply with any restrictions under applicable law.

The Board will have sole responsibility to account for earnings derived from its investment and reinvestment of the Trust. The Board may hold a reasonable portion of the Trust assets in cash pending investment or payment of Plan expenses or benefits. The Board will keep other cash earning at a reasonable interest rate in accounts in any banking or similar financial institution which is regulated by the United States or a State or in demand notes and interests in demand notes, Treasury Bills or short-term negotiable commercial paper. Additionally, the Board will adopt an investment policy statement to serve as a guide for the investment of Trust assets.

Section 3.5. Board Action. The Board will act by a majority vote of the Trustees. The Board may authorize any one or more Trustees to sign papers and instruments on behalf of the Board. The Board will act in accordance with this Agreement.

Section 3.6. Delegation. The Board may delegate its authority in writing to one or more Trustees or the Alliance for regular administrative and ministerial matters.

ARTICLE IV
Discharge of Duties; Indemnification

Section 4.1. Fiduciary Standard of Care. The Board shall discharge its duties in the capacity of a fiduciary with respect to the Trust Fund solely in the interest of the Trust, Plan, Participating School Districts, and Participants and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims. The Board shall also have a duty of loyalty and act solely in the interest of the Trust, Plan, Participating School Districts, and Participants.

Section 4.2. Indemnification.

(a) To the fullest extent authorized by law, and to the extent not otherwise covered by insurance, the Board shall be indemnified by the Trust against any and all liabilities arising by reason of any act, or failure to act, in relation to the Plan or the Trust, including without limitation, expenses reasonably incurred in the defense of any claim relating to the Plan or Trust, and amounts paid in compromise or settlement relating to the Plan or Trust, unless (1) it is established by a final judgment or a court of competent jurisdiction that such act or failure to act constituted gross negligence or willful misconduct, or (2) in the event of a settlement or other disposition of the claim, it is determined in a written opinion of legal counsel to the Plan or Trust that the act constituted gross negligence or willful misconduct.

(b) To the fullest extent authorized by law, and to the extent not first covered by insurance or the Trust's indemnity set forth in Section 4.2(a), the Board, and the Participating School Districts shall be indemnified by the Participating School Districts against any and all liabilities arising by reason of any act, or failure to act, in relation to the Plan or the Trust, including without limitation, expenses reasonably incurred in the defense of any claim relating to the Plan or Trust, and amounts paid in compromise or settlement relating to the Plan or Trust, unless (1) it is established by a final judgment or a court of competent jurisdiction that such act or failure to act constituted a breach of fiduciary duty, gross negligence or willful misconduct, or (2) in the event of a settlement or other disposition of the claim, it is determined in a written opinion of legal counsel to the Plan or Trust that the act constituted a breach of fiduciary duty, gross negligence or willful misconduct.

ARTICLE V
Recordkeeping, Expenses, and Reporting

Section 5.1. Records and Accounts. The Board will maintain accurate and detailed records and accounts of all properties of the Trust and all investments, receipts, disbursements, and other transactions under this Agreement. Such records and accounts shall clearly delineate funds related to self-insured health insurance benefits from any ancillary benefits offered under the Trust. All the accounts, books, and records of the Trust will be open at all reasonable times to inspection and audit by any Trustee, the Claims Administrator, the Montana Commissioner of Securities and Insurance, any governmental agency having jurisdiction over the Trust, or any Participating School District. The Trust shall maintain full control over claims data for medical and pharmacy benefits and make the data available to Participating School Districts on request in compliance with the Health Insurance Portability and Accountability Act of 1996.

Within 60 days following the close of each fiscal year of the Trust, and at such other times as determined by the Board, the Board will make available to Participating School Districts a written report setting forth all investments, receipts, disbursements, and other transactions carried out by the Trust during the period. The report will include a listing of Trust Fund assets and the fair market value of the Trust Fund assets at the end of the period. The Board shall file copies of such annual financial and actuarial reports with the Montana Commissioner of Securities and Insurance.

Section 5.2. Compensation and Expenses. Each Trustee will be entitled to reasonable compensation for services rendered for the provision of health insurance benefits to the Trust and to reimbursement of all reasonable and necessary taxes and expenses. Such expenses include reasonable fees for agents, attorneys, accountants, custodians and other persons rendering services to the Trust with the approval of the Board and incurred in connection with the discharge of its responsibilities under this Trust Agreement. If an individual who already receives full-time compensation from a Participating School District is serving as Trustee, such individual will not receive compensation from the Trust except for reimbursement of expenses properly and actually incurred. Any such compensation and reimbursement will be paid from the Trust Fund unless paid directly by the Participating School District.

Administrative costs shall not exceed twelve (12) percent of total costs, as required and defined under Montana Code Section 20–3–366.

Section 5.3. Plan Documents. The Board shall furnish descriptive materials, such as the Summary Plan Description, to each Participating School District and the Montana Commissioner of Securities and Insurance accurately outlining the health insurance benefits and ancillary benefits available to Participants through the Trust. Such documents shall include the terms and conditions of coverage.

Section 5.4. Annual Financial Report. On or before each plan year beginning after the second full year of providing health insurance benefits to Participants, the Board shall prepare a report for each Participating School District detailing the cost rate, contribution rate, adjusted contribution rate, and the medical index rate of each school district and employee group, as described in Montana Code Section 20-3-367(2)(a). The Board shall file copies of each report with the Montana Commissioner of Securities and Insurance.

Section 5.6 Plan of Operation. The Board shall provide the Montana Commissioner of Securities and Insurance with a plan of operation to ensure the financial integrity of the Trust Fund.

ARTICLE VI
Participating School Districts

Section 6.1. Authorized Parties. Each Participating School District shall furnish the Board with a written list of the names, signatures, and extent of authority of all persons authorized to direct the Board and otherwise act on behalf of the Participating School District with respect to the Plan, under the terms of this Agreement. All persons so authorized are referred to herein individually as an "Authorized Party" and collectively as "Authorized Parties." The Board shall be entitled to deal with any Authorized Party so identified by the Participating School District until notified otherwise in writing.

Section 6.2. Participation. Any public school district in the State of Montana may enter into a Participation Agreement with the Trust to adopt the Plan and this Trust Agreement. In no event shall a school district become a Participating School District until such time as it executes Participation Agreement in the form approved by the Board.

Section 6.3. Reports and Records. Each Participating School District shall prepare and submit such reports as may from time to time reasonably be required by the Board. The books, records, and accounts of each Participating School District which are in any way related to the Participating School District's participation in the Plan or the Trust shall, at all reasonable times, be open to inspection by the Board and the Claims Administrator, and by any authorized representative of either.

Section 6.4. Pro Rata Assessment; Liability. Each Participating School District agrees to make all contributions required of it pursuant to this Agreement. In addition, pursuant to Montana Code 20–3–366(2)(c) and 368(2)(a), each Participating School District agrees that it is subject to pro rata assessment by the Board for all liabilities of the Trust. If a Participating School District fails to make any such contribution or pay any such assessment, or fails to provide the Board with any report, or with access to its records, as required of it hereunder, or fails to give the Board timely written notice of its withdrawal from the Plan, the Trustees shall take such actions as they may deem appropriate under the circumstances. Such Participating School District shall pay all of the costs reasonably incurred by the Board in taking such actions, including reasonable attorneys' fees.

ARTICLE VII
Amendment and Termination of the Trust or Participating School Districts

Section 7.1. Amendment of the Trust. The Board may amend this Trust Agreement. No amendment shall cause Trust Funds to be used to provide benefits other than health insurance benefits or adversely affect the exempt status of the Trust or any of statutory criteria required to qualify the Trust under 20-3-366. Any amendment shall become effective upon receipt by the Board of the instrument of amendment and endorsement thereon by the Board of its consent thereto, if such consent is required.

Section 7.2. Termination of the Trust. Any permitted termination shall become effective upon the receipt by the Board of the instrument of termination. When dissolving the Trust either voluntarily or due to violation of Montana Code Section 20–3–366(1) for more than three (3) consecutive years, the Board shall wind up the affairs of the Trust in the following order:

(a) impose any assessments on the Participating School Districts that are calculated by the Trust's retained actuary as necessary to pay all liabilities of the Trust;

(b) pay all remaining claims, including incurred but not reported claims;

(c) pay all remaining liabilities of the Trust;

(d) return any reserve balance remaining from the distribution of state funds to the trust under Montana Code Section 20–3–369(3) to the state of Montana for deposit in the state general fund. The portion of the reserve balance attributable to the distribution of state funds must be determined by an actuarial reserve balance analysis conducted by an actuary chosen by the state auditor.

(e) distribute its remaining net assets, if any, proportionately to the Participating School Districts pursuant to the contractual terms of coverage and membership in the Trust. A Participating School District shall deposit in an internal service account and spend the funds in accordance with Montana Code Sections 20–3–330 or 20–3–331.

Upon termination, no part of the Trust will be distributed, transferred, conveyed, delivered, or paid to an entity that is not the State of Montana, political subdivision of Montana, or an entity the income of which is excludable from its gross income Section 115 of the Code.

Section 7.3. Participating School District Withdrawal. As required under Montana Code Section 20–3–367, a Participating School District that voluntarily joins the Trust may not withdraw from the Trust unless:

(a) the Participating School District has participated in the Trust for at least five (5) consecutive school fiscal years; or

(b) the Participating School District has an inflation gap factor equal to or greater than 1.5, after which such district or group may withdraw from the Trust upon the conclusion of the plan year in which the Trust reports an inflation gap factor to the district or employee group above 1.5 (or an inflation gap factor meeting or exceeding the requirements under any enacted amendment to Montana Code Section 20–3–367).

To complete its withdrawal, the Participating School District shall notify the Board in writing of its intent to withdraw no later than one hundred and eighty (180) days prior to its actual termination date. Such withdrawal will be effective at the end of the plan year following such notice period, unless the Participating School District has an inflation gap factor equal to or greater than 1.5 as described in Section 7.3(b) above, in which case, the Participating School District may withdraw from the Trust effective upon the conclusion of the plan year as long as notice is provided prior to the end of such plan year. Within seven (7) days of receiving a Participating School District's notification of its intent to withdraw, the Board shall notify the Montana Commissioner of Securities and Insurance that the Participating School District intends to withdraw from the Trust.

The Participating School District may rescind its notice of intent to withdraw unless otherwise barred by the applicable provisions of the Trust Agreement. Following a withdrawal under this section, such a school district:

(a) is ineligible to rejoin the Trust for at least five (5) full school fiscal years following the year in which the district withdraws;

(b) is ineligible for receipt of any portion of the net assets or reserve balance of the Trust attributable to the distribution of funds under the stabilization payment created by Montana Code Section 20–3–369 on withdrawal; and

(c) shall reimburse the Trust for the run-out liability of the withdrawing district or employee group. Such liability consists of all claims of the withdrawing district or employee group that were incurred by the Participants of the Participating School District or employee group prior to the effective date of the Participating School District's or employee group's withdrawal.

Section 7.4. <u>Participating School District Termination</u>. A Participating School District's participation in the Trust shall remain in effect unless terminated by the Trust for cause as determined by the Board, including but not limited to nonpayment, late payment, or disparagement. In such an event, the Trust may void Participating School District's participation in the Trust and all obligations of the Trust to the Participating School District. Such termination will be effective upon the later of either the first of the month after the date of the termination notice, or ten (10) days after the date of the termination notice. Termination does not relieve the Participating School District of its financial commitments hereunder.

ARTICLE VIII
Election, Resignation or Removal of Trustee

Section 8.1 Election of Trustee. The Participating School Districts will elect eleven Trustees to serve on the Board. In addition to the eleven elected Trustees, the Montana state auditor or the auditor's designee shall be an ex officio nonvoting member of the Board as required under Montana Code Section 20–3–366. In the interest of maintaining a broad representation of different geographic areas and school district sizes, the eleven elected Trustees shall include six representatives of the AA districts, and the remaining five representatives will be from districts of all other sizes (A, B, C and independent elementary districts).

Section 8.2 Board Elections. The Trust shall solicit interest from Participating School Districts to determine a list of nominees to serve as Trustees ahead of Board elections. The Trust shall put forth a ballot for such elections annually, or in the event of a Board vacancy, and shall distribute one ballot to each Participating School District for each such election.

Section 8.3 Term of Office. The term of a Trustee will be three (3) years, or until his or her successor is elected and qualified, if later. The terms of approximately one-third of the Trustees will expire each year to permit the terms of Trustees to overlap. Accordingly, the terms of the initial Trustees will be staggered, with one-third having an initial term of three (3) years, one third having an initial term of two (2) years, and the remainder having an initial term of one (1) year. There is no limit on the number of terms a Trustee may serve. The initial year for the initial Trustees will begin upon the Trust's qualification by the state auditor.

Section 8.4 Removal. The Board, acting by a majority, may remove a Trustee by providing that Trustee a thirty-day advanced written notice.

Section 8.5 Resignation. A Trustee may resign by giving thirty (30) days advance written notice to the Board. The Board may waive this notice requirement.

Section 8.6 Successor Trustee. On the removal or resignation of a Trustee, or the expiration of a Trustee's term, a successor will be elected by Participating School Districts pursuant to Section 8.2. The successor Trustee will have the same rights, duties, powers, and immunities as the predecessor Trustee being succeeded. Any resigning or removed Trustee will execute all documents and do all acts necessary to vest the rights, duties, and powers in the successor Trustee. If for any reason the Participating School Districts do not elect a new Trustee(s), as in this Trust Agreement, the remaining Trustees will constitute the Board. If no Trustees remain, the last resigning or removed Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee or for instructions. Any expenses as a result of the Trustee's application to a court of competent jurisdiction will be paid as an expense of administration from the Trust Fund.

Each successor Trustee will demonstrate acceptance of this Trust by executing this Trust agreement or an addendum to this Trust agreement. A resigning or removed Trustee will transfer and deliver all of the assets of the Trust to the successor Trustee.

ARTICLE IX
Miscellaneous

Section 9.1. Action by the Participating School District. Whenever the Participating School District is required or authorized to take any action hereunder or to give any directions to the Board, such action or directions shall be taken by such officer or officers of the Participating School District as shall be duly authorized under Section 6.1.

Section 9.2. Assignment. This Trust Agreement will not be assigned by either party without the prior written consent of the other party. The provisions of this Trust Agreement are for the sole and exclusive benefit of the parties hereto, and no third-party beneficiary is intended or will be entitled to rely hereon.

Section 9.3. Benefit. This Trust Agreement is made solely for the benefit of the parties hereto, their respective successors, heirs, personal and legal representatives, and permitted assigns. No other person will acquire or have any right by virtue of this Agreement.

Section 9.4. Board not Liable for Duties not Assigned Herein. The duties of the Board to any Participating School District are limited to those assumed by the Board by the terms of this Trust Agreement and the Participation Agreement.

Section 9.5. Complete Agreement/Amendment. Except as expressly provided herein, this document and any attachments or exhibits contains the entire agreement between the parties and supersedes any prior discussions, negotiations, representations, or agreements among them respecting the subject matter. Except as provided in Section 7.1 of this Agreement, no additions or other changes to this agreement will be made or be binding unless made in writing and signed by each party to this agreement.

Section 9.6. Governing Law. To the extent permitted by applicable law, the Trust shall be administered, construed, and enforced according to the laws of the State of Montana.

Section 9.7. Headings. Headings and numbers in this Agreement are included for convenience of reference only. If there is any conflict between any of the numbers and headings and the text of this Trust Agreement, the text will control.

Section 9.8. Insurers. With respect to any insured benefits offered by the Plan, the insurance carriers issuing insurance contracts shall be solely responsible for the payment of all benefits payable pursuant to such contracts and for the deciding of claims for such benefits. Neither the Board, Trustees, Trust, Claims Administrator, nor any Participating School District, shall be liable in any manner for the payment of any such benefits or the deciding of any such claims.

Section 9.9. Non-Alienation of Benefits. No rights or claims to any of the monies or other assets of the Trust Fund shall be assignable, nor shall such rights or claims be subject to garnishment, attachment, execution or levy of any kind. Any attempt to transfer, assign or pledge the same shall not be recognized by the Board.

Section 9.10. Severability. In case any provision of this Trust Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of this agreement, but shall be fully severable. The Trust Agreement shall be construed and enforced as if said illegal or invalid provisions had never been inserted herein. This Trust Agreement supersedes and replaces any prior agreements with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be executed by their respective officers thereunto duly authorized as of the day and year written below.

Barb Riley, Chair of the Trustees of the BRIDGED HEALTH ALLIANCE TRUST

DATE: _____________

By: ______________________________
[NAME]

ATTEST: __________________________

EXHIBIT A
PARTICIPATING SCHOOL DISTRICTS

Participating School District	***Contact***	***Date Adopted***
[School District Name]	[Contact Information]	[Date of Participation Agreement]