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October 1, 2014

Hon. Joanne Yepsen, Mayor  
City of Saratoga Springs  
City Hall  
474 Broadway  
Saratoga Springs, N.Y. 12866

Hon. Mayor Yepsen:

Thank you for considering our firm to assist the City of Saratoga Springs ("City") in connection with a review of the status of the members of board appointments and memberships for certain entities controlled by the City. Our review will include various meetings with City staff, investigation of the existing and past appointments and certain related matters and appropriate legal research. Following such review, you have asked that we render certain opinions regarding the status of such members. The cost to the City for our review and providing our opinion shall not exceed \$7,500.

I will have primary responsibility for this. We will keep you informed of the progress of the case and will be available to respond to your questions. While we will not seek your input on every issue or decision in the case, major decisions of strategy are yours to make, after consultation.

To enable us to advise you effectively, you agree to cooperate fully with us in all matters relating to this matter, and to fully and accurately disclose to us all facts and documents that may be relevant to the matter or that we may otherwise request. It is expected that the City will agree to pay our statements for services and other charges as stated below.

**Fees.** Our fees will be based primarily on the amount of time spent on your behalf. Each lawyer and legal assistant has an hourly billing rate based generally on experience and special knowledge. The rate multiplied by the time expended on your behalf, measured in tenths of an hour, will be the initial basis for determining the fee. George W. Cregg, Jr. current hourly rate is \$380 per hour and my current rate is \$345 per hour. The associate billing rate in Saratoga Springs is \$200 per hour. We propose a blended rate of **\$275.00** for the City for this engagement.

Other factors may be taken into consideration in determining our fees, including the novelty and difficulty of the questions involved; the skill requisite to perform the services properly; the experience, reputation and ability of those performing the services; the time

limitations imposed by you or the circumstances; the amount involved and results obtained; and any other factors that may be relevant in accordance with applicable rules of professional conduct. However, these factors will not result in our fees exceeding the indicated amounts based on our hourly rates without prior discussion with you.

You agree to pay our statements for fees and expenses as provided above. In the unlikely event that a dispute arises between us relating to our fees, you may have the right to arbitration of that dispute pursuant to Part 137 of the Rules of the Chief Administrator of the Courts, a copy of which will be provided to you upon request.

**Insurance.** The Firm acknowledges that the City of Saratoga Springs requires a Certificate of Insurance naming the City of Saratoga Springs as an Additional Insured on a primary and non-contributory basis evidencing the following coverage:

- Commercial General Liability: \$1,000,000 per occurrence and \$2,000,000 aggregate including completed operations, personal injury and product liability
- Professional Errors & Omissions Coverage: \$1,000,000 per occurrence aggregate (Please note that for this coverage, the City of Saratoga Springs shall not be named as an Additional Insured.)
- Statutory Workers Compensation and Employer's Liability Insurance for all employees (Please note that for this coverage per NYS Law, the City of Saratoga Springs shall not be named as an Additional Insured.)

The Firm will provide the City with a Certificate of Insurance naming the City as "Additional Insured" on a primary and non-contributory basis prior to the commencement of any work. The failure to object to the contents of the Certificate of Insurance or the absence of same shall not be deemed a waiver of any and all rights held by the municipality. Certificates of Insurance will be addressed to the attention of: Director of Risk and Safety, City of Saratoga Springs, 474 Broadway City Hall, Saratoga Springs, NY 12866.

**Miscellaneous.** Statements normally will be rendered monthly for work performed and expenses recorded on our books during the previous month. Payment is due promptly upon receipt of our statement. If any statement is not paid when due, we may suspend performing services for you until arrangements satisfactory to us have been made for payment of outstanding statements and the payment of future fees and expenses. If payment is overdue by more than 90 days, we will impose a late payment fee calculated at the rate of 1-½ % per month on the outstanding amount, unless some other arrangement has been made

As you know, the fees and costs relating to this matter are not predictable. Accordingly, although we have provided you with an estimate of our total fee, we cannot make any commitment to you concerning the maximum fees and costs that will be necessary to resolve or complete this matter. Any estimate of fees and costs that we may have discussed represents only an estimate, not a promise or guaranty. It is also expressly understood that payment of the firm's fees and costs is in no way contingent on the ultimate outcome of the matter.

You may terminate our representation at any time by notifying us. Your termination of our services will not affect your responsibility for payment of outstanding statements and accrued fees and expenses incurred before termination or incurred thereafter in connection with an orderly transition of the matters. If such termination occurs, your papers and property will be returned to you promptly upon receipt of payment for outstanding fees and costs. Our own files pertaining to the matter will be retained. These firm files include, for example, firm administrative records, time and expense reports, personnel and staffing materials, and credit and accounting records; and internal lawyers' work product such as drafts, notes, internal memoranda, and legal and factual research, including investigative reports, prepared by or for the internal use of lawyers.

We may withdraw from representation if you fail to fulfill your obligations under this agreement, including your obligation to pay our fees and expenses, or as permitted or required under any applicable standards of professional conduct or rules of court, or upon our reasonable notice to you. We will take such steps as are reasonably practicable to protect your interest during any transition. We certainly anticipate that we will see this matter through to conclusion.

In performing our services to the City, we represent only the City. We assume that the City is aware that we represent many other clients in numerous and diverse matters. It is possible that, during the time that we are representing the City, some of our past, present or future clients will have transactions with the City. The City agrees that we may continue to represent, or may undertake in the future to represent, existing or new clients in any matter that is not substantially related to our work with the City (even if the interests of such clients in those other matters is directly adverse to the interests of the City; however, we agree that the City's prospective consent to conflicting representation shall not apply in any instance where, as a result of our representation of the City, we have obtained proprietary or other confidential information of a non-public nature, that, if known to such other client, could be used in any such other matter by such client to the City's material disadvantage).

When we need to communicate information to the City, the City agrees that communicating the same to the Mayor, Deputy Mayor, or City Counsel shall be treated as if we had communicated such information to the full board of the City.

**Conclusion of Representation; Disposition of Documents.** Unless previously terminated, our representation in this matter will terminate upon our sending you our final statement for services rendered in the matter. At your request, your papers and property will be returned to you upon receipt of payment for outstanding fees and costs. Our own files pertaining to the matter will be retained by the firm. These firm files include, for example, firm administrative records, time and expense reports, personnel and staffing materials, credit and accounting records, and internal lawyers' work product, such as drafts, notes, internal memoranda, and legal and factual research, including investigative reports, prepared by or for the internal use of lawyers. All such documents retained by the firm will be transferred to the person responsible for administering our records retention program. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to destroy or otherwise

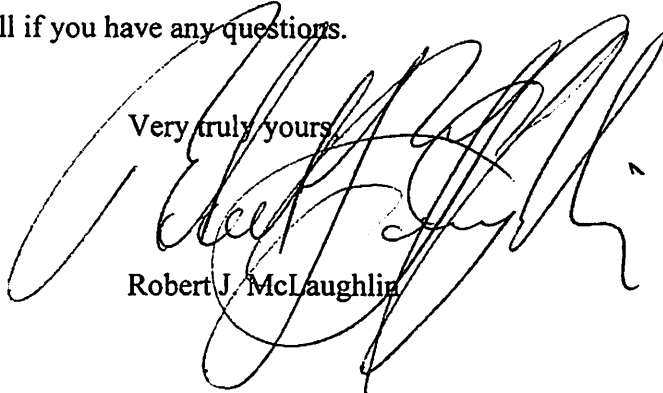
dispose of any such documents or other materials retained by us within a reasonable time after the termination of the engagement.

**Governing Law.** This engagement letter, and all matters arising in connection with it, shall be governed by the law of the State of New York without regard to conflict of law principles.

Please review this letter carefully and, if it meets with your approval, please sign the enclosed copy of this letter and return it to me with the retainer so that we may begin work.

Please do not hesitate to call if you have any questions.

Very truly yours,



Robert J. McLaughlin

Agreed and accepted:

City of Saratoga Springs

By: \_\_\_\_\_  
Name:  
Title: