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December 4, 2015

City of Saratoga Springs
478 Broadway
Saratoga Springs, NY 12866

cc: Adirondack Trust Insurance Agency
P.O. Box 336
Saratoga Springs, NY 12866

Re: Three-Year Program for City of Saratoga Springs (the "Insured")

Dear Marilyn Rivers:

The purpose of this letter is to memorialize our mutual understanding with respect to the insurance program ("Program") issued by Travelers to the Insured effective 01/01/2016 to 01/01/2017 (the "Initial Policy Period").

It is the intention of Travelers to renew the Program for two additional twelve-month policy periods (the "Additional Policy Periods") at the same rates, limits, terms and conditions of the Initial Policy Period; except that this intention does not apply to the workers compensation line of business within the Program. It is the intention of the Insured to accept Travelers' proposed renewals and maintain the Program for the Additional Policy Periods.

Travelers may adjust the rates, limits, terms and conditions for either or both of the Additional Policy Periods if any of the following conditions occur:

1. There is a change in the Insured's operations, exposures or risk management controls which substantially increases the chances of a loss so as to allow Travelers' acceptance of the risk of a loss only with different rates, limits, terms or conditions, in accordance with Travelers' standard underwriting practices;
2. The Program has a five year loss ratio over 40%;
3. There is a change to or loss of Travelers' treaty reinsurance that would prevent Travelers from renewing the Program at the same rates, limits, terms and conditions;
4. The Insured becomes financially insolvent or impaired;
5. There has been a change in law (including insurance regulations) or an applicable Travelers rating plan, or insurance regulatory action which prevents Travelers from renewing the Program at the same rates, limits, terms and conditions; or
6. There has been a significant insurance claim event which prompts industry-wide changes in the U.S. property and casualty insurance industry with respect to insurance availability and pricing, whether the Insured suffers a loss as a result of the event or not.

Any changes to the rates, limits, terms and conditions of the Program as a result of one of above conditions occurring will be subject to the mutual agreement of Travelers and the Insured. If the Insured does not agree to the adjustments proposed by Travelers as a result of one of conditions occurring then Travelers may non-renew the Program for one or both of the Additional Policy Periods in accordance with applicable state laws.

Notwithstanding anything to the contrary contained herein, Travelers reserves the right to cancel or non-renew the Program during the Initial Policy Period or the Additional Policy Periods in accordance with applicable state laws or regulations if the reason for Travelers' termination is (1) the Insured's failure to pay Travelers any amount when due, (2) the Insured makes any misrepresentations to Travelers or breaches any representations made to Travelers, either orally or in writing, or (3) there is an Act of Terrorism (as defined under the Terrorism Risk Insurance Act of 2002 or any extensions thereof), whether the Insured suffers a loss as a result of the Act of Terrorism or not.

Please sign below to acknowledge your understanding and agreement with the terms of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Melanie Wahlquist", with a long horizontal flourish extending to the right.

Melanie Wahlquist
Chief Underwriting Officer
Public Sector Services

Understood and Agreed:

City of Saratoga Springs

By: _____

Title: _____

Date: _____