

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This First Amendment to Employment Agreement is entered into this 7th day of March, 1995, by and between the City of Redlands, a municipal corporation (hereinafter "City") and Daniel J. McHugh (hereinafter "Employee").

RECITALS

Whereas, City and Employee have entered into an Employment Agreement dated April 19, 1994, wherein City expressed its desire to employ the services of Employee as City Attorney of the City of Redlands as provided for by California Government Code Section 36505; and

Whereas, it is the desire of the City Council of City and Employee to amend certain provisions of the Employment Agreement as hereinafter provided;

Now, therefore, in consideration of the mutual covenants contained herein, the City of Redlands and Daniel J. McHugh agree as follows:

AGREEMENT

1. Section 2 of the Employment Agreement relating to salary is hereby amended to read as follows:

"City agrees to pay Employee for his services rendered pursuant hereto an annual base salary of \$92,391 payable in installments at the same time as other employees of City are paid."

2. Section 3 of the Employment Agreement relating to fringe benefits is hereby amended to read as follows:

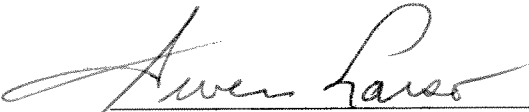
"City shall pay to or on behalf of Employee for fringe benefits an amount which is proportionate to those provided to members of City's Management Group; provided, however, with regard to the City's deferred compensation plan, City shall pay annually on the effective date of this Agreement and on each anniversary date of this Agreement thereafter, for the benefit of Employee, the maximum amount as of January 1, 1995, that Employee is entitled to contribute. In addition, Employee shall receive the same PERS benefits as that provided to non-sworn members of the City's Management Group. These amounts shall be adjusted proportionately based on any adjustments in City contributions to these fringe benefits given to members of City's Management Group."

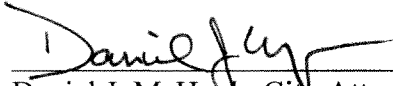
First Amendment to Employment Agreement
Page 2

In witness hereof the parties have executed this First Amendment to Employment Agreement the day and year first written above.

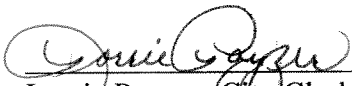
CITY OF REDLANDS

EMPLOYEE


Swen Larson, Mayor


Daniel J. McHugh, City Attorney

ATTEST:


Lorrie Poyzer, City Clerk