

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

This Second Amendment to Employment Agreement is entered into between the City Council of, and on behalf of, the City of Redlands (hereinafter "City") and Gary M. Luebbers (hereinafter "Employee").

RECITALS

Whereas, on October 21, 1993, City and Employee entered into a written agreement entitled "Employment Agreement" (the "Employment Agreement") whereby City and Employee agreed upon the terms and conditions and Employee's appointment as City Manager; and

Whereas, with the understanding that after the November, 1993 City Council election and the seating of new City Councilmembers, it was the intention of City and Employee to review the terms and conditions of Employee's Employment Agreement approximately six months after the date Employee was appointed as City Manager; and

Whereas, on April 19, 1994, City and Employee entered into a First Amendment to Employment Agreement to amend certain provisions of the Employment Agreement as therein provided; and

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

Now, therefore, in consideration of the mutual promises contained herein, the City of Redlands and Gary M. Luebbers agree as follows:

AGREEMENT

1. Section 2 of the Employment Agreement is hereby amended as follows:

"Employee's annual salary shall be \$94,760."

2. Section 10 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 the 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 to such plan. In addition, Employee shall receive the same PERS benefit provided to non-sworn

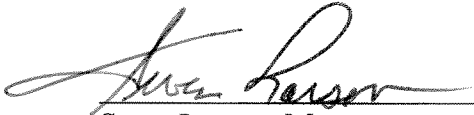
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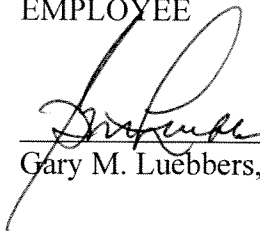
members of the City's Management Group. These amounts shall be adjusted **proportionately**, based on any adjustments in City contributions to these fringe benefits given to **members** of the City's Management Group. City shall also buy back one (1) week of accrued **vacation** of Employee annually."

In witness hereof the parties have executed this Agreement on the 7th day of March, 1995.

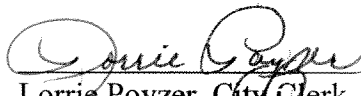
CITY OF REDLANDS

EMPLOYEE


Swen Larson, Mayor


Gary M. Luebbers, City Manager

ATTEST:


Lorrie Poyzer, City Clerk