

FOURTH AMENDMENT TO EMPLOYMENT AGREEMENT

This Fourth Amendment to Employment Agreement is entered this 7th day of December, 1999, by and between the City of Redlands, a municipal corporation (hereinafter "City") and Gary M. Luebbers (hereinafter "Employee").

RECITALS

Whereas, City and Employee have entered into an Employment Agreement dated October 21, 1993, whereby City and Employee agreed upon the terms and conditions for Employee's appointment as City Manager; and

Whereas, City and Employee on April 19, 1994, March 7, 1995, and August 5, 1997, amended certain provisions of the Employment Agreement; and

Whereas, on December 7, 1999, the City Council of City took action to unilaterally grant Employee an increase in salary in the amount of six percent (6%) per annum of Employee's base salary as of December 7, 1999; and

Whereas it is the desire of the City Council of City and Employee to amend the provisions of the Employment Agreement to reflect the City's action of December 7, 1999;

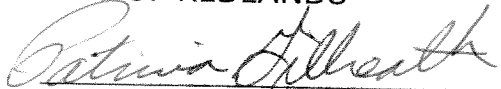
Now, therefore, in consideration of the mutual covenants contained herein, the City of Redlands and Gary M. Luebbers agree as follows:

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

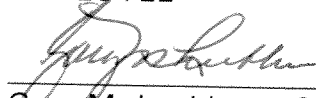
"City shall pay Employee for his services rendered pursuant hereto an annual base salary of \$114,161 effective with the payperiod commencing on December 27, 1999, payable in installments at the same time as other employees of City are paid."

In witness hereof the parties have executed this Agreement on the 14th day of December, 1999.

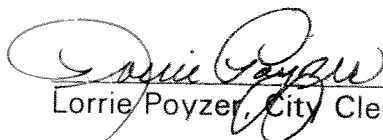
CITY OF REDLANDS


Patricia Gilbreath, Mayor

EMPLOYEE


Gary M. Luebbers, City Manager

ATTEST:


Lorrie Poyzer, City Clerk *u.p.*