

THIRD AMENDMENT TO EMPLOYMENT AGREEMENT

This Third Amendment to Employment Agreement is entered this 18th day of January, 2005, by and between the City of Redlands, a municipal corporation (hereinafter "City") and John Davidson (hereinafter "Employee").

RECITALS

Whereas, City and Employee have entered into an Employment Agreement dated December 11, 2000, wherein City expressed its desire to employ the services of Employee as provided for by California Government Code Section 36505; and

Whereas, City and Employee on December 19, 2000 and December 7, 2004 amended certain provisions of the Employment Agreement; and

Whereas, it is the desire of the City Council of City and Employee to amend the provisions of the Employment Agreement relating to the salary of Employee;

Now, therefore, in consideration of the mutual covenants contained herein, the City of Redlands and John Davidson 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 in accordance with the following schedule, payable in installments at the same time as other employees of City are paid, i.e., the first full pay period following the effective date:

Effective July 1, 2004, the annual salary shall be increased to 6% above the highest paid department head, including shift differential, education incentive, POST and management certificate pay.

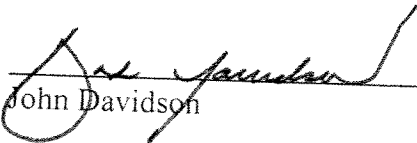
Thereafter, Employee's annual salary shall be increased by the respective percentage salary increase amounts for such years provided to the Redlands Association of Management Employees in its Memorandum of Understanding dated October 5, 2004."

In witness hereof the parties have executed this Agreement on the 18th day of January, 2005.

CITY OF REDLANDS


Susan Pepler

EMPLOYEE


John Davidson

ATTEST:


Lorrie Poyzer, City Clerk