

**THIRD AMENDMENT TO  
EMPLOYMENT AGREEMENT**

**THIS THIRD AMENDMENT TO EMPLOYMENT AGREEMENT**, effective as of July 1, 2012, by and between THE CITY OF BRISBANE, a municipal corporation ("City") and CLAYTON L. HOLSTINE ("Employee"), is made with reference to the following facts:

A. Employee is employed by City in the position of City Manager and is currently performing the duties of such office pursuant to the terms and conditions of a certain Employment Agreement dated June 6, 2005 (the "Employment Contract"), as modified by the First Amendment to Employment Agreement dated August 18, 2007 ("the First Amendment"), and a Second Amendment to Employment Agreement dated May 19, 2008 ("the Second Amendment").

B. The parties desire to further modify the Employment Contract as hereinafter set forth.

**NOW, THEREFORE, it is agreed as follows:**

**1. Salary.**

(a) Effective as of January 1, 2013, the existing annual salary of Employee shall be reduced by two percent (2%), and shall remain at that level until further action by the City Council.

(b) Employee has already administratively waived the housing allowance set forth in Section 8(c) of the Employment Contract. Such housing allowance shall be permanently discontinued.

**2. Vacation and Leave Time.**

(a) For the fiscal years of 2011-2012 and 2012-2013, Employee waives the two (2) weeks of administrative leave Employee would be entitled to claim pursuant to Section 6 of the Employment Contract. In addition, for the calendar year 2013, Employee waives three (3) floating holidays Employee would otherwise be entitled to take.

(b) Employee shall be entitled to one (1) week of longevity leave, which may be taken at any time or times during the 2013 calendar year.

**3. Housing Program.**

It is the intention of City and Employee to modify the housing loan made by City to Employee, which is secured by a second deed of trust against Employee's personal residence. The modification will serve to reduce the rate of interest charged on the housing loan from the existing rate of 4.18% per annum to 2.25% per annum. The parties agree to execute a Loan Modification Agreement to implement this change as soon as such document is available for review, approval and signature.

**4. General Review of Employment Contract**

The parties acknowledge that the existing Employment Contract contains various provisions that are no longer applicable to the employment arrangements between City and Employee. Moreover, it has now become more difficult to determine the current terms of the Employment Contract as a result of multiple amendments which have been made since the original Employment Contract was executed, including this amendment. The parties have therefore agreed to make a general review of the Employment Contract and to prepare and execute an amended and restated contract that will entirely supersede and replace the existing Employment Contract and all amendments thereto.

IN WITNESS WHEREOF, the parties have executed this agreement the day and year first above written.

**THE CITY OF BRISBANE**

By: \_\_\_\_\_  
Cliff Lentz, Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
Harold S. Toppel, City Attorney

**EMPLOYEE:**

\_\_\_\_\_  
CLAYTON L. HOLSTINE

Effective Date: October 1, 2012

CITY OF BRISBANE  
City Manager

Appendix A

<u>Job Title</u>		<u>Salary</u>
City Manager	Monthly	\$17,567.39
	Bi-weekly	8,108.03
	Hourly	101.35

Effective Date: January 1, 2013  
2.0% Decrease

CITY OF BRISBANE  
City Manager

Appendix A

<u>Job Title</u>		<u>Salary</u>
City Manager	Monthly	\$17,222.93
	Bi-weekly	7,949.05
	Hourly	99.36