

EMPLOYMENT AGREEMENT

This Agreement is made and entered into on the dates set forth opposite the signatories' signatures, by and between the Truckee Tahoe Airport District, a California Special District, hereafter "District", acting through its Board of Directors, hereafter, "Board", and Kevin Smith, hereafter referred to as "General Manager" or "Smith".

RECITALS

A. The Board, as the governing body of the District, desires to obtain the services of Smith, as General Manager; and

B. Smith desires to accept employment as General Manager for the District; and

C. The Board and Smith wish to provide for the terms and conditions of New Manager's employment as General Manager, as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties agree as follows:

AGREEMENT

I. Employment.

The District hereby employs Smith as the General Manager of the District, and Smith hereby accepts that employment.

II. Duties.

A. General Manager shall perform those duties and have those responsibilities that are authorized and assigned to a General Manager of a Special District Airport in California, and as may be further set forth in the Airport's Policy Instructions and/or the General Manager's Job Description, as may be amended by a majority vote of the Board from time to time. General Manager shall perform such other legally permissible and proper duties and functions consistent with the office of the General Manager, as the Board shall from time to time assign by a majority vote.

B. General Manager is designated as Secretary of the Board.

C. General Manager is designated as Auditor of the District.

III. Term.

A. The effective term of employment of General Manager as General Manager shall begin May 10, 2010 and shall expire on September 30, 2013, unless sooner terminated as provided for in this Agreement.

B. District, acting through the Board on the affirmative vote of not less than three (3) Board Members, may terminate General Manager's employment at any time and without cause or reason by giving General Manager written notice of that termination. In the event General Manager is terminated without cause, District shall provide him with severance pay equal to the lesser of six (6) months base compensation or whatever amount of time remains on this Employment Agreement. In addition, General Manager shall also be provided continued medical insurance benefits for the same period of time, or until he finds new employment with medical insurance benefits, whichever occurs first. Pursuant to Government Code section 53260, regardless of the terms of the contract, if the contract is terminated, the maximum cash settlement may not exceed an amount equal to the monthly salary of the employee multiplied by the number of months left on the unexpired term of the contract, but in no event shall it be greater than eighteen (18) months.

C. In the event this Employment Contract is not renewed under the same or similar provisions by an affirmative vote of not less than three (3) Board Members, this Employment contract shall automatically be renewed under the same terms and conditions of this contract, as it may have been revised or amended, on a month-to-month basis. Any termination or non-renewal of this Employment Contract by District, after June 30, 2013, other than for cause, shall require at least three (3) months advance written notice to General Manager.

D. General Manager may resign from employment as District General Manager at any time upon giving thirty (30) days written notice to the Board.

E. Notwithstanding any provision in this Agreement to the contrary, District shall not terminate General Manager during the first ninety (90) days after the assumption of office of District's Board Members pursuant to the provisions of California Elections Code section 10554 following any election for membership on the Board of the District except as set forth herein. In the event an affirmative vote of not less than three (3) Board Members is cast within ninety (90) days following the Board Members' assumption of office to terminate General Manager and this Agreement for reasons other than for cause as specified in section 3. F., below, other than subsections (3) or (4), which are specifically excluded for purposes of this subsection E., District shall pay severance to General Manager in the amount provided in sub-paragraph B above plus an additional severance equal to whatever time remains in the ninety (90) day post-assumption of office time period.

F. The District, acting through the Board on the affirmative vote of not less than three (3) Board Members, may terminate General Manager's employment at any time for cause by giving General Manager written notice of that termination. In such a case, General Manager shall not be entitled to any severance pay or any other compensation other than his regular pay through his final date of employment. Cause shall be defined as any of the following:

(1) Gross negligence

(2) Malfeasance

- (3) Failure or refusal to follow lawful, written instructions issued by the District's Board by a majority vote
- (4) Failure to remedy performance problems within General Manager's reasonable control as identified in writing by the Board by majority vote and not corrected to a majority of the Board's satisfaction within the greater of ninety (90) days thereafter or as otherwise specified by a majority vote of the Board
- (5) Material breach of this Agreement
- (6) Moral turpitude
- (7) Conviction of a felony
- (8) Unlawful discrimination or harassment
- (9) Death or permanent disability rendering him unable to discharge his duties with reasonable accommodation

IV. Devotion to District Business.

A. General Manager shall devote his entire productive time, ability and attention to the business of the District during the term of this agreement.

B. General Manager shall not engage in any other business, educational, professional or charitable activities that would conflict or materially interfere with performance of his General Manager duties. This Agreement shall not be interpreted to prohibit General Manager from making personal investments or conducting other private business affairs, if those activities do not create a conflict of interest under State law or materially interfere with the services required under this agreement.

C. Notwithstanding the above provisions of this Section IV, because General Manager is leaving his current employment on relatively short notice, he shall be entitled to take two days leave of absence in order to return to his current place of employment (at his own cost and expense) in order to train his successor. Such leave of absence shall not be charged against any of his personal leave, sick leave or vacation benefits and General Manager shall receive his usual compensation for those two days of leave.

V. Compensation and Relocation Assistance.

A. District shall pay General Manager for services rendered, an annual base salary of One Hundred Thirty-Four Thousand Dollars (\$134,000.00). Said amount shall be payable in bi-weekly installments at the same time and in the same manner as other employees of the District are paid. In the event the Board by a majority vote determines that financial circumstances dictate the need to reduce District employees' compensation, the Board shall by a majority vote

have the right to reduce General Manager's compensation by the same percentage reduction that applies to other District employees.

(B) The District Board and General Manager shall establish performance goals for General Manager for each fiscal year. The Board shall evaluate General Manager's performance and compensation at least every twelve (12) months, and shall carry out the first evaluation on or before December 1. Each year each individual Board member will provide an evaluation rating for the previous year. The Board shall by a majority vote develop an appropriate salary range and merit guidelines to be utilized as part of the annual salary review, if any. The scores of each Board member shall be averaged to determine any salary adjustment. Failure to provide for an increase shall not be considered any disapproval of General Manager's services or be any reflection upon the evaluation. Any increase granted General Manager shall be set forth in a compensation resolution approved by a majority vote of the District Board, and shall not require an amendment to this Agreement to be effective. Such evaluation and review shall apply retroactively to the annual anniversary date of this Agreement.

C. District shall pay a relocation stipend in the sum of Sixteen Thousand, Five Hundred Dollars (\$16,500.00) to cover his relocation to a location within 50 road miles of the Truckee Tahoe Airport and temporary housing expenses. In the event the original term of this contract is terminated prior to September 30, 2013, other than termination by District without cause, General Manager shall reimburse, based on a monthly pro rata basis, the portion of this relocation stipend that applies to the unexpired portion of this contract. General Manager shall also be entitled to reimbursement not to exceed One Thousand dollars (\$1,000.00) for travel and related expenses in order to explore housing options prior to the commencement of his employment on May 10, 2010. General Manager shall be entitled to reimbursement of his and his wife's actual expenses for air transportation, car rental, food and lodging upon submitting receipts for said trip.

VI. Pension.

District shall enroll General Manager as a member of the California Public Employees Retirement System (PERS), or equivalent, in the PERS plan provided to other District management employees. District and General Manager shall each be responsible for paying its/his portion of the contribution into the plan.

VII. Medical Insurance.

If requested by General Manager, District shall provide General Manager with the same medical benefits plan or plans that are provided to other District management employees.

VIII. Automobile Allowance.

Since General Manager's duties require the use at all times during the duration of this Agreement of an automobile, District shall pay General Manager an automobile allowance and fuel allowance totaling Five Hundred Dollars (\$500.00) per month.

IX. Professional Training/Conferences/Flight Training.

District shall budget for developmental expenses for General Manager to attend official meetings and occasions reasonably adequate to continue the professional development of General Manager and to reasonably pursue necessary official and other functions for the District. Notwithstanding the above, the number of conferences or meetings District will pay for each year and attendance at conferences and meetings shall be at the discretion of the Board by a majority vote. In addition, District shall provide General Manager a stipend in the sum of Two Hundred Fifty Dollars (\$250.00) at the end of each calendar quarter to be applied toward aviation currency and/or expansion of flying knowledge and experience.

X. Vacation, Administrative, Sick Leave and General Benefits.

Annually, beginning with the commencement of his employment, General Manager shall accrue paid vacation, sick leave and be entitled to recognized District holidays consistent with District policy as well as any other benefits provided to other District management employees unless otherwise specified in this Agreement.

XI. Headings.

Headings are inserted for convenience of reference only and shall not be used to limit, construe or otherwise interpret this Agreement.

XII. Notices.

Any notices to be given hereunder by either party to the other in writing may be effective either by personal delivery or by mail. Mailed notices shall be addressed to the address of the parties to be notified which appears below, but each party may change its address by written notice given in accordance with this paragraph. Notices delivered personally will be deemed communicated as of actual receipt. Mailed notices will be deemed communicated and received as of five (5) calendar days following the date of mailing of the notice.

District: Truckee Tahoe Airport District
Attn: Board President
10356 Truckee Airport Road
Truckee, CA 96161

General Manager: Kevin Smith

XIII. Final and Binding Arbitration.

The District and General Manager agree that any and all disputes regarding his employment including those that arise during his employment or concerning his termination and

any entitlement to severance pay as well as breach of this Agreement and any disputes over the interpretation or enforcement of this Agreement shall be settled through FINAL and BINDING ARBITRATION pursuant to the employment dispute resolution rules of the American Arbitration Association. The parties waive all rights to initiate any court proceedings and a jury trial. The District shall pay all costs associated with the arbitration including the arbitrator's fee. Each party shall be responsible for its/his own attorney's fees unless ordered by the arbitrator pursuant to a statutory requirement. Venue for any arbitration hearing shall be in Truckee, CA.

XIV. Entire Agreement.

This Agreement represents the entire agreement between the parties and supersedes any and all other agreements, either oral or in writing, between the parties with respect to that employment of General Manager by District and contains all of the covenants and agreements between the parties with respect to that employment. Each party to this agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by either party, or anyone acting on behalf of either party, which are not embodied herein, and that no other agreement, statement or promise not contained in this Agreement shall be valid or binding upon either party.

XV. Modifications.

Any modifications to this Agreement shall be effective only if in writing and signed by both of the parties hereto.

XVI. Effect of Waiver.

The failure of either party to insist on strict compliance with any of the terms, covenants, or conditions of this Agreement by the other party shall not be deemed a waiver of that term, covenant or condition, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

XVII. Partial Invalidity.

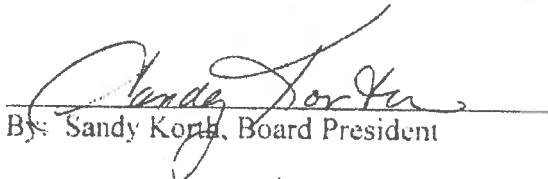
If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provision shall nevertheless continue in full force without being impaired or invalidated in any way.

XVIII. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of California, and shall be in full force and effect as of the date of execution. In the event of a dispute over its terms no presumption shall arise from the identity of the drafter.

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

TRUCKEE TAHOE AIRPORT DISTRICT

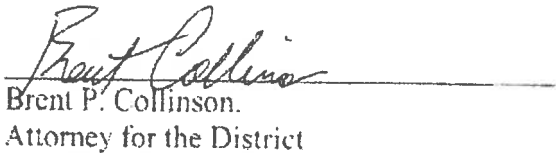

By: Sandy Korth, Board President

Date: 4/22/10


Kevin Smith, General Manager

Date: 4/18/10

Approved as to Form:


Brent P. Collinson.
Attorney for the District

Date: 4/22/10