

ONTARIO INTERNATIONAL AIRPORT AUTHORITY

COMMISSION AGENDA – REGULAR MEETING



FEBRUARY 23, 2023, AT 2:00 P.M.

Ontario International Airport Authority Administration Offices
1923 East Avion Street, Room 100, Ontario, CA 91761

ALAN D. WAPNER
President

RONALD O. LOVERIDGE
Vice President

JIM W. BOWMAN
Secretary

CURT HAGMAN
Commissioner

JULIA GOUW
Commissioner

ATIF ELKADI
Chief Executive Officer

LORI D. BALLANCE
General Counsel

JOHN M. SCHUBERT
Treasurer

NORMA I. ALLEY, MMC
Board Clerk/Assistant Secretary

WELCOME TO A MEETING OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY

- All documents for public review are on file at the Ontario International Airport Administration Offices located at 1923 E. Avion Street, Ontario, CA 91761.
- Anyone wishing to speak during public comment, or on an agenda item, will be required to fill out a Request to Address Card (blue slip). Blue slips must be turned in prior to public comment beginning or before an agenda item is taken up. The Secretary/Assistant Secretary will not accept blue slips after that time.
- You may submit public comments by e-mail to publiccomment@flyontario.com no later than 4:00 p.m. the day before the meeting. Please identify the Agenda item you wish to address in your comments. All e-mail comments will be included in the meeting record.
- Comments will be limited to 3 minutes. Speakers will be alerted when their time is up and no further comments will be permitted. Speakers are then to return to their seats.
- In accordance with State Law, remarks during public comment are to be limited to subjects within the Authority's jurisdiction. Remarks on other agenda items will be limited to those items.
- Remarks from those seated or standing in the back of the board room will not be permitted. All those wishing to speak, including Commissioners and Staff, need to be recognized by the Authority President before speaking.
- Sign language interpreters, communication access real-time transcription, assistive listening devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. Any members of the public who require special assistance or a reasonable accommodation to participate may contact the Board Clerk at (909) 544-5307 or clerk@flyontario.com.

CALL TO ORDER (OPEN SESSION)

ROLL CALL

Loveridge, Bowman, Hagman, Gouw, President Wapner

PLEDGE OF ALLEGIANCE

AGENDA REVIEW/ANNOUNCEMENTS

The Chief Executive Officer will go over all updated materials and correspondence received after the Agenda was distributed to ensure Commissioners have received them.

1. INFORMATION RELATIVE TO POSSIBLE CONFLICT OF INTEREST

Agenda item contractors, subcontractors and agents may require member abstentions due to conflict of interests and financial interests. Commission Member abstentions shall be stated under this item for recordation on the appropriate item.

PUBLIC COMMENTS

The Public Comment portion of the Commission meeting is limited to a maximum of 3 minutes for each Public Comment. Under provisions of the Brown Act, the Commission is prohibited from taking action on oral requests.

CONSENT CALENDAR

All matters listed under CONSENT CALENDAR will be enacted by one motion in the form listed below. There will be no separate discussion on these items prior to the time Commission votes on them, unless a member of the Commission requests a specific item be removed from the Consent Calendar for a separate vote.

Each member of the public wishing to address the Commission on items listed on the Consent Calendar will be given a total of 3 minutes.

2. APPROVAL OF MINUTES

Approve minutes for the OIAA Board of Commissioners meetings on December 19, 2022; January 19, 2023; January 26, 2023 (Regular), and January 26, 2023 (Special).

3. CASH DISBURSEMENT REPORT (BILLS/PAYROLL)

Receive and file the Cash Disbursement Report (Bills/Payroll) for the month ended January 31, 2023.

4. COMMISSIONER’S STIPENDS AS REQUIRED BY AUTHORITY BYLAWS

Approve additional stipends per Article IV, Section 6 of the Authority’s Bylaws for President Wapner and Commissioner Hagman for the month of January, 2023.

5. LEASE AGREEMENT WITH SOUTHWEST AIRLINES CO FOR GROUND SERVICE EQUIPMENT

Authorize the Chief Executive Officer (CEO) to execute lease agreement ONT-20-10024 (Agreement) between the Ontario International Airport Authority (OIAA) and Southwest Airlines Co (Southwest) for its Ground Service Equipment (GSE) Maintenance Facility areas (Premises) located at Building 18.

6. LEASE AGREEMENT WITH SOUTHWEST AIRLINES CO FOR CARGO OPERATION FACILITY

Authorize the Chief Executive Officer (CEO) to execute lease agreement ONT-20-10025 (Agreement) between the Ontario International Airport Authority (OIAA) and Southwest Airlines Co (Southwest) for its Belly Cargo Operation Facility areas (Premises) located at the Legacy Hangar.

7. FISCAL YEAR 2022-2023 FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2022

Receive and file financial statements for the three months ended December 31, 2022.

8. INVESTMENT REPORT FOR THE THREE MONTHS ENDED DECEMBER 31, 2022

Receive and file the Investment Report for the three months ended December 31, 2022.

ADMINISTRATIVE REPORTS/DISCUSSION/ACTION

9. RESOLUTION ADOPTING A NEW AIR CARRIER INCENTIVE PROGRAM A

Approve a Resolution implementing a new Air Carrier Incentive Program (ACIP) A, offering qualifying air carriers a waiver of certain fees and marketing incentives for providing nonstop service to unserved destinations within the United States, Canada and Mexico, and offering qualifying new entrant Air Carriers certain credits and marketing incentives.

RESOLUTION NO. 2023-05

A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY
APPROVING A NEW AIR CARRIER INCENTIVE PROGRAM (ACIP) A AND
TERMINATING THE EXISTING ACIP HAWAII

MANAGEMENT REPORT

Executive Office

SPECIAL CEREMONIES

Recognition of the retirement of Detective Joseph Paterson's K9 partner "Frida"

COMMISSION MATTERS

President Wapner

Vice President Loveridge

Secretary Bowman

Commissioner Hagman

Commissioner Gouw

ADJOURNMENT

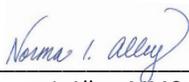
AFFIDAVIT OF POSTING

I, Norma I. Alley, MMC, Board Clerk of the Ontario International Airport Authority (OIAA), do hereby declare under penalty of perjury that the foregoing agenda has been posted at the administrative office and on the OIAA website in compliance to the Brown Act.

Date Posted: February 16, 2023

Time posted: 2:00 P.M.

Signature: _____



Norma I. Alley, MMC
Ontario International Airport Authority Board Clerk



MEETING DATE: FEBRUARY 23, 2023

AGENDA SECTION: AGENDA REVIEW/ANNOUNCEMENTS

SUBJECT: RELATIVE POSSIBLE CONFLICT OF INTEREST

RELEVANT STRATEGIC OBJECTIVE: Invest in ONT Master the Basics Plan for the Future

RECOMMENDED ACTION(S): Declare Conflict of Interest pertaining to agenda items and contractors and/or subcontractors, which may require member abstentions due to possible conflicts of interest.

FISCAL IMPACT SUMMARY: N/A

BACKGROUND: In accordance with California Government Code 84308, members of the Ontario International Airport Authority may not participate in any action concerning a contract where they have received a campaign contribution of more than \$250 in the prior twelve (12) months and from an entity or individual if the member knows or has reason to know that the participant has a financial interest, except for the initial award of a competitively bid public works contract. This agenda contains recommendations for action relative to the following contractors:

Item No	Principals & Agents	Subcontractors
5 & 6	Southwest Airlines	<ul style="list-style-type: none">None

PROCUREMENT: N/A

CEQA COMPLIANCE AND LAND USE APPROVALS: N/A

STAFFING IMPACT (# OF POSITIONS): N/A

IMPACT ON OPERATIONS: N/A

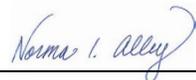
SCHEDULE: N/A

ATTACHMENTS: N/A

STAFF MEMBER PRESENTING: Chief Executive Officer Atif Elkadi

Originator Name: Norma I. Alley, MMC

Originating Dept.: Clerk's Office

Director Review: 

Chief Review: 

CEO Approval: 

This Agenda Report has been reviewed by OIAA General Counsel.

The Agenda Report references the terms and conditions of the recommended actions and request for approval. Any document(s) referred to herein, which are not attached or posted online, may be reviewed prior to or following scheduled Commission meetings in the Office of the Clerk of the Board. Office hours are 8:30 a.m. to 5:00 p.m., Monday through Friday, although these hours and review procedures may be modified. In that case, the documents may be requested by email at clerk@flyontario.com.

BOARD DISPOSITION: Approved Denied Continued to _____



MEETING DATE: FEBRUARY 23, 2023

AGENDA SECTION: CONSENT CALENDAR

SUBJECT: APPROVAL OF MINUTES

RELEVANT STRATEGIC OBJECTIVE: Invest in ONT Master the Basics Plan for the Future

RECOMMENDED ACTION(S): Approve minutes for the OIAA Board of Commissioners meetings on December 19, 2022; January 19, 2023; January 26, 2023 (Regular), and January 26, 2023 (Special).

FISCAL IMPACT SUMMARY: N/A

BACKGROUND: The OIAA Board of Commission held public meetings and minutes were recorded in text. In accordance to OIAA's Records Retention Schedule, the OIAA must preserve these historical records in hard copy form for permanent retention.

PROCUREMENT: N/A

CEQA COMPLIANCE AND LAND USE APPROVALS: N/A

STAFFING IMPACT (# OF POSITIONS): N/A

IMPACT ON OPERATIONS: N/A

SCHEDULE: N/A

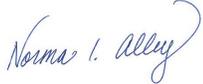
ATTACHMENTS:

1. December 19, 2022, Minutes
2. January 19, 2023, Minutes
3. January 26, 2023, Minutes (Regular Meeting)
4. January 26, 2023, Minutes (Special Meeting)

STAFF MEMBER PRESENTING: Chief Executive Officer Atif Elkadi

Originator Name: Norma I. Alley, MMC, Board Clerk

Originating Dept.: Clerk's Office

Director Review: 

Chief Review: 

CEO Approval: 

This Agenda Report has been reviewed by OIAA General Counsel.

The Agenda Report references the terms and conditions of the recommended actions and request for approval. Any document(s) referred to herein, which are not attached or posted online, may be reviewed prior to or following scheduled Commission meetings in the Office of the Clerk of the Board. Office hours are 8:30 a.m. to 5:00 p.m., Monday through Friday, although these hours and review procedures may be modified. In that case, the documents may be requested by email at clerk@flyontario.com.

BOARD DISPOSITION: Approved Denied Continued to _____

**ONTARIO INTERNATIONAL AIRPORT AUTHORITY
SPECIAL COMMISSION MEETING
MINUTES
DECEMBER 19, 2022**

This meeting was held in accordance to AB 361 as a virtual meeting on Zoom and telephonically. All matters were considered and voted upon by a roll call vote of the Members of the Board of Commissioners. All public in attendance had the opportunity to participate telephonically.

CALL TO ORDER

President Wapner called the Ontario International Airport Authority Commission meeting to order at 10:05 a.m.

ROLL CALL

PRESENT: Commissioners: Jim W. Bowman, Julia Gouw, Curt Hagman (arrived at 2:06 p.m.), Ronald O. Loveridge, and Alan D. Wapner

A quorum of the Board of Commissioners were present.

Also present were Chief Executive Officer Atif Elkadi; Assistant General Counsel Kevin P. Sullivan; Chief Financial Officer/Treasurer John M. Schubert; and Board Clerk/Assistant Secretary Norma I. Alley, MMC

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was performed.

AGENDA REVIEW/ANNOUNCEMENT

No announcements were made.

1. CONFLICT OF INTEREST

Commissioner Hagman announced he had a conflict of interest on Item No. 5 regarding the PPM Group construction management services contract and would be abstaining from vote on that matter.

CLOSED SESSION PUBLIC COMMENT

There were no closed session public comments.

CLOSED SESSION

- CONFERENCE WITH REAL PROPERTY NEGOTIATORS (GOV §54956.8.)
Property: ONT Terminals

Agency negotiator: OIAA General Counsel's Office
Under negotiation: Lease

Assistant General Counsel Kevin Sullivan announced the closed session item.

President Wapner recessed the open session and called the closed session to order at 10:08 a.m. The open session reconvened at 10:14 a.m.

REPORT ON CLOSED SESSION

President Wapner reported there was no reportable action.

PUBLIC COMMENT

Board Clerk Norma Alley noted Mr. Richard Sherman and Mr. Jason Scott provided written comment, which was entered into the record.

President Wapner called for public comment. Seeing no one come forward, he closed the public comment.

CONSENT CALENDAR

2. APPROVAL OF MINUTES

Approved minutes for the OIAA meeting on November 17, 2022.

3. CASH DISBURSEMENT REPORT (BILLS/PAYROLL)

Received and filed the Cash Disbursement Report (Bills/Payroll) for the month ended November 30, 2022.

4. COMMISSIONER'S STIPENDS AS REQUIRED BY AUTHORITY BYLAWS

Approved additional stipends per Article IV, Section 6 of the Authority's Bylaws for President Wapner for the month of November, 2022.

5. CONTRACT EXTENSION WITH JACOBS PROJECT MANAGEMENT AND PPM GROUP FOR CONSTRUCTION MANAGEMENT AND RELATED SERVICES

Authorized the Chief Executive Officer (CEO) to approve a contract extension to June 30, 2023, with Jacobs Project Management and PPM Group, Inc. for on-call construction management and related services at Ontario International Airport (ONT).

6. NON-EXCLUSIVE LICENSE AGREEMENT AND FACILITY USE AGREEMENT WITH WORLDWIDE FREIGHT SERVICES/MERCURY AIR CARGO

Authorized the Chief Executive Officer (CEO) to negotiate some refinements to OIAA's template Facility Use Agreement (FUA) and Non-Exclusive License Agreement (NELA), and to execute such Agreements, to allow international cargo clearance activities at ONT.

7. AGREEMENT FOR MANAGED NETWORK SERVICES

Authorized the Chief Executive Officer to execute an agreement with NTT for managed network services in the amount not to exceed \$372,956.

8. ADOPTION OF A RESOLUTION MAKING FINDINGS AND DETERMINATIONS UNDER ASSEMBLY BILL NO. 361 TO CONTINUE AUTHORIZATION OF VIRTUAL MEETINGS OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY FOR A PERIOD OF 30 DAYS

Adopted a Resolution making findings and determinations under Assembly Bill 361 (AB 361) to authorize staff to continue to conduct virtual-only Commission and Committee meetings, in response to COVID-19.

RESOLUTION NO. 2022-25: A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY AUTHORIZING REMOTE TELECONFERENCE MEETINGS BY THE COMMISSION AND ALL COMMITTEES IN ACCORDANCE WITH ASSEMBLY BILL 361 FOR A PERIOD OF THIRTY DAYS

MOTION: Moved by Secretary Bowman, seconded by Commissioner Gouw, to approve the Consent Calendar, including Resolution No. 2022-25

VOTE: Approval of all items on the Consent Agenda, excluding Item No. 5, carried by a 5 Yes/0 No roll call vote.

VOTE: Approval of Consent Agenda Item No. 5 carried by a 4 Yes/0 No/1 Abstention (Hagman) roll call vote.

ADMINISTRATIVE DISCUSSION/ACTION/REPORT

9. CONCESSION AGREEMENT WITH SSP AMERICA FOR FOOD AND BEVERAGE OUTLETS

Authorizing the Chief Executive Officer (CEO) to execute a Food & Beverage (F&B) concession agreement with SSP America to re-brand and build restaurants in Terminals 2 & 4 to provide food and beverage services at Ontario International Airport (ONT) for a term of 20 years with one 5-year option to extend the term.

Chief Executive Officer Elkadi presented a brief staff report.

President Wapner called for public comment.

Board Clerk Norma Alley noted written comment was received from Anthony Noriega and Maribel Nunez, which was entered into the record.

Juan Munoz, Unite Here! Local 11 Researcher, spoke against approval of the agreement.

Primitivo Pena spoke against approval of the agreement.

Anthony Noriega spoke against approval of the agreement.

Ana Juarez spoke against approval of the agreement.

Sarah Ponte spoke against approval of the agreement.

Karen May spoke against approval of the agreement.

Chris Robles spoke against approval of the agreement.

Elvia Hernandez spoke against approval of the agreement.

Lydia Hernandez spoke against approval of the agreement.

Abraham Gallogos spoke against approval of the agreement.

Alicia Bentos spoke against approval of the agreement.

Alexandra Beltran spoke against approval of the agreement.

Maria Silva spoke against approval of the agreement.

Francisco Barba spoke against approval of the agreement.

Seeing no further comment, President Wapner closed public comment.

Deliberation commenced amongst the Board of Commissioners and staff fielded questions.

MOTION: Moved by Commissioner Hagman, seconded by Commissioner Gouw to postpone to a date uncertain, and carried by a 5 Yes/0 No roll call vote.

10. AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Kelly Telford, LSL CPAs Auditing Contractor, presented the audited financial statements and fielded questions from the Board of Commissioners.

Approve the Audited Financial Statements for the fiscal year ended June 30, 2022.

MOTION: Moved by Vice President Loveridge, seconded by Commissioner Gouw, to approve the audited financial statements for fiscal year ended June 30, 2022, contingent upon no substantial changes to the financial statement and the final auditor's opinion letter be provided to the Commissioners upon completion, and carried by a 5 Yes/0 No roll call vote.

MANAGEMENT REPORT

Chief Executive Officer Elkadi provided updates on passenger traffic numbers, changes to flights, and general airport matters.

COMMISSIONER MATTERS

There were no updates or matters brought forth by the Board of Commissioners.

ADJOURNMENT

President Wapner adjourned the Ontario International Airport Authority Board of Commissioners Meeting at 11:19 p.m.

RESPECTFULLY SUBMITTED:

APPROVED:

NORMA I. ALLEY, MMC, BOARD CLERK

ALAN D. WAPNER, PRESIDENT

**ONTARIO INTERNATIONAL AIRPORT AUTHORITY
COMMISSION MEETING
MINUTES
JANUARY 19, 2023**

CALL TO ORDER

President Wapner called the Ontario International Airport Authority Commission meeting to order at 2:00 p.m.

ROLL CALL

PRESENT: Commissioners: Jim W. Bowman, Julia Gouw, Curt Hagman, and Alan D. Wapner

ABSENT: Commissioners: Ronald O. Loveridge

A quorum of the Board of Commissioners was present.

Also present were Chief Executive Officer Atif Elkadi; Assistant General Counsel Kevin P. Sullivan; Chief Financial; and Board Clerk/Assistant Secretary Norma I. Alley, MMC.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was performed.

AGENDA REVIEW/ANNOUNCEMENTS

No announcements were made.

1. CONFLICT OF INTEREST

No conflicts were declared.

CLOSED SESSION

CLOSED SESSION PUBLIC COMMENT

President Wapner called for public comment. Seeing no one come forward, he closed public comment.

CLOSED SESSION

- CONFERENCE WITH REAL PROPERTY NEGOTIATORS (GOV §54956.8.)
Property: ONT Terminals
Agency negotiator: OIAA General Counsel's office

Under negotiation: Potential Lease with SSP America

Assistant General Counsel Kevin Sullivan announced the closed session item.

President Wapner recessed the open session and called the closed session to order at 2:04 p.m. The open session reconvened at 2:33 p.m.

REPORT ON CLOSED SESSION

President Wapner reported direction was given to staff to collect more information and report back at a future meeting.

PUBLIC COMMENT

President Wapner called for public comment. Seeing no one come forward, he closed public comment.

ADMINISTRATIVE DISCUSSION/ACTION/REPORT

2. CONCESSION AGREEMENT WITH SSP AMERICA FOR FOOD AND BEVERAGE OUTLETS (CONTINUED FROM 12/19/2022)

President Wapner called for public comment.

Board Clerk Alley noted Assemblymember Freddie Rodriguez provided written comment, which was entered into the record.

Robin Rodriguez, UniteHere! Local 11 Representative, requested an employee retention policy be put into place prior to approval of the agreement.

Juan Munoz, Unite Here! Local 11 Researcher, requested an employee retention policy be put into place prior to approval of the agreement.

Rosio Grando requested an employee retention policy be put into place prior to approval of the agreement.

Francisco Barba requested an employee retention policy be put into place prior to approval of the agreement.

Lydia Mernandez requested an employee retention policy be put into place prior to approval of the agreement.

Karen May requested an employee retention policy be put into place prior to approval of the agreement.

Seeing no further comment, President Wapner closed public comment.

MOTION: Moved by Secretary Bowman, seconded by Commissioner Hagman, to postpone to a date uncertain, and carried by a 4 Yes/0 No/1 Absent (Loveridge) roll call vote.

MANAGEMENT REPORT

There were no matters to report.

COMMISSIONER MATTERS

There were no updates or matters brought forth by the Board of Commissioners.

ADJOURNMENT

President Wapner adjourned the Ontario International Airport Authority Board of Commissioners Meeting at 2:48 p.m.

RESPECTFULLY SUBMITTED:

APPROVED:

NORMA I. ALLEY, MMC, BOARD CLERK

ALAN D. WAPNER, PRESIDENT

**ONTARIO INTERNATIONAL AIRPORT AUTHORITY
REGULAR COMMISSION MEETING
MINUTES
JANUARY 26, 2023**

Pursuant to Assembly Bill No. 361, the Ontario International Airport Authority (OIAA) Board of Commissioners Meeting was conducted as a hybrid meeting via in-person and teleconference. Members of the public utilized alternative measures established by OIAA to view the meeting and/or to address the Commission. All matters were considered and voted upon by a roll call vote.

CALL TO ORDER

President Wapner called the Ontario International Airport Authority Commission meeting to order at 2:05 p.m.

ROLL CALL

PRESENT: Commissioners: Jim W. Bowman, Julia Gouw, Curt Hagman, and Alan D. Wapner

ABSENT: Commissioners: Ronald O. Loveridge

A quorum of the Board of Commissioners was present.

Also present were Chief Executive Officer Atif Elkadi; Assistant General Counsel Kevin P. Sullivan; Chief Financial Officer/Treasurer John M. Schubert; and Board Clerk/Assistant Secretary Norma I. Alley, MMC.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was performed.

AGENDA REVIEW/ANNOUNCEMENTS

No announcements were made.

1. CONFLICT OF INTEREST

President Alan Wapner declared no actual conflict of interest for Consent Agenda Item No. 7, but stated he would be abstaining on that matter.

PUBLIC COMMENT

Board Clerk Alley noted Mr. Richard Sherman provided written comment, which was entered into the record.

President Wapner called for public comment. Seeing no one come forward, he closed public comment.

CONSENT CALENDAR

2. APPROVAL OF MINUTES

Approved minutes for the Ontario International Airport Authority special meeting on October 27, 2022.

3. CASH DISBURSEMENT REPORT (BILLS/PAYROLL)

Received and filed the Cash Disbursement Report (Bills/Payroll) for the month ended December 15, 2022.

4. COMMISSIONER'S STIPENDS AS REQUIRED BY AUTHORITY BYLAWS

Approved additional stipends per Article IV, Section 6 of the Authority's Bylaws for President Wapner for the month of December 31, 2022.

5. ADOPTION OF A RESOLUTION MAKING FINDINGS AND DETERMINATIONS UNDER ASSEMBLY BILL NO. 361 TO CONTINUE AUTHORIZATION OF VIRTUAL MEETINGS OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY FOR A PERIOD OF 30 DAYS

Adopted a Resolution making findings and determinations under Assembly Bill 361 (AB 361) to authorize staff to continue to conduct virtual-only Commission and Committee meetings, in response to COVID-19.

RESOLUTION NO. 2023-01: A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY AUTHORIZING REMOTE TELECONFERENCE MEETINGS BY THE COMMISSION AND ALL COMMITTEES IN ACCORDANCE WITH ASSEMBLY BILL 361 FOR A PERIOD OF THIRTY DAYS

6. RESOLUTION UPDATING THE ONTARIO INTERNATIONAL AIRPORT SYSTEM RATES AND CHARGES FOR FISCAL YEAR 2022-2023

Adopted a resolution approving updates to certain fees and rates in the Airport System Rates and Charges for Fiscal Year 2022-2023 at Ontario International Airport (ONT), including Terminal Use Fees, annual Rental Rates, Badging Fees, and Parking Rates.

RESOLUTION NO. 2023-02: A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY AUTHORIZING REMOTE TELECONFERENCE MEETINGS BY THE COMMISSION AND ALL COMMITTEES IN ACCORDANCE WITH ASSEMBLY BILL 361 FOR A PERIOD OF THIRTY DAYS

7. CONTRACT WITH KDG CONSTRUCTION FOR CONSULTING SERVICES REGARDING PROJECT MANAGEMENT AND CONSTRUCTION MANAGEMENT

Authorized the Chief Executive Officer (CEO) to execute a three-year contract, with two, one-year extensions with KDG Construction Consulting in the amount of \$8,400,000 for the first contract year, for Project Management and Construction Management (PMCM) Services for the Ontario International Airport Authority

(OIAA) Capital Improvement program (CIP) and Tenant Improvement program (TIP) at Ontario International Airport (ONT).

8. SPENDING AUTHORITY INCREASE FOR FURNITURE PURCHASE FOR OFFICE REDESIGN

Approved an increased spending authority for the union installation wages for the purchase for cubicles and furniture for the OIAA office redesign with Arnold's Office Furniture not to exceed \$20,000.

9. CONTRACT WITH CINTAS FOR AED EQUIPMENT AND MAINTENANCE

Authorized the Chief Executive Officer (CEO) to sign a contract with Cintas to take over maintenance and repair of the Automated External Defibrillator (AEDs) that are stationed airport wide for three years in an amount not to exceed \$180,000 over the total term of the contract.

10. PERSONNEL POSITION ADDITIONS AND MODIFICATIONS

Approved personnel position additions and modifications.

MOTION: Moved by Commissioner Hagman, seconded by Secretary Bowman, to approve the Consent Calendar, including Resolution No. 2023-01 and Resolution No. 2023-02.

VOTE: Approval of all items on the Consent Agenda, excluding Item No. 7, carried by a 4 Yes/0 No/1 Absent (Loveridge) roll call vote.

VOTE: Approval of Consent Agenda Item No. 7 carried by a 3 Yes/0 No/1 Abstention (Wapner)/1 Absent (Loveridge) roll call vote.

ADMINISTRATIVE DISCUSSION/ACTION/REPORT

11. RESOLUTION REGARDING REVOLVING CREDIT FACILITY FOR CAPITAL PROJECTS

Adopted a resolution to authorize, prepare, and execute a revolving credit agreement and fee agreement with PNC Bank in an aggregate principal amount not to exceed \$50 Million (Fifty million).

RESOLUTION NO. 2023-03: A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY AUTHORIZING AND APPROVING THE PREPARATION, ENTERING INTO AND THE EXECUTION AND DELIVERY OF A REVOLVING CREDIT AGREEMENT AND FEE AGREEMENT, EACH BETWEEN THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY AND PNC BANK, NATIONAL ASSOCIATION, AND AUTHORIZING AND PROVIDING FOR THE ISSUANCE TO PNC BANK, NATIONAL ASSOCIATION, AS EVIDENCE OF SUCH AGREEMENT AND THE SECURITY THEREFOR, OF ONTARIO INTERNATIONAL AIRPORT AUTHORITY SUBORDINATED REVENUE NOTES, SERIES 2023, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$50,000,000; AND PROVIDING FOR CERTAIN OTHER MATTERS

President Wapner called for public comment. Seeing no one come forward, he closed public comment.

MOTION: Moved by Secretary Bowman, seconded by Commissioner Hagman, approve Resolution No. 2023-03, and carried by a 4 Yes/0 No/1 Absent (Loveridge) roll call vote.

MANAGEMENT REPORT

Chief Executive Officer Elkadi provided updates on passenger traffic numbers, changes to flights, and general airport matters.

COMMISSIONER MATTERS

There were no updates or matters brought forth to the Board of Commissioners.

ADJOURNMENT

President Wapner adjourned the Ontario International Airport Authority Board of Commissioners Meeting at 2:12 p.m.

RESPECTFULLY SUBMITTED:

APPROVED:

NORMA I. ALLEY, MMC, BOARD CLERK

ALAN D. WAPNER, PRESIDENT

**ONTARIO INTERNATIONAL AIRPORT AUTHORITY
SPECIAL COMMISSION MEETING
MINUTES
JANUARY 26, 2023**

CALL TO ORDER

President Wapner called the Ontario International Airport Authority Commission meeting to order at 2:15 p.m.

ROLL CALL

PRESENT: Commissioners: Jim W. Bowman, Curt Hagman, and Alan D. Wapner

ABSENT: Commissioners: Julia Gouw and Ronald O. Loveridge

A quorum of the Board of Commissioners was present.

Also present were Chief Executive Officer Atif Elkadi; Assistant General Counsel Kevin P. Sullivan; Chief Financial Officer/Treasurer John M. Schubert; and Board Clerk/Assistant Secretary Norma I. Alley, MMC.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was performed.

AGENDA REVIEW/ANNOUNCEMENTS

No announcements were made.

1. CONFLICT OF INTEREST

No conflicts were declared.

CLOSED SESSION

CLOSED SESSION PUBLIC COMMENT

President Wapner called for public comment. Seeing no one come forward, he closed public comment.

CLOSED SESSION

- CONFERENCE WITH REAL PROPERTY NEGOTIATORS (GOV §54956.8.)
Property: ONT Terminals
Agency negotiator: OIAA General Counsel's office

Under negotiation: Potential Lease with SSP America

Assistant General Counsel Kevin Sullivan announced the closed session item.

President Wapner recessed the open session and called the closed session to order at 2:17 p.m. The open session reconvened at 2:23 p.m.

REPORT ON CLOSED SESSION

President Wapner announced there was no reportable action.

ADMINISTRATIVE DISCUSSION/ACTION/REPORT

2. RESOLUTION APPROVING A SERVICE EMPLOYEE RETENTION PROGRAM

RESOLUTION NO. 2023-04: A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY ADOPTING AND APPROVING A SERVICE EMPLOYEE RETENTION PROGRAM AT THE ONTARIO INTERNATIONAL AIRPORT

Chief Executive Officer Atif Elkadi provided a brief summary of the staff report.

President Wapner called for public testimony.

Mr. Scott Welding, SSP America Representative, spoke in favor of the resolution.

Mr. Francisco Barba spoke in favor of the resolution.

Ms. Lydia Hernandez spoke in favor of the resolution.

Ms. Karen May spoke in favor of the resolution.

Mr. Juan Munoz, UniteHere! Local11 Researcher, spoke in favor of the resolution.

Seeing no further comments, President Wapner closed public comment.

MOTION: Moved by Commissioner Hagman, seconded by Secretary Bowman, to approve Resolution No. 2023-04, and carried by a 4 Yes/0 No/1 Absent (Loveridge) vote.

3. CONCESSION AGREEMENT WITH SSP AMERICA FOR FOOD AND BEVERAGE OUTLETS (CONTINUED FROM 12/19/2022 AND 1/19/2023)

Chief Executive Officer Atif Elkadi provided a brief summary of the staff report.

President Wapner called for public testimony.

Mr. Scott Welding, SSP America Representative, spoke in favor of the resolution.

Seeing no further comments, President Wapner closed public comment.

MOTION: Moved by Secretary Bowman, seconded by Commissioner Hagman, to Authorize the Chief Executive Officer (CEO) to execute a Food & Beverage (F&B) concession agreement with SSP America to re-brand and build restaurants in Terminals 2 & 4 to provide food and beverage services at Ontario International Airport (ONT) for a term of 20 years with one 5-year option to extend the term, and carried by a 4 Yes/0 No/1 Absent (Loveridge) vote.

ADJOURNMENT

President Wapner adjourned the Ontario International Airport Authority Board of Commissioners meeting at 2:38 p.m.

RESPECTFULLY SUBMITTED:

APPROVED:

NORMA I. ALLEY, MMC, BOARD CLERK

ALAN D. WAPNER, PRESIDENT

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MEETING DATE: FEBRUARY 23, 2023

AGENDA SECTION: CONSENT CALENDAR

SUBJECT: CASH DISBURSEMENT REPORT (BILLS/PAYROLL)

RELEVANT STRATEGIC OBJECTIVE: Invest in ONT Master the Basics Plan for the Future

RECOMMENDED ACTION(S): Receive and file the Cash Disbursement Report (Bills/Payroll) for the month ended January 31, 2023.

FISCAL IMPACT SUMMARY: The funding is approved in the Fiscal Year 2022-2023 budget.

BACKGROUND: In June 2022, the OIAA Board of Commissioners adopted an operating budget that was driven by strong aviation activity and financial performance realized by OIAA in FYE 2022. The operating budget was developed from OIAA goals and objectives and includes significant increases in resources to meet current and expected near term growth. The budget FYE 2023 assumes that there will be no significant impacts associated with any possible COVID outbreaks. As passenger activities continue to increase over pre-pandemic levels, OIAA has continued to resume normal operations, fill vacant positions as well as add new staff positions, and has returned to pre-pandemic initiatives.

PROCUREMENT: N/A

CEQA COMPLIANCE AND LAND USE APPROVALS: N/A

STAFFING IMPACT (# OF POSITIONS): N/A

IMPACT ON OPERATIONS: N/A

SCHEDULE: N/A

ATTACHMENTS:

1. Cash Disbursement Report.

STAFF MEMBER PRESENTING: Chief Executive Officer Atif Elkadi

Originator Name: Irma Nazareno

Originating Dept.: Finance and Accounting

Director Review: N/A

Chief Review: Chief Financial Officer John Schubert



CEO Approval:



This Agenda Report has been reviewed by OIAA General Counsel.

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BOARD DISPOSITION: Approved Denied Continued to _____



MEETING DATE: FEBRUARY 23, 2023

AGENDA SECTION: CONSENT CALENDAR

SUBJECT: APPROVAL OF COMMISSIONER'S STIPENDS AS REQUIRED BY AUTHORITY BYLAWS

RELEVANT STRATEGIC OBJECTIVE: Invest in ONT Master the Basics Plan for the Future

RECOMMENDED ACTION(S): Approve additional stipends per Article IV, Section 6 of the Authority's Bylaws for President Wapner and Commissioner Hagman for the month of January, 2023.

FISCAL IMPACT SUMMARY: OIAA operating revenue.

BACKGROUND: Article IV, Section 6 of the Authority's Bylaws states as follows:

"No salary: Reimbursement for Expenses; Stipends. The members of the Commission shall receive no salary but shall be reimbursed for necessary expenses (including mileage in accordance with standard IRS mileage reimbursement rates) incurred in the performance of their duties. Additionally, Commissioners will receive a stipend in the amount of one hundred fifty dollars (\$150.00) for attendance at each Commission meeting, standing committee meeting, ad hoc committee meeting, and any Authority-related business function. A maximum of six (6) stipends are permitted per month. An additional two (2) stipends are permitted with prior approval of the President. More than eight (8) stipends per month will require approval by the full Commission."

During the month of January 2023, President Wapner attended seventeen (17) additional Authority-related business functions; Commissioner Hagman attended one (1) additional Authority-related business function. Full Commission approval is needed to approve payment of these additional stipends.

PROCUREMENT: N/A

CEQA COMPLIANCE AND LAND USE APPROVALS: N/A

STAFFING IMPACT (# OF POSITIONS): N/A

IMPACT ON OPERATIONS: N/A

SCHEDULE: N/A

ATTACHMENTS: N/A

STAFF MEMBER PRESENTING: Chief Executive Officer Atif Elkadi

Originator Name: Executive Office Staff

Originating Dept.: Executive Office

Director Review: N/A

Chief Review:



CEO Approval:



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BOARD DISPOSITION: Approved Denied Continued to _____



MEETING DATE: FEBRUARY 23, 2023

AGENDA SECTION: CONSENT CALENDAR

SUBJECT: LEASE AGREEMENT WITH SOUTHWEST AIRLINES CO FOR GROUND SERVICE EQUIPMENT

RELEVANT STRATEGIC OBJECTIVE: Invest in ONT Master the Basics Plan for the Future

RECOMMENDED ACTION(S): Authorize the Chief Executive Officer (CEO) to execute lease agreement ONT-20-10024 (Agreement) between the Ontario International Airport Authority (OIAA) and Southwest Airlines Co (Southwest) for its Ground Service Equipment (GSE) Maintenance Facility areas (Premises) located at Building 18.

FISCAL IMPACT SUMMARY: Upon OIAA Commission approval, the OIAA shall receive an Annual Rent of approximately \$181,032.55 based on FY22-23 rental rates. The Rent is subject to an annual Consumer Price Index Adjustment increase every July 1 as well as a Fair Market Value Appraisal adjustment no more than one time during the Term of the Agreement.

BACKGROUND: The northwest quadrant of the Ontario International Airport (Airport) was developed in 2019 for the new Federal Express air terminal and sort facility. In order to enable such development, tenants including Southwest needed to be relocated. The operations that needed to be relocated under Southwest included its GSE Maintenance Facility and supporting areas as well as its belly cargo operational facility and supporting areas. Due to the magnitude of the relocation and costs incurred by the Tenant, the OIAA underwent negotiations with Southwest regarding the legal terms related to the Lease as well as the revenue terms.

During the negotiations, a Facility Use Agreement (FUA) was drafted and provided to Southwest for review and execution to ensure the Premises was covered under a written legal agreement. However, due to the change in the property's representative from Southwest, the FUA was not executed and instead the negotiations were completed with the new representative. The Agreement includes a Prior Term which covers the Premises prior to the concluded negotiation and Rents owed during the Prior Term have been billed and invoiced to-date.

The term of the agreement shall be three (3) years ending January 8, 2025. The parties shall also have the option to extend the Term with two, two-year extension options as provided in the agreement.

PROCUREMENT: N/A

CEQA COMPLIANCE AND LAND USE APPROVALS: The issuance or approval of leases, agreements, renewals, amendments, or extension thereof, granting use of an existing facility at a public airport, involving negligible or no expansion of use is exempt from the requirements of the California Environment Quality Act (CEQA). In

addition, to the extent any alteration of facilities occurs, CEQA Guidelines section 15301 provides an exemption for minor alterations to existing structures or facilities involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination.

STAFFING IMPACT (# OF POSITIONS): N/A

IMPACT ON OPERATIONS: N/A

SCHEDULE: N/A

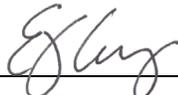
ATTACHMENTS: N/A

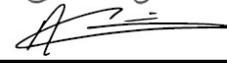
STAFF MEMBER PRESENTING: Chief Executive Officer Atif Elkadi

Originator Name: Annie Lin

Originating Dept.: Revenue Management

Director Review: N/A

Chief Review: 

CEO Approval: 

This Agenda Report has been reviewed by OIAA General Counsel.

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BOARD DISPOSITION: Approved Denied Continued to _____



MEETING DATE: FEBRUARY 23, 2023

AGENDA SECTION: CONSENT CALENDAR

SUBJECT: LEASE AGREEMENT WITH SOUTHWEST AIRLINES CO FOR CARGO OPERATION FACILITY

RELEVANT STRATEGIC OBJECTIVE: Invest in ONT Master the Basics Plan for the Future

RECOMMENDED ACTION(S): Authorize the Chief Executive Officer (CEO) to execute lease agreement ONT-20-10025 (Agreement) between the Ontario International Airport Authority (OIAA) and Southwest Airlines Co (Southwest) for its Belly Cargo Operation Facility areas (Premises) located at the Legacy Hangar.

FISCAL IMPACT SUMMARY: Upon OIAA Commission approval, the OIAA shall receive an Annual Rent of approximately \$218,042.06 based on FY22-23 rental rates. The Rent is subject to an annual Consumer Price Index Adjustment increase every July 1 as well as a Fair Market Value Appraisal adjustment no more than one time during the Term of the Agreement.

BACKGROUND: The northwest quadrant of the Ontario International Airport (Airport) was developed in 2019 for the new Federal Express air terminal and sort facility. In order to enable such development, tenants including Southwest needed to be relocated. The operations that needed to be relocated under Southwest included its GSE Maintenance Facility and supporting areas as well as its belly cargo operational facility and supporting areas. Due to the magnitude of the relocation and costs incurred by the Tenant, the OIAA underwent negotiations with Southwest regarding the legal terms related to the Lease as well as the revenue terms.

During the negotiations, a Facility Use Agreement (FUA) was drafted and provided to Southwest for review and execution to ensure the Premises was covered under a written legal agreement. However, due to the change in the property's representative from Southwest, the FUA was not executed and instead the negotiations were completed with the new representative. The Agreement includes a Prior Term which covers the Premises prior to the concluded negotiation and Rents owed during the Prior Term have been billed and invoiced to-date.

The term of the agreement shall be 3 years ending January 16, 2025. The parties shall also have the option to extend the Term with two, two-year extension options as provided in the agreement.

PROCUREMENT: N/A

CEQA COMPLIANCE AND LAND USE APPROVALS: The issuance or approval of leases, agreements, renewals, amendments, or extension thereof, granting use of an existing facility at a public airport, involving negligible or no expansion of use is exempt from the requirements of the California Environment Quality Act (CEQA). In addition, to the extent any alteration of facilities occurs, CEQA Guidelines section 15301 provides an exemption

for minor alterations to existing structures or facilities involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination.

STAFFING IMPACT (# OF POSITIONS): N/A

IMPACT ON OPERATIONS: N/A

SCHEDULE: N/A

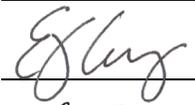
ATTACHMENTS: N/A

STAFF MEMBER PRESENTING: Chief Executive Officer Atif Elkadi

Originator Name: Annie Lin

Originating Dept.: Revenue Management

Director Review: N/A

Chief Review: 

CEO Approval: 

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BOARD DISPOSITION: Approved Denied Continued to _____



MEETING DATE: FEBRUARY 23, 2023

AGENDA SECTION: CONSENT CALENDAR

SUBJECT: FISCAL YEAR 2022-2023 FINANCIAL STATEMENTS FOR SIX MONTHS ENDED DECEMBER 31, 2022

RELEVANT STRATEGIC OBJECTIVE: Invest in ONT Master the Basics Plan for the Future

RECOMMENDED ACTION(S): Receive and file financial statements for the six months ended December 31, 2022.

FISCAL IMPACT SUMMARY: The OIAA's increase in net position excluding capital contributions exceeded the budget by \$5.1M (47.0%), which was primarily driven by higher-than-expected passenger carrier activity. In addition, the operating expense budget reflects a favorable variance of \$5.3M (12.0%), which was primarily the result of a lag in ramping up operations, and related costs compared to planned activities.

BACKGROUND: Aviation Activity and Financial Statements: In June 2022, the OIAA Board of Commissioners adopted an operating budget that was driven by strong aviation activity and financial performance realized by OIAA in FYE 2022. The operating budget was developed from OIAA goals and objectives and includes significant increases in resources to meet current and expected near term growth. The budget FYE 2023 assumes that there will be no significant impacts associated with any possible COVID outbreaks. As passenger activities continue to increase over pre-pandemic levels, OIAA has continued to resume normal operations, fill vacant positions as well as add new staff positions, and has returned to pre-pandemic initiatives.

The attached financial statements reflect these industry and economic conditions, as well as the OIAA's efforts to meet these conditions.

Aviation Activity: Aviation activity is measured predominately as a function of commercial enplanements and landed weights as these activities act as direct and indirect drivers of most operating revenues for the Airport.

Enplanements are a measurement exclusive to passenger carriers, and directly and indirectly impact all concession revenues, Passenger Facility Charge (PFC) revenues, and Customer Facility Charge (CFC) revenues. Enplanements for the six months ended December 31, 2022 totaled 1.54M, which exceeded the budgeted amount of 1.51M by 30K (2.0%). Enplanements for the six months ended December 31, 2022 were also 125K (8.9%) higher than the same period in the prior fiscal year. Enplanements for the six months ended December 31, 2022 exceeded pre-pandemic levels by 3.1% compared to the same period in FYE 2020.

Landed weight (in thousand-pound units) for the six months ended December 31, 2022 totaled 4.4M, which was unfavorable to budget by 58K (1.3%). Landed weight for the six months ended December 31, 2022 was 130K

(3.0%) higher than the same period in the prior fiscal year. The increase in landed weight over the prior fiscal year was due to increased passenger activity. Passenger landed weight for the six months ended December 31, 2022 exceeded budget by 40K (2.4%) and was 173K (11.2%) higher than the same period in the prior fiscal year. Cargo landed weight for the six months ended December 31, 2022 was unfavorable to budget by 98K (3.5%) and was 43K (1.6%) lower than the same period in the prior fiscal year.

Financial Results for the Six Months Ended December 31, 2022

Operating Revenues: Operating revenues were flat to budget with a net favorable variance in aeronautical revenues offset by a net unfavorable variance in nonaeronautical revenues.

Aeronautical revenues exceeded budget by \$1.8M (7.3%). Landing fees and facilities rent were flat to budget for the six months ended December 31, 2022. Land rent exceeded budget by \$871K (13.6%), which was primarily the result of additional rents earned by OIAA during peak season. Airline fees exceeded budget by \$1.0M (46.7%), which was primarily the result of recoveries experienced in passenger operations, additional revenue received for contract services, and the addition of CLEAR in both terminals.

Nonaeronautical revenues were unfavorable to budget by \$2.0M (7.3%), which was primarily the result of budgeted operating grant funds for the American Rescue Plan Act of 2021 (ARPA) for which OIAA has not yet requested reimbursement. The total ARPA grant awarded to OIAA was \$24.8M. The net unfavorable variance in nonaeronautical revenues was partially offset by favorable variances in concessions and other nonaeronautical revenues as a result of higher-than-expected passenger carrier activity. Nonaeronautical facilities and land rent exceeded budget by \$66K (10.0%), which was primarily due to rent recoveries. Non-airline terminal rent exceeded budget by \$61K (9.5%), which was primarily due to new customer contracts for rented space. Total concession revenue of \$23.4M exceeded budget by \$529K (2.3%) and was primarily the result of increases in passenger parking activity. Concession revenue favorable variances include auto parking revenue of \$894K (6.2%) and other concessions revenue of \$356K (24.4%). Concession revenue unfavorable variances include rental cars of \$572K (10.7%), food and beverage of \$131K (17.5%), and gifts and news of \$17K (1.7%). An unfavorable variance to budget for food and beverage is due to incentives provided to a concessionaire as those services are transitioned to a new vendor and is offset by increased hours of operations by food and beverage outlets. Operating grants were unfavorable to budget by \$3.1M (93.3%). The OIAA was awarded \$24.8M through the ARPA and the OIAA has a \$24.8M balance in grant funds remaining.

Operating Expenses: Total operating expenses of \$38.4M were favorable to budget by \$5.3M (12.0%), which is primarily the result of OIAA's continuance to return to pre-pandemic planned operations. There were favorable variances in all operating expense categories. Favorable operating expense variances include personnel of \$353K (5.8%), public safety of \$203K (1.9%), contractual services of \$3.3M (18.8%), insurance and administration of \$96K (9.8%), materials and supplies of \$584K (58.6%), telecommunications and utilities of \$204K (5.6%), and other operating expenses of \$533K (13.5%). The favorable variance to budget for contractual services, materials and supplies, and other operating expenses is due to timing differences in increasing operations and those related costs compared to planned activities.

Nonoperating Revenues and Expenses: Net nonoperating revenues exceeded budget by \$148K (2.7%), which was primarily the result of higher-than-expected passenger carrier activity resulting in PFC revenues favorable to budget by \$205K (3.5%). Net investment income exceeded budget by \$63K (163.8%). The net investment income is associated with an unanticipated unrealized loss from the OIAA's investment in the California Treasury Local Agency Investment Fund (LAIF) offset by higher-than-expected interest returns. Unrealized gains and

losses are attributable to temporary changes in market conditions. The favorable variance in net nonoperating revenues was offset by an unfavorable variance in CFC Revenues of \$118K (6.7%).

PROCUREMENT: N/A

CEQA COMPLIANCE AND LAND USE APPROVALS: N/A

STAFFING IMPACT (# OF POSITIONS): N/A

IMPACT ON OPERATIONS: The financial results provide additional resources for the OIAA to respond to increased passenger activity.

SCHEDULE: N/A

ATTACHMENTS:

1. OIAA Financial Statements for the Six Months Ended December 31, 2022

STAFF MEMBER PRESENTING: Chief Executive Officer Atif Elkadi

Originator Name: N/A

Originating Dept.: Financial Accounting and Reporting

Director Review: N/A

Chief Review: John M. Schubert, Chief Financial Officer 

CEO Approval: 

This Agenda Report has been reviewed by OIAA General Counsel.

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BOARD DISPOSITION: Approved Denied Continued to _____

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED
DECEMBER 31, 2022 AND 2021

ONTARIO INTERNATIONAL AIRPORT AUTHORITY



ONTARIO INTERNATIONAL AIRPORT AUTHORITY
TABLE OF CONTENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2022 AND 2021

Financial Statements

Quarterly Financial Statements

Statements of Net Position..... 1

Statements of Revenues, Expenses, and Changes in Net Position 3

Year to Date Financial Statements

Statements of Net Position..... 5

Statements of Revenues, Expenses, and Changes in Net Position 7

Supplemental Schedules of Revenues, Expenses, and Changes in Net Position 9

ONTARIO INTERNATIONAL AIRPORT AUTHORITY
STATEMENTS OF NET POSITION (UNAUDITED)
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 67,391,708	\$ 81,653,932
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$455,825 and \$564,272 as of December 31, 2022 and 2021, Respectively	14,337,971	9,301,940
Grants Receivable	10,544,843	1,802,351
Leases Receivable – Current	622,472	319,703
Interest Receivable	172,249	18,857
Prepaid Expenses	3,483,309	3,511,204
Total Unrestricted Current Assets	96,552,552	96,607,987
Restricted Assets:		
Cash and Cash Equivalents	81,044,089	76,276,848
Accounts Receivable	1,766,621	1,802,989
Total Restricted Current Assets	82,810,710	78,079,837
Total Current Assets	179,363,262	174,687,824
Noncurrent Assets:		
Leases Receivable – Noncurrent	3,274,500	1,246,432
Capital Assets:		
Not Depreciated or Amortized	106,151,271	80,638,499
Depreciated and Amortized, Net of Accumulated Depreciation and Amortization of \$30,636,284 and \$24,487,388 as of December 31, 2022 and 2021, Respectively	66,131,144	63,496,110
Net Capital Assets	172,282,415	144,134,609
Total Noncurrent Assets	175,556,915	145,381,041
TOTAL ASSETS	\$ 354,920,177	\$ 320,068,865

ONTARIO INTERNATIONAL AIRPORT AUTHORITY
STATEMENTS OF NET POSITION (UNAUDITED) – CONTINUED
DECEMBER 31, 2022 AND 2021

	2022	2021
LIABILITIES		
Current Liabilities:		
Payable From Unrestricted Assets:		
Accounts Payable	\$ 10,885,808	\$ 6,988,331
Accrued Expenses	8,335,993	7,065,624
Accrued Payroll and Vacation	1,199,395	801,639
Accrued Interest	481,644	527,045
Customer Deposits	577,323	616,216
Due to Airlines	13,951,109	15,357,257
Unearned Revenues	8,470,662	1,834,771
Current Portion of Long-Term Debt	5,455,000	6,913,461
Total Unrestricted Current Liabilities	49,356,934	40,104,344
Noncurrent Liabilities:		
Payable From Unrestricted Assets:		
Long-Term Debt:		
Bonds Payable - Series 2016	17,505,000	22,960,000
Revenue Bonds – Series 2021, Including Bond Premium of \$20,016,905 and \$20,884,891 as of December 31, 2022 and 2021, Respectively	123,356,905	124,224,891
Other Notes and Financed Obligations	-	3,745,407
Total Unrestricted Noncurrent Liabilities	140,861,905	150,930,298
Total Liabilities	190,218,839	191,034,642
DEFERRED INFLOW OF RESOURCES		
Deferred Inflow of Resources – Leases	3,896,972	1,566,135
Total Deferred Inflow of Resources	3,896,972	1,566,135
Total Liabilities and Deferred Inflow of Resources	194,115,811	192,600,777
NET POSITION		
Net Investment in Capital Assets	82,711,003	43,036,343
Restricted	26,065,217	21,334,344
Unrestricted	52,028,146	63,097,401
Total Net Position	160,804,366	127,468,088
TOTAL LIABILITIES AND NET POSITION	\$ 354,920,177	\$ 320,068,865

ONTARIO INTERNATIONAL AIRPORT AUTHORITY
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (UNAUDITED)
 FOR THE QUARTERS ENDED DECEMBER 31, 2022 AND 2021

	FOR THE QUARTER ENDED DECEMBER 31, 2022		VARIANCE FAVORABLE (UNFAVORABLE)		DECEMBER 31, 2021
	BUDGET	ACTUAL	\$	%	ACTUAL
OPERATING REVENUES					
Aeronautical:					
Landing Fees	\$ 3,964,680	\$ 3,881,839	\$ (82,841)	(2.1) %	\$ 3,949,829
Facilities Rent	4,074,506	4,074,865	359	-	4,224,141
Land Rent	3,214,380	3,861,866	647,486	20.1	3,798,864
Airline Fees	1,131,860	1,742,303	610,443	53.9	1,242,223
Total Aeronautical Revenues	12,385,426	13,560,873	1,175,447	9.5	13,215,057
Nonaeronautical:					
Facilities and Land Rent	330,375	356,287	25,912	7.8	324,667
Non-Airline Terminal Rent	317,904	357,784	39,880	12.5	322,512
Concessions:					
Auto Parking	7,193,446	7,470,178	276,732	3.8	6,441,730
Rental Cars	2,676,734	2,393,529	(283,205)	(10.6)	2,423,494
Food and Beverage	376,442	318,593	(57,849)	(15.4)	363,690
Gifts and News	507,939	490,975	(16,964)	(3.3)	423,402
Other Concessions	769,712	1,028,391	258,679	33.6	560,774
Operating Grants	1,643,751	33,218	(1,610,533)	(98.0)	73,600
Other Nonaeronautical Revenues	137,529	244,005	106,476	77.4	241,396
Total Nonaeronautical Revenues	13,953,832	12,692,960	(1,260,872)	(9.0)	11,175,265
Total Operating Revenues	26,339,258	26,253,833	(85,425)	(0.3)	24,390,322
OPERATING EXPENSES					
Personnel	3,107,441	2,997,374	110,067	3.5	2,032,230
Public Safety	5,293,929	5,192,620	101,309	1.9	4,812,363
Contractual Services	8,559,984	7,325,575	1,234,409	14.4	6,994,799
Insurance and Administration	436,865	463,305	(26,440)	(6.1)	369,763
Materials and Supplies	517,446	198,093	319,353	61.7	205,378
Telecommunications and Utilities	1,823,274	1,476,463	346,811	19.0	1,305,512
Bad Debt Expense	-	-	-	-	22,132
Other Operating Expenses, Net	1,995,254	2,023,615	(28,361)	(1.4)	1,664,120
Total Operating Expenses	\$ 21,734,193	\$ 19,677,045	\$ 2,057,148	9.5 %	\$ 17,406,297

ONTARIO INTERNATIONAL AIRPORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (UNAUDITED) – CONTINUED
FOR THE QUARTERS ENDED DECEMBER 31, 2022 AND 2021

	FOR THE QUARTER ENDED DECEMBER 31, 2022		VARIANCE FAVORABLE (UNFAVORABLE)		DECEMBER 31, 2021
	BUDGET	ACTUAL	\$	%	ACTUAL
Net Operating Income Before Depreciation and Amortization	\$ 4,605,065	\$ 6,576,788	\$ 1,971,723	42.8 %	\$ 6,984,025
Depreciation and Amortization	1,513,998	1,576,787	(62,789)	(4.1)	1,961,114
Net Operating Income	3,091,067	5,000,001	1,908,934	61.8	5,022,911
NONOPERATING REVENUES (EXPENSES)					
Investment Income, Net	19,287	195,478	176,191	913.5	102,064
Passenger Facility Charges	2,959,084	2,932,578	(26,506)	(0.9)	2,957,774
Customer Facility Charges	884,571	826,312	(58,259)	(6.6)	798,649
Interest Expense	(1,065,091)	(1,065,091)	-	-	(1,237,989)
Loss on Disposition of Assets	-	(7,946)	(7,946)	-	-
Total Nonoperating Revenues, Net	2,797,851	2,881,331	83,480	3.0	2,620,498
Net Income Before Capital Contributions	5,888,918	7,881,332	1,992,414	33.8	7,643,409
CAPITAL CONTRIBUTIONS					
Federal Grants and Other	-	1,299,057	1,299,057	-	4,086,176
Increase in Net Position	5,888,918	9,180,389	3,291,471	55.9	11,729,585
TOTAL NET POSITION – BEGINNING OF QUARTER	147,358,890	151,623,977	4,265,087	2.9	115,738,503
TOTAL NET POSITION – END OF QUARTER	\$ 153,247,808	\$ 160,804,366	\$ 7,556,558	4.9 %	\$ 127,468,088

ONTARIO INTERNATIONAL AIRPORT AUTHORITY
STATEMENTS OF NET POSITION (UNAUDITED)
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 67,391,708	\$ 81,653,932
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$455,825 and \$564,272 as of December 31, 2022 and 2021, Respectively	14,337,971	9,301,940
Grants Receivable	10,544,843	1,802,351
Leases Receivable – Current	622,472	319,703
Interest Receivable	172,249	18,857
Prepaid Expenses	3,483,309	3,511,204
Total Unrestricted Current Assets	96,552,552	96,607,987
Restricted Assets:		
Cash and Cash Equivalents	81,044,089	76,276,848
Accounts Receivable	1,766,621	1,802,989
Total Restricted Current Assets	82,810,710	78,079,837
Total Current Assets	179,363,262	174,687,824
Noncurrent Assets:		
Leases Receivable – Noncurrent	3,274,500	1,246,432
Capital Assets:		
Not Depreciated or Amortized	106,151,271	80,638,499
Depreciated and Amortized, Net of Accumulated Depreciation and Amortization of \$30,636,284 and \$24,487,388 as of December 31, 2022 and 2021, Respectively	66,131,144	63,496,110
Net Capital Assets	172,282,415	144,134,609
Total Noncurrent Assets	175,556,915	145,381,041
TOTAL ASSETS	\$ 354,920,177	\$ 320,068,865

ONTARIO INTERNATIONAL AIRPORT AUTHORITY
STATEMENTS OF NET POSITION (UNAUDITED) – CONTINUED
DECEMBER 31, 2022 AND 2021

	2022	2021
LIABILITIES		
Current Liabilities:		
Payable From Unrestricted Assets:		
Accounts Payable	\$ 10,885,808	\$ 6,988,331
Accrued Expenses	8,335,993	7,065,624
Accrued Payroll and Vacation	1,199,395	801,639
Accrued Interest	481,644	527,045
Customer Deposits	577,323	616,216
Due to Airlines	13,951,109	15,357,257
Unearned Revenues	8,470,662	1,834,771
Current Portion of Long-Term Debt	5,455,000	6,913,461
Total Unrestricted Current Liabilities	49,356,934	40,104,344
Noncurrent Liabilities:		
Payable From Unrestricted Assets:		
Long-Term Debt:		
Revenue Bonds – Series 2016	17,505,000	22,960,000
Revenue Bonds – Series 2021, Including Bond Premium of \$20,016,905 and \$20,884,891 as of December 31, 2022 and 2021, Respectively	123,356,905	124,224,891
Other Notes and Financed Obligations	-	3,745,407
Total Unrestricted Noncurrent Liabilities	140,861,905	150,930,298
Total Liabilities	190,218,839	191,034,642
DEFERRED INFLOW OF RESOURCES		
Deferred Inflow of Resources – Leases	3,896,972	1,566,135
Total Deferred Inflow of Resources	3,896,972	1,566,135
Total Liabilities and Deferred Inflow of Resources	194,115,811	192,600,777
NET POSITION		
Net Investment in Capital Assets	82,711,003	43,036,343
Restricted	26,065,217	21,334,344
Unrestricted	52,028,146	63,097,401
Total Net Position	160,804,366	127,468,088
TOTAL LIABILITIES AND NET POSITION	\$ 354,920,177	\$ 320,068,865

ONTARIO INTERNATIONAL AIRPORT AUTHORITY
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (UNAUDITED)
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2022 AND 2021

	FOR THE SIX MONTHS ENDED DECEMBER 31, 2022		VARIANCE FAVORABLE (UNFAVORABLE)		DECEMBER 31, 2021
	BUDGET	ACTUAL	\$	%	ACTUAL
OPERATING REVENUES					
Aeronautical:					
Landing Fees	\$ 7,444,893	\$ 7,369,636	\$ (75,257)	(1.0) %	\$ 7,433,723
Facilities Rent	8,144,012	8,060,833	(83,179)	(1.0)	8,424,943
Land Rent	6,428,760	7,300,215	871,455	13.6	7,235,605
Airline Fees	2,245,215	3,292,875	1,047,660	46.7	1,974,662
Total Aeronautical Revenues	24,262,880	26,023,559	1,760,679	7.3	25,068,933
Nonaeronautical:					
Facilities and Land Rent	660,750	726,945	66,195	10.0	646,896
Non-Airline Terminal Rent	635,808	696,483	60,675	9.5	672,297
Concessions:					
Auto Parking	14,301,174	15,194,776	893,602	6.2	13,462,763
Rental Cars	5,321,573	4,749,771	(571,802)	(10.7)	4,889,284
Food and Beverage	748,399	617,057	(131,342)	(17.5)	708,737
Gifts and News	1,009,825	992,634	(17,191)	(1.7)	895,582
Other Concessions	1,458,555	1,814,267	355,712	24.4	1,049,099
Operating Grants	3,287,502	219,266	(3,068,236)	(93.3)	147,200
Other Nonaeronautical Revenues	275,058	651,747	376,689	136.9	673,203
Total Nonaeronautical Revenues	27,698,644	25,662,946	(2,035,698)	(7.3)	23,145,061
Total Operating Revenues	51,961,524	51,686,505	(275,019)	(0.5)	48,213,994
OPERATING EXPENSES					
Personnel	6,060,147	5,707,143	353,004	5.8	4,120,856
Public Safety	10,587,858	10,385,160	202,698	1.9	9,619,242
Contractual Services	17,448,102	14,168,563	3,279,539	18.8	13,257,657
Insurance and Administration	973,730	877,957	95,773	9.8	779,863
Materials and Supplies	997,392	413,028	584,364	58.6	434,374
Telecommunications and Utilities	3,646,548	3,442,695	203,853	5.6	2,915,686
Bad Debt Expense	-	-	-	-	22,132
Other Operating Expenses, Net	3,948,788	3,416,176	532,612	13.5	3,040,801
Total Operating Expenses	\$ 43,662,565	\$ 38,410,722	\$ 5,251,843	12.0 %	\$ 34,190,611

Year to Date Financial Statements

ONTARIO INTERNATIONAL AIRPORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (UNAUDITED) – CONTINUED FOR THE SIX MONTHS ENDED DECEMBER 31, 2022 AND 2021

	FOR THE SIX MONTHS ENDED DECEMBER 31, 2022		VARIANCE FAVORABLE (UNFAVORABLE)		DECEMBER 31, 2021
	BUDGET	ACTUAL	\$	%	ACTUAL
Net Operating Income Before Depreciation and Amortization	\$ 8,298,959	\$ 13,275,783	\$ 4,976,824	60.0 %	\$ 14,023,383
Depreciation and Amortization	<u>3,027,996</u>	<u>3,068,506</u>	<u>(40,510)</u>	(1.3)	<u>3,182,549</u>
Net Operating Income	5,270,963	10,207,277	4,936,314	93.7	10,840,834
NONOPERATING REVENUES (EXPENSES)					
Investment Income, Net	38,574	101,756	63,182	163.8	131,216
Passenger Facility Charges	5,882,908	6,087,967	205,059	3.5	5,672,015
Customer Facility Charges	1,758,601	1,640,578	(118,023)	(6.7)	1,597,285
Interest Expense	(2,143,066)	(2,143,066)	-	-	(2,453,570)
Gain (Loss) on Disposition of Assets	<u>-</u>	<u>(2,446)</u>	<u>(2,446)</u>	-	<u>30,500</u>
Total Nonoperating Revenues, Net	<u>5,537,017</u>	<u>5,684,789</u>	<u>147,772</u>	2.7	<u>4,977,446</u>
Net Income Before Capital Contributions	10,807,980	15,892,066	5,084,086	47.0	15,818,280
CAPITAL CONTRIBUTIONS					
Federal Grants and Other	<u>-</u>	<u>2,472,472</u>	<u>2,472,472</u>	-	<u>4,086,177</u>
Increase in Net Position	10,807,980	18,364,538	7,556,558	69.9	19,904,457
TOTAL NET POSITION – BEGINNING OF PERIOD	<u>142,439,828</u>	<u>142,439,828</u>	<u>-</u>	-	<u>107,563,631</u>
TOTAL NET POSITION – END OF PERIOD	<u>\$ 153,247,808</u>	<u>\$ 160,804,366</u>	<u>\$ 7,556,558</u>	4.9 %	<u>\$ 127,468,088</u>

ONTARIO INTERNATIONAL AIRPORT AUTHORITY
 SUPPLEMENTAL SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (UNAUDITED)
 FOR THE YEARS ENDING JUNE 30, 2023 AND 2022

	FOR THE QUARTERS ENDED				FOR THE YEARS ENDED	
	SEPTEMBER 30, 2022	DECEMBER 31, 2022	MARCH 31, 2023	JUNE 30, 2023	JUNE 30, 2023	JUNE 30, 2022
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL
OPERATING REVENUES						
Aeronautical:						
Landing Fees	\$ 3,487,797	\$ 3,881,839	\$ -	\$ -	\$ 7,369,636	\$ 5,234,880
Facilities Rent	3,985,968	4,074,865	-	-	8,060,833	9,775,257
Land Rent	3,438,349	3,861,866	-	-	7,300,215	13,921,034
Airline Fees	1,550,572	1,742,303	-	-	3,292,875	4,683,093
Total Aeronautical Revenues	12,462,686	13,560,873	-	-	26,023,559	33,614,264
Nonaeronautical:						
Facilities and Land Rent	370,658	356,287	-	-	726,945	1,338,113
Non-Airline Terminal Rent	338,699	357,784	-	-	696,483	1,391,782
Concessions:						
Auto Parking	7,724,598	7,470,178	-	-	15,194,776	26,307,897
Rental Cars	2,356,242	2,393,529	-	-	4,749,771	9,681,310
Food and Beverage	298,464	318,593	-	-	617,057	1,326,876
Gifts and News	501,659	490,975	-	-	992,634	1,743,848
Other Concessions	785,876	1,028,391	-	-	1,814,267	2,443,976
Operating Grants	186,048	33,218	-	-	219,266	8,530,697
Other Nonaeronautical Revenues	407,742	244,005	-	-	651,747	1,008,586
Total Nonaeronautical Revenues	12,969,986	12,692,960	-	-	25,662,946	53,773,085
Total Operating Revenues	25,432,672	26,253,833	-	-	51,686,505	87,387,349
OPERATING EXPENSES						
Personnel	2,709,769	2,997,374	-	-	5,707,143	8,877,520
Public Safety	5,192,540	5,192,620	-	-	10,385,160	19,243,969
Contractual Services	6,842,988	7,325,575	-	-	14,168,563	29,277,820
Insurance and Administration	414,652	463,305	-	-	877,957	1,400,242
Materials and Supplies	214,935	198,093	-	-	413,028	1,013,480
Telecommunications and Utilities	1,966,232	1,476,463	-	-	3,442,695	5,253,646
Bad Debt Expense	-	-	-	-	-	73,298
Other Operating Expenses, Net	1,392,561	2,023,615	-	-	3,416,176	6,501,987
Total Operating Expenses	\$ 18,733,677	\$ 19,677,045	\$ -	\$ -	\$ 38,410,722	\$ 71,641,962

Year to Date Financial Statements

ONTARIO INTERNATIONAL AIRPORT AUTHORITY

SUPPLEMENTAL SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (UNAUDITED) - CONTINUED FOR THE YEARS ENDING JUNE 30, 2023 AND 2022

	FOR THE QUARTERS ENDED				FOR THE YEARS ENDED	
	SEPTEMBER 30, 2022	DECEMBER 31, 2022	MARCH 31, 2023	JUNE 30, 2023	JUNE 30, 2023	JUNE 30, 2022
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL
Net Operating Income Before Depreciation and Amortization	\$ 6,698,995	\$ 6,576,788	\$ -	\$ -	\$ 13,275,783	\$ 15,745,387
Depreciation and Amortization	1,491,719	1,576,787	-	-	3,068,506	6,292,900
Net Operating Income	5,207,276	5,000,001	-	-	10,207,277	9,452,487
NONOPERATING REVENUES (EXPENSES)						
Investment Income (Loss), Net	(93,722)	195,478	-	-	101,756	(279,864)
Passenger Facility Charges	3,155,389	2,932,578	-	-	6,087,967	11,225,992
Customer Facility Charges	814,266	826,312	-	-	1,640,578	3,192,973
Interest Expense	(1,077,975)	(1,065,091)	-	-	(2,143,066)	(4,736,620)
Gain (Loss) on Disposition of Assets	5,500	(7,946)	-	-	(2,446)	71,016
Total Nonoperating Revenues, Net	2,803,458	2,881,331	-	-	5,684,789	9,473,497
Net Income Before Capital Contributions	8,010,734	7,881,332	-	-	15,892,066	18,925,984
SPECIAL ITEM						
Development and Entitlement Income	-	-	-	-	-	5,000,000
CAPITAL CONTRIBUTIONS						
Federal Grants and Other	1,173,415	1,299,057	-	-	2,472,472	10,950,213
Increase in Net Position	9,184,149	9,180,389	-	-	18,364,538	34,876,197
TOTAL NET POSITION - BEGINNING OF QUARTER	142,439,828	151,623,977	160,804,366	160,804,366	142,439,828	107,563,631
TOTAL NET POSITION - END OF QUARTER	\$151,623,977	\$160,804,366	\$160,804,366	\$160,804,366	\$160,804,366	\$142,439,828

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MEETING DATE: FEBRUARY 23, 2023

AGENDA SECTION: CONSENT CALENDAR

SUBJECT: INVESTMENT REPORT FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

RELEVANT STRATEGIC OBJECTIVE: Invest in ONT Master the Basics Plan for the Future

RECOMMENDED ACTION(S): Receive and file the investment report for the six months ended December 31, 2022.

FISCAL IMPACT SUMMARY: As of and for the six months ended December 31, 2022, the OIAA's investment portfolio included a single financial instrument with the California Treasury Local Agency Investment Fund (LAIF). The fair market value (FMV) of the OIAA's investment in LAIF was \$32,359,191, an increase of \$130,380 from the FMV at September 30, 2022 and a decrease of \$18,146 from the FMV at June 30, 2022. Interest earned on the LAIF investment for the six months ended December 31, 2022, totaled \$284,063. No additional investments in or distributions from LAIF funds were made during the six months ended December 31, 2022.

BACKGROUND: In October of 2016, the OIAA adopted an investment policy for OIAA's revenues in conformance with federal, state, and other legal requirements, including California Government Code Section 53600 et seq. The objectives of the OIAA's investment policy are safety of principal and enhancement of the economic status of the OIAA. The policy sets forth investment objectives, safekeeping of securities, reporting, competitive bidding, authorization for the purchase and sales of investments, allowable types of investments and an annual policy review. In addition, to and in conformity with the adopted Investment Policy, the OIAA adopted a resolution for the investment of inactive funds in the Local Agency Investment Fund.

The Investment Policy requires that reporting include statements as to the OIAA's compliance with the investment policy, as well as a statement denoting the ability of the OIAA to meet its expenditure requirements for the next six months, or an explanation as to why sufficient money may not be available.

Significant financial aspects of the portfolios' financial position and performance are included in the following table:

Description	Quarter Ended				Balance, Year Ending June 30, 2023
	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	
FMV End of Quarter	\$ 32,228,811	\$ 32,359,191	\$ -	\$ -	\$ 32,359,191
Interest Receivable	\$ 111,814	\$ 172,249	\$ -	\$ -	\$ 172,249
Interest Earned	\$ 111,814	\$ 172,249	\$ -	\$ -	\$ 284,063
Unrealized Gain (Loss)	\$ (209,933)	\$ 18,566	\$ -	\$ -	\$ (191,367)

Required Investment Policy Statements:

- The investments identified above comply in all material respects with the OIAA's Investment Policy.
- The OIAA has the ability to meet its expenditure requirements for the next six months.

PROCUREMENT: N/A

CEQA COMPLIANCE AND LAND USE APPROVALS: N/A

STAFFING IMPACT (# OF POSITIONS): N/A

IMPACT ON OPERATIONS: N/A

SCHEDULE: N/A

ATTACHMENTS: N/A

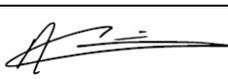
STAFF MEMBER PRESENTING: Chief Executive Officer Atif Elkadi

Originator Name: N/A

Originating Dept.: Financial Accounting and Reporting

Director Review: N/A

Chief Review: John M. Schubert, Chief Financial Officer 

CEO Approval: 

This Agenda Report has been reviewed by OIAA General Counsel.

The Agenda Report references the terms and conditions of the recommended actions and request for approval. Any document(s) referred to herein, which are not attached or posted online, may be reviewed prior to or following scheduled Commission meetings in the Office of the Clerk of the Board. Office hours are 8:30 a.m. to 5:00 p.m., Monday through Friday, although these hours and review procedures may be modified. In that case, the documents may be requested by email at clerk@flyontario.com.

BOARD DISPOSITION: Approved Denied Continued to _____

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MEETING DATE: FEBRUARY 23, 2023

AGENDA SECTION: ADMINSTRATIVE DISCUSSION/ACTION/REPORT

SUBJECT: A RESOLUTION ADOPTING A NEW AIR CARRIER INCENTIVE PROGRAM (ACIP) A

RELEVANT STRATEGIC OBJECTIVE: Invest in ONT Master the Basics Plan for the Future

RECOMMENDED ACTION(S): Approve a resolution implementing a new Air Carrier Incentive Program (ACIP) A, offering qualifying air carriers a waiver of certain fees and marketing incentives for providing nonstop service to unserved destinations within the United States, Canada and Mexico, and offering qualifying new entrant Air Carriers certain credits and marketing incentives.

FISCAL IMPACT SUMMARY: If approved, this ACIP will provide up to twelve (12) months of incentives to air carriers which launch qualifying nonstop passenger service to unserved destinations in the United States, Canada and Mexico. The incentives will include a full (100%) waiver of the landing fees for qualifying service that lasts for a duration of at least twelve (12) months, as well as marketing incentives for qualifying service that lasts for a duration of at least six (6) months. For air carriers which launch nonstop service to one or more of thirty-two (32) specified target markets, a higher value marketing incentive will apply.

In addition, this ACIP will provide up to twelve (12) months of incentives to qualifying new entrant carriers from the United States, Canada and Mexico, for carriers which provide at least twice-weekly passenger service from ONT for a duration of at least six (6) months, in the form of credits towards terminal rent and terminal use fees of \$4 per deplaned passenger at ONT, in an amount not to exceed either \$500,000 or total terminal-related payments due to ONT, whichever is lower. Qualifying new entrant carriers will also receive \$50,000 in marketing incentives during the first year of service, regardless of the destination(s) served.

BACKGROUND: On December 17, 2020, the OIAA Board of Commissioners approved a resolution to implement an air carrier incentive program (“ACIP Hawaii”) for new nonstop service between ONT and the State of Hawaii. The program went into effect immediately upon approval and was scheduled to terminate on December 31, 2023.

On February 25, 2021, the OIAA Board of Commissioners approved a resolution to implement an air carrier incentive program (“ACIP A”) for new nonstop passenger service between ONT and thirty-three (33) specified destinations in the United States, Canada and Mexico. The program went into effect on February 26, 2021, and was valid for new service launched through December 31, 2022.

On August 25, 2022, the OIAA Board approved a resolution to update the ACIP A to include three (3) additional destinations within the United States and Canada, maintaining the original validity period for service launched through December 31, 2022.

As of February 23, 2023, there are no Air Carriers currently receiving incentives under ACIP Hawaii. If approved, this resolution would terminate the existing program.

As of February 23, 2023, there is one (1) incumbent Air Carrier at ONT currently receiving incentives under the ACIP A for nonstop qualifying service to Austin (AUS), with the incentives currently scheduled to end on March 9, 2023. The adoption of this new ACIP A will have no impact on the remaining incentives for this Air Carrier, as the service was launched prior to December 31, 2022.

Although ONT has had a successful recovery from the pandemic and achieved 102.8% of 2019 passenger volumes during calendar year 2022, the airport desires continued growth in both passenger volumes and destinations offered. However, many air carriers remain constrained in their ability to add additional capacity, due to staffing challenges, aircraft shortages and other external factors. As such, ONT must continue to offer incentives in order to remain competitive with other airports across the United States which also seek growth of their own air service.

The goals of this new program include:

- Connect ONT to major connecting hubs, top business markets, and popular leisure destinations.
- Provide additional non-stop flight options from ONT to destinations across the and United States, Mexico, and Canada.
- Increase passenger traffic and overall revenue at ONT.
- Promote competition at the Airport.

In general, the incentives offered under this program shall be similar to the prior ACIP A, with new qualifying service receiving a waiver of landing fees for twelve (12) months and a specified amount of marketing support. However, some changes of note from the previous ACIP A include:

- Providing incentives for qualifying nonstop service (defined as a minimum of twice-weekly service) to any unserved destination across the United States, Canada and Mexico
- Providing higher amounts of marketing incentives for increased levels of service (e.g. daily service will receive higher marketing incentives than 3-times weekly service).
- Providing higher amounts of marketing incentives for thirty-one (31) “target” markets deemed higher priority for the airport to secure nonstop service.
- Creating a separate type of incentive package for new entrant carriers from the United States, Canada and Mexico, in the form of a credit towards terminal rent and terminal use fees of \$4 per deplaned passenger at ONT for a least six (6) months, but no more than (12) months of service, and \$50,000 in marketing incentives to be used for a period of up to twelve (12) months.
- Providing incentives for seasonal service (defined as a minimum of twice-weekly service for a continuous period of six (6) months).

PROCUREMENT: N/A

CEQA COMPLIANCE AND LAND USE APPROVALS: N/A

STAFFING IMPACT (# OF POSITIONS): N/A

IMPACT ON OPERATIONS: N/A

SCHEDULE: N/A

ATTACHMENTS:

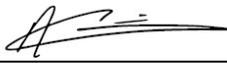
1. Resolution

STAFF MEMBER PRESENTING: Chief Executive Officer Atif Elkadi

Originator Name: Quinn Annelin

Originating Dept.: Air Service Development

Director Review: 

Chief Review: 

CEO Approval: 

This Agenda Report has been reviewed by OIAA General Counsel.

The Agenda Report references the terms and conditions of the recommended actions and request for approval. Any document(s) referred to herein, which are not attached or posted online, may be reviewed prior to or following scheduled Commission meetings in the Office of the Clerk of the Board. Office hours are 8:30 a.m. to 5:00 p.m., Monday through Friday, although these hours and review procedures may be modified. In that case, the documents may be requested by email at clerk@flyontario.com.

BOARD DISPOSITION: Approved Denied Continued to _____

RESOLUTION NO. 2023-05

**A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT
AUTHORITY APPROVING A NEW AIR CARRIER INCENTIVE
PROGRAM (ACIP) A AND TERMINATING THE EXISTING ACIP HAWAII**

WHEREAS, the Ontario International Airport Authority (“OIAA”) was established for the purpose of operating, maintaining, managing, and developing the Ontario International Airport (“ONT” or “Airport”), including developing air commerce and transportation; and

WHEREAS, on December 17, 2020, the OIAA Board of Commissioners (“Board”) approved Resolution 2020-23 establishing an Air Carrier Incentive Program (“ACIP Hawaii”) for new nonstop passenger service from ONT to the State of Hawaii; and

WHEREAS, on February 25, 2021, the Board approved Resolution 2021-04 establishing Air Carrier Incentive Program A (ACIP A) for new nonstop passenger service between ONT and unserved airports in the United States, Canada and Mexico; and

WHEREAS, no air carriers are currently utilizing incentives under ACIP Hawaii; and

WHEREAS, the final date to launch new qualifying service under the terms of the existing ACIP A was December 31, 2022; and

WHEREAS, the OIAA desires to implement a new ACIP A which provides incentives for air carriers offering qualifying nonstop service to destinations across the United States (including Hawaii), Canada and Mexico, and for new entrant air carriers from those countries which provide passenger service at ONT.

NOW, THEREFORE, BE IT RESOLVED by the Ontario International Airport Authority Commission as follows:

SECTION 1. The Ontario International Airport Authority Commission hereby approves the termination of the existing ACIP Hawaii.

SECTION 2. The Ontario International Airport Authority Commission hereby approves the continuation of incentives for carriers which are currently receiving incentives under the existing ACIP A, as of February 23, 2023.

SECTION 3. The Ontario International Airport Authority Commission hereby approves the new ACIP A provided in the Exhibit “A” attached to this Resolution and by this reference is hereby incorporated.

SECTION 4. This Resolution will take effect immediately upon its adoption.

SECTION 5. Certification. The Secretary/Assistant Secretary shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED at a Regular Meeting this 23rd day of February, 2023.

ALAN D. WAPNER, OIAA PRESIDENT

ATTEST:

NORMA I. ALLEY, MMC, ASSISTANT SECRETARY

APPROVED AS TO LEGAL FORM:

LORI D. BALLANCE, GENERAL COUNSEL

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF ONTARIO)

I, Norma I. Alley, MMC, Board Clerk/Assistant Secretary of the Ontario International Airport Authority, DO HEREBY CERTIFY the foregoing Resolution No. 2023-05 is the original and was duly passed and adopted by the Commission of the Ontario International Airport Authority at their Regular Meeting held February 23, 2023, by the following roll call vote, to wit:

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

ABSENT: COMMISSIONERS:

(SEAL)

NORMA I. ALLEY, MMC
BOARD CLERK/ASSISTANT SECRETARY



Exhibit “A”

Ontario International Airport
Air Carrier Incentive Program (A)
United States, Canada, and Mexico

INTRODUCTION

This Air Carrier Incentive Program A (“ACIP” or “Program”) for Ontario International Airport (“ONT” or “Airport”) is designed to encourage and promote additional nonstop commercial passenger service by both new entrants and current incumbent commercial air carriers to markets throughout the United States of America (including Alaska and Hawaii), Mexico, and Canada. This ACIP is consistent with and supports ONT’s mission of connecting people, places and opportunities to build a better world.

GOALS

The goals of the Program include:

- Connect ONT to major connecting hubs, top business markets, and popular leisure destinations.
- Provide additional non-stop flight options from ONT to destinations across the and United States, Mexico, and Canada.
- Increase passenger traffic and overall revenue at ONT.
- Promote competition at the Airport.

TERM

This ACIP shall be effective upon approval by the Ontario International Airport Authority’s (“OIAA”) Board of Commissioners (“Board”) and will terminate on September 30, 2025. For service(s) eligible under the ACIP, the Air Carrier providing the service will receive the incentive for up to twelve (12) months from the initiation of the eligible service(s) but such period shall conclude by September 30, 2025. Any privileges granted to any person in connection with or as a result of the implementation of this ACIP, shall be subject to the Air Carrier’s operating or lease agreement and may be revoked, suspended, or terminated at any time at the sole discretion of the Board.

After the approval of this ACIP by the Board, the Chief Executive Officer (“CEO”) shall have the authority to modify the eligibility requirements of the program, so long as such modification has a fiscal impact at or below the current signing authority of the CEO at the time that such modification is made. This will allow the OIAA to regularly re-calibrate the effectiveness of this ACIP, by adjusting the incentives to match constantly changing market conditions and opportunities.

DESCRIPTION OF INCENTIVES

This ACIP is subject to all federal, state, local laws, and all other rules, regulations, and written agreements between the OIAA and the Air Carrier(s).

There shall be a maximum of ten (10) incentive packages offered under this ACIP.

Incentives for “new qualifying nonstop service” shall be provided from the start of the eligible service as described in the following section, and only for the new eligible service, and include the following:

- A full waiver of Landing Fees (minimum service requirement of twelve (12) months)
- Marketing incentives, based on an annual budgeted amount agreed and outlined in the Commitment Letter (see Application For and Award of Incentives)

“New qualifying nonstop service” shall consist of no less than two (2) roundtrip operations each seven (7)-day weekly period as provided in the eligibility section below, and must be flown from the Airport to a currently unserved destination. A “currently unserved destination” shall be defined as a destination within the United States, Canada and Mexico which has not been served with scheduled nonstop passenger service from the Airport by any carrier for any duration of time within the previous eighteen (18) months, unless that destination is specifically mentioned in the “Target Markets” section (below). New service introduced to markets with existing service shall not be eligible for the incentives listed above.

If the duration of the “new qualifying nonstop service” is for six (6) months or more, but less than twelve (12) months, the Airport shall provide Marketing incentives only, at an amount less than what would be provided for twelve (12) months of service, prorated based on the actual duration of the service offered. No waivers of Landing Fees or other credits shall apply for service less than twelve (12) months in duration.

Separate incentives for “new entrant carriers” shall be provided from the start of the eligible service as described in the following section, and include the following:

- A credit towards certain terminal rental rates and use fees USD 4.00 per deplaned passenger at ONT, in an amount not to exceed either that Air Carrier’s total terminal-related payments due to ONT during the incentive period, or USD 500,000 per carrier, whichever is lower (see Application For and Award of Incentives), in accordance with the OIAA’s then current fiscal year Airport System Rates and Charges as listed below:
 - Terminal Rental Rates for Terminal Space, such as offices, ticket counter/queuing spaces, and preferential gate leases
 - Terminal Use Fees (Gate Use Charges) including Non-Preferential Gate Use Fee
 - Joint Use Fees
 - Aircraft Parking Charges
- Marketing incentives of up to USD 50,000 per carrier

A “new entrant carrier” shall be defined as any carrier utilizing an airport operating certificate (“AOC”) from the United States, Canada or Mexico, which has not provided any scheduled passenger service from the Airport within the previous thirty-six months, nor is flying under the marketing name of another carrier which currently provides passenger service at the Airport, either as a capacity purchase agreement or other similar arrangement.

For new entrant carriers, the duration of the incentive period shall be up to twelve (12) months immediately following the first day that the new entrant carrier begins qualifying passenger service from the Airport. “Qualifying passenger service” shall consist of no less than two (2) roundtrip operations each seven (7)-day weekly period as provided in the eligibility section below.

New entrant carriers providing nonstop service to a new qualifying destination shall be eligible for both types

of incentives: those offered for new qualifying nonstop service and those offered for new entrant carriers. The new entrant carrier incentive shall count as one (1) package, and each new qualifying nonstop destination offered from the Airport shall count as one (1) package. For example, if a new entrant carrier commences services from the Airport with two (2) new qualifying nonstop services and two (2) existing nonstop services, this shall count as three (3) incentive packages. New entrant carriers providing nonstop service to destinations which have been served with nonstop service from the Airport during the previous eighteen (18) months shall not receive any waiver of landing fees or Marketing incentives for services operated to the destination, unless that destination is specifically mentioned in the “Target Market” section (below). Only the credit towards terminal rental rates and use fees shall apply.

No part of the FIS Use Fees will be waived under the terms of this program. If the Carrier is an incumbent Air Carrier adding additional eligible service, the rates and charges waivers shall apply only to the new eligible service and, as applicable, shall be calculated based on the percentage of total weekly service frequencies.

The incentive package may be applied at the start of service or a credit may be applied at the conclusion of the service period. Carriers choosing to begin applying the incentive package at the start of service will be required to provide an instrument of credit or a performance bond for \$10,000.

The incentive package(s) offered by the OIAA under this ACIP shall be in accordance with the FAA’s Policy and Procedures Concerning the Use of Airport Revenue (64 Fed. Reg. 7696, February 16, 1999) (Revenue Use Policy), including Sections V.A.2 and V.A.3 of the Revenue Use Policy. The OIAA expenditure on advertising for the new qualifying service may be used to cover: (1) a share of promotional expenses such as marketing, advertising, and related activities designed to increase travel using the Airport; and (2) public and industry awareness of Airport facilities and the new qualifying service.

ELIGIBILITY

The incentives covered under this ACIP are available to both incumbent and new entrant Air Carrier(s). The Air Carrier must have executed an agreement with the OIAA permitting scheduled air service operations at ONT (such as an Operating Use and Terminal Lease Agreement, or Air Carrier Operating Permit) by the start of any air service in order to be eligible for this incentive package(s). In addition, the proposing Air Carrier(s) must have obtained or be able to obtain before the proposed start date of the service, necessary route authority from the United States and the proposed destination and must comply with all statutory and regulatory requirements imposed by the Governments of the United States and/or the proposed destination for the operation of the proposed service.

For incentives related to new qualifying nonstop service, the incentivized service(s) must:

1. Be a new scheduled and operated nonstop service from ONT to an unserved destination within the United States of America, Canada, and Mexico;
2. Not be currently served by any Air Carrier at ONT (subsequent market entrants will not receive incentives). If multiple Air Carriers announce new non-stop service to the same destination, only the Air Carrier initiating service the earliest shall be eligible for the incentive(s) for such destination;
3. Be operated continuously for at least six (6) months from the date of initiation of service;
4. Be operated on a roundtrip basis at least an average of two (2) days per week during the period for which incentives are provided; and
5. Be initiated during the period from February 23, 2023 to September 30, 2024.

Repeated seasonal service, upgrade of equipment type, or increased number of seats on existing flights are not considered new service.

For incentives related to new entrant carriers, the carrier(s) must:

1. Provide continuous scheduled passenger service from ONT for at least six (6) months from the date of initiation of service;
2. Operate an average of at least two (2) weekly roundtrip services during the six (6) month period;
3. Initiate passenger service from ONT during the period from February 23, 2023 to September 30, 2024; and
4. Not have provided passenger service at ONT during the previous thirty-six (36) months.

TARGET MARKETS

While the Airport seeks to obtain qualifying nonstop service to any unserved destination across the United States, Canada and Mexico, service to certain unserved markets will receive a higher amount of Marketing incentives, as outlined in the Commitment Letter. The list of unserved airports that are eligible for this higher Marketing incentive are as follows:

United States:

- Anchorage (ANC)
- Baltimore (BWI)
- Boise (BOI)
- Boston (BOS)
- Detroit (DTW)
- Fort Lauderdale (FLL)
- Hilo (ITO)
- Kahului (OGG)
- Kailua/Kona (KOA)
- Kansas City (MCI)
- Lihue (LIH)
- Miami (MIA)
- Minneapolis (MSP)
- Nashville (BNA)
- Newark/Liberty (EWR)
- New Orleans (MSY)
- New York/LaGuardia (LGA)
- San Antonio (SAT)
- Spokane (GEG)
- Philadelphia (PHL)
- Washington/Dulles (IAD)
- Washington/National (DCA)

Canada:

- Calgary (YYC)
- Edmonton (YEG)
- Montreal/Trudeau (YUL)
- Toronto/Pearson (YYZ)
- Vancouver (YVR)

Mexico:

- Cancún (CUN)
- Mexico City (MEX)
- Mexico City (NLU)
- Puerto Vallarta (PVR)
- San José del Cabo (SJD)

Application for and Award of Incentives

The initial incentive package allocation process will begin on February 23, 2023. Any Air Carrier(s) that are eligible and interested in receiving one (1) or more incentive packages during the initial allocation process must complete, sign, and submit to the Chief Executive Officer the written application (“Commitment Letter”) attached to the end of this ACIP not more than ninety (90) days prior the first departing flight from ONT of new service qualifying for the incentives. In order to receive the incentive package(s), the Air Carrier must sign the written application (“Commitment Letter”) attached to the end of this ACIP, agreeing to the provisions and eligibility requirements outlined in this ACIP, and provide the following documents: (1) the ONT Air Service Development Incentive Program Application (“Program Application”); and (2) the Commitment Letter Regarding Participation in the ONT Air Service Development Incentive Program (“Commitment Letter”) agreeing to the provisions and eligibility requirements outlined in this ACIP. The Program Application and Commitment Letter are attached to the end of this ACIP and must be signed by an Officer and countersigned by the OIAA, and sent to:

Ontario International Airport Authority
Attn: Chief Executive Officer
1923 East Avion Street
Ontario, CA 91761

or any other address as designated by the OIAA from time to time.

For incentive packages awarded for new qualifying nonstop service, if more than one (1) Air Carrier proposes to initiate service to the same destination, the Airport will award the incentive package to the Air Carrier proposing the earliest date on which service will begin.

If more than one (1) Air Carrier proposed to initiate service to the same destination, the Air Carriers propose the same start date for initiation of service, and one (1) of the Air Carriers is a new entrant Air Carrier at ONT, the Airport will award the incentive package to the new entrant Air Carrier at ONT consistent with the Incentive Program goal of providing new non-stop air service between ONT and the destination by promoting competition at the Airport.

If more than one (1) Air Carrier proposes to initiate service to the same destination, the Air Carriers propose the same start date for initiation of service and none of the Air Carriers are new entrant Air Carriers (or more than one (1) of the Air Carriers is a new entrant Air Carrier), the Airport will conduct a lottery to select the Air Carrier that will receive the incentive package for that destination.

Assuming that all eligibility criteria referenced above are met, the following conditions will apply to the award of the incentive package(s):

- An Air Carrier may receive more than one (1) incentive package provided that the Air Carrier separately meets all of the eligibility criteria referenced above for each package
- Waiver of any fees or charges will be awarded in the form of credits to the Air Carrier, resulting in a payable balance of \$0.00 for such occurred charges.

If an Air Carrier that has been awarded one or more incentive package(s) chooses to apply the applicable credits at the outset of the required service period (rather than at the conclusion of the service period), the Air Carrier to receive such credit shall provide the Airport with an instrument of credit or a performance bond in the amount of US\$10,000 to be received under this Incentive Program. The form of credit or bond must be approved by the Chief Financial Officer. The allocation of the incentive package(s) shall not be transferable and no property rights are created by virtue of the allocation of incentive package(s).

The OIAA shall have no liability of any nature, or in any form, to an Air Carrier for any costs, expenses, harm, damages, or other claims which an Air Carrier might otherwise have against the OIAA, or which an Air Carrier might incur, in respect of, or arising from, incentive package allocation(s) and any capacity withdrawn due to failure to comply with the Airport rules or regulations or for any other reasons determined by ONT to be necessary and reasonable.

General Provisions

Authority

This ACIP is adopted by OIAA, acting in its capacity as the proprietor and certificated operator of ONT, and under the authority of federal law, and the laws of the State of California, which designate OIAA as the proper local entity to balance the needs of the community for adequate commercial air transportation facilities and services, including service to international destinations, and the desire of the local community for responsible air transportation operations at ONT. This ACIP reflects consideration of and by OIAA of all of its state and federal obligations and responsibilities as the proprietor of ONT.

This ACIP is adopted by OIAA in recognition of its proprietary and governmental obligations under the STATE AERONAUTICS ACT (CALIFORNIA PUBLIC UTILITIES CODE 21001, et seq.) and is particularly made in recognition of the importance of the business, tourist and recreation industry to the economic health and well-being of the regional and local community. The region is a major business, tourist and resort destination center, and a substantial portion of the economy of the region depends upon tourism and resort activities. The ability of OIAA to encourage and promote passenger air service between ONT and currently unserved markets is indispensable to the continued economic vitality of the Airport and to the business, tourism and resort segments of the local and regional economy.

General Limitations and Qualifications

All operating privileges of any type made under this ACIP are made subject to all provisions, limitations and qualifications of the Airport and are privileges revocable by OIAA at will, do not constitute “property interests” of Air Carriers affected by this Program in any form, and are not transferable directly or indirectly, or by operation of law.

Relationship to Agreements

No Commercial Air Carrier may conduct operations at ONT until it has first received approval of an operating agreement further defining its obligations to OIAA in respect of its operations at ONT. Such agreement may be either an Operating Use and Terminal Lease Agreement or Air Carrier Operating Permit. The obligations

of any Air Carrier servicing ONT under this Program are in addition to any and all obligations said Carrier has to the Airport under its agreement(s) with the OIAA.

Amendments, Termination or Suspension

After the approval of this ACIP by the Board, the OIAA CEO shall have the authority to modify the eligibility requirements of the Program, so long as such modification has a fiscal impact at or below the current signing authority of the CEO at the time that such modification is made. Unless specifically provided, this ACIP may also be amended, terminated, or suspended by approval of the Commission. In the event this ACIP is amended by either the OIAA Commission or the CEO, the Air Carrier receiving incentives under this Program shall be deemed to have accepted all terms and provisions of such amendment immediately.

Interpretation of Program

The OIAA shall solely and reasonably interpret and implement the Program.

Compliance with Federal Obligations

The terms and implementation of this ACIP shall be, at all times, subordinated to applicable federal, state, and local laws and regulations, and the provisions of any existing or future agreement between the OIAA and the U.S. Government or governmental authority, relating to the operation or maintenance of the Airport. This Program may be terminated, in whole or in part, if it is determined to violate applicable laws, regulations or any assurance made by OIAA to the U.S. Government in connection with the receipt of federal grants-in-aid or the approval of Passenger Facility Charges.

Non-Exclusivity of Sanctions, Penalties, and Remedies

The penalties of this ACIP are non-exclusive, and are in addition (and without prejudice) to any and all other remedies, at law or at equity, civil or criminal, by contract or otherwise, which may be available to OIAA with respect to the conduct or actions of any Air Carrier using ONT.

Funding

The incentives offered by the Airport in this ACIP shall not have any effects on the rentals, fees, or charges imposed on other users of the Airport.

Penalties and Prohibitions

In addition to any and all regulations, ordinances, policies, leases, and agreements of the Authority adopted or entered into in its capacity as the proprietor and certificated operator of ONT, the following prohibitions and penalties shall be applicable to all actual or potential operations at ONT under this ACIP.

In the event any Air Carrier that has been allocated, in whole or in part, an incentive package under this ACIP: (1) ceases or abandons flight operations to the proposed destination prior to the end of the required service period; (2) conducts its operations in a manner which causes the Air Carrier to operate less than an average of two (2) days per week continuously during the required service period, beginning on the date of service; (3) fails to initiate the proposed service as required by the Program Application and Commitment Letter; or (4) fails to comply with any regulations, ordinances, policies, leases, and agreements or the Airport, the Air Carrier shall be subject to the following penalties:

- (a) The Air Carrier shall be disqualified from further participation under the Incentive Program, with the exception of any incentive package(s) already allocated to the Air Carrier that remain(s) in compliance with the terms of the Incentive Program, until the person requesting requalification establishes, in writing, to the satisfaction of the Chief Executive Officer (“CEO”), that it has identified the reason(s) for the failure to comply with the terms of the Incentive Program.
- (b) The Air Carrier shall be required to reimburse ONT for all credits received under the Incentive Program for the incentive package(s) for which the violation(s) occurred including, but not limited to, all monetary credit(s); and the repayment of any monetary credits must be paid not later than sixty (60) days after the date of the Airport Director’s written notice of violation. Any person who fails to make repayment as required by this Section within the sixty (60) day period shall be subject to an additional administrative penalty of \$1,000 per day for each day the penalty payment is late.
- (c) Any Air Carrier may submit a written request to the OIAA’s CEO for modifications to the requirements of the ACIP including, but not limited to, the service period and frequency of operations, of the Incentive Program. If the request is granted in whole or in part, the CEO shall specify the modified use requirement authorized by him, and the modifications will then be binding on the applicant operator for the period for which the request has been granted as if contained in the Incentive Program.

The CEO may deny, grant, or grant with conditions the requested modification(s). In considering any request made, the CEO shall consider the following: (i) the reasonableness of the request under the relevant circumstances; (ii) the interests of the air traveling public and the impact of the request, if any, on the ability of OIAA to realize its goals for the Program; and (iii) the effect of the request, if any, on the goals, policies, and regulations of OIAA in its management and operation of ONT.

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SUBJECT: Commitment Letter Regarding Participation in the Ontario International Airport's Air Carrier Incentive Program (A) – New Qualifying Destination

Dear Enter Name Here:

By this letter, Enter Airline Here (the "Airline") would like to formally acknowledge our request to participate in the Ontario International Airport ("ONT" or "Airport") Air Carrier Incentive Program (A) ("Incentive Program"). We intend to initiate non-stop service to Enter Destination Here beginning on Enter Date Here.

Consistent with the ACIP, the Airline understands that prior to commencing commercial service at the Airport, the Airline must execute an agreement with OIAA permitting scheduled air services operations at ONT. In addition, we understand that the Airline must comply with all applicable Airport rules and regulations.

This letter is intended to memorialize the Agreement between OIAA, the owner and operator of ONT, and the Airline under the terms of the Incentive Program. The OIAA and the Airline, by their respective signatures to this letter, acknowledge their understanding and agreement that:

- i.) The terms of incentives for Airline's air service to the Airport (the "Incentives") are governed by the Incentive Program.
- ii.) The service that the Airline is offering at ONT falls within all eligibility criteria described in the Incentive Program.
- iii.) The Airline commits to maintain such service for a period of twelve (12) consecutive months from the date of initiation of service and be operated at an average frequency of two (2) days per week over the first twelve (12) consecutive months from the date of initiation of service (for Landing Fee waivers).
- iv.) The Airlines commits to maintain such service for a period of _____ consecutive months from the data of initiation of service and be operated at an average frequency of two (2) days per week over the first _____ consecutive months from the data of initiation of service (for Marketing incentives).
- v.) The incentive package will provide an OIAA expenditure on a share of advertising for the new qualifying service, in an amount of _____ [OIAA to enter amount here]. The Airline and OIAA will work together to develop an advertising campaign to raise awareness of the new qualifying service in accordance with all applicable statutes and the FAA's Policy and Procedures Concerning the Use of Airport Revenue (64 Fed.Reg. 7696). The ONT brand shall be prominently, and at least equally, represented in the creative, regardless of which entity develops the creative. All advertising shall be approved by OIAA in writing, in its sole discretion, before any public dissemination or use. The OIAA will pay its agreed amount and share for the advertising campaign directly to the vendor.
- vi.) The Airline shall share with OIAA all data and key performance indicators (KPIs) associated with the Incentive Program advertising campaign on a quarterly basis throughout the term of the incentive(s), as well as at the termination of the incentive(s).

In the event the Airline ceases or abandons flight operations to the proposed destination prior to the end of the required service period or fails to comply with any rule or regulation of ONT during the term of the Incentive Program, by this letter we acknowledge that the Airline will be subject to the penalties as specified in the

Incentive Program including, but not limited to, disqualification from further participation under the Incentive Program, and reimbursement to OIAA for all credits, including monetary credits, and expenditures offered pursuant to the Incentive Program.

The Airline understands that this Agreement is subordinate to the provisions of any and all existing and future agreements between OIAA and the United States of America relative to the operation, maintenance, or development of the Airport, the execution of which may be required as a condition precedent to the expenditure of funds for the development of the Airport, or any part thereof. The Airline further understands that, in the event the Federal Aviation Administration of the United States of America or its successor requires modifications or changes in the Incentive Program or to this Agreement, the Airline consents to any and all such modifications and changes as may be required; and the Airline agrees to execute an amendment to this Agreement with OIAA reflecting such modifications or changes.

If the Airline is awarded an incentive package(s) under the terms of the Incentive Program, the Airport will sign a duplicate original of this correspondence and return it to the Airline indicating that it concurs in the above.

**ONTARIO INTERNATIONAL
AIRPORT AUTHORITY**

By: _____
Atif J. Elkadi
Chief Executive Officer

Date: _____

ENTER AIRLINE NAME HERE

By: _____

Printed Name: _____

Title: _____

SUBJECT: Commitment Letter Regarding Participation in the Ontario International Airport's Air Carrier Incentive Program (A) – New Entrant Carrier

Dear Enter Name Here:

By this letter, Enter Airline Here (the "Airline") would like to formally acknowledge our request to participate in the Ontario International Airport ("ONT" or "Airport") Air Carrier Incentive Program (A) ("Incentive Program"). We intend to initiate non-stop service from ONT beginning on Enter Date Here.

Consistent with the ACIP, the Airline understands that prior to commencing commercial service at the Airport, the Airline must execute an agreement with OIAA permitting scheduled air services operations at ONT. In addition, we understand that the Airline must comply with all applicable Airport rules and regulations.

This letter is intended to memorialize the Agreement between OIAA, the owner and operator of ONT, and the Airline under the terms of the Incentive Program. The OIAA and the Airline, by their respective signatures to this letter, acknowledge their understanding and agreement that:

- i.) The terms of incentives for Airline's air service to the Airport (the "Incentives") are governed by the Incentive Program.
- ii.) The service that the Airline is offering at ONT falls within all eligibility criteria described in the Incentive Program.
- iii.) The Airline commits to maintain scheduled service from the Airport for a period of six (6) consecutive months from the date of initiation of service and operate at an average frequency of two (2) flights per week over the first six (6) consecutive months from the date of initiation of service.
- iv.) The incentive package will provide the Airline with a credit towards certain terminal rental payments and use fees of USD 4.00 per deplaned passenger at the Airport, in an amount not to exceed either the Airline's total terminal-related payments due to ONT during the incentive period, or USD 500,000, whichever is lower. The credit shall be applied on a monthly basis as a credit towards the Airline's total outstanding balance owed to the Airport.

In the event the Airline ceases or abandons flight operations from the Airport prior to six (6) months after the date of initiation of service or fails to comply with any rule or regulation of ONT during the term of the Incentive Program, by this letter we acknowledge that the Airline will be subject to the penalties as specified in the Incentive Program including, but not limited to, disqualification from further participation under the Incentive Program, and reimbursement to OIAA for all credits, including monetary credits, and expenditures offered pursuant to the Incentive Program.

The Airline understands that this Agreement is subordinate to the provisions of any and all existing and future agreements between OIAA and the United States of America relative to the operation, maintenance, or development of the Airport, the execution of which may be required as a condition precedent to the expenditure of funds for the development of the Airport, or any part thereof. The Airline further understands that, in the event the Federal Aviation Administration of the United States of America or its successor requires modifications or changes in the Incentive Program or to this Agreement, the Airline consents to any and all such modifications and changes as may be required; and the Airline agrees to execute an amendment to this Agreement with OIAA reflecting such modifications or changes.

If the Airline is awarded an incentive package(s) under the terms of the Incentive Program, the Airport will sign a duplicate original of this correspondence and return it to the Airline indicating that it concurs in the above.

**ONTARIO INTERNATIONAL
AIRPORT AUTHORITY**

By: _____
Atif J. Elkadi
Chief Executive Officer

Date: _____

ENTER AIRLINE NAME HERE

By: _____

Printed Name: _____

Title: _____