

**ONTARIO INTERNATIONAL AIRPORT
AUTHORITY
COMMISSION AGENDA
SPECIAL MEETING
MARCH 11, 2016 AT 9 A.M.**

Alan D. Wapner
President

Ronald O. Loveridge
Vice President

Lucy Dunn
Secretary

Jim W. Bowman
Commissioner

Curt Hagman
Commissioner

**TELECONFERENCE LOCATION:
2 Park Plaza, Suite 100
Irvine, CA**



Kelly J. Fredericks
Chief Executive Officer

John E. Brown
General Counsel

Grant D. Yee
Treasurer

WELCOME to a meeting of the Ontario International Airport Authority.

- Authority meetings are held at the City of Ontario Council Chambers located at 303 East B Street, Ontario, CA 91764 or at other such places as the Commission shall designate.
- All documents for public review are on file at the Authority Secretary's offices located within City of Ontario facilities at 303 East B Street, Ontario, CA 91764.
- Anyone wishing to speak during public comment or on a particular item will be required to fill out a 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.
- Comments will be limited to 3 minutes. Speakers will be alerted when they have 1 minute remaining and when their time is up. Speakers are then to return to their seats and no further comments will be permitted.
- In accordance with California Law, remarks during public comment are to be limited to subjects within Authority's jurisdiction. Remarks on other agenda items will be limited to those items.
- Remarks from those seated or standing in the back of chambers will not be permitted. All those wishing to speak including Commissioners and Staff need to be recognized by the Authority President before speaking.

ORDER OF BUSINESS: The Authority Special Meeting begins with Public Comment at 9:00 a.m., immediately followed by the Special Meeting.

(EQUIPMENT FOR THE HEARING IMPAIRED IS AVAILABLE IN THE CITY OF ONTARIO'S RECORDS MANAGEMENT OFFICE)

CALL TO ORDER (*OPEN SESSION*)

9:00 a.m.

ROLL CALL

Loveridge, Dunn, Bowman, Hagman, Wapner

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

The Public Comment portion of the Authority meeting is limited to 30 minutes with each speaker given a maximum of 3 minutes. An opportunity for further Public Comment may be given at the end of the meeting. Under provisions of the Brown Act, the Commission is prohibited from taking action on oral requests.

As previously noted -- if you wish to address the Commission, fill out one of the blue slips at the rear of the chambers and give it to the Secretary/Assistant Secretary.

CONSENT CALENDAR

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

I. APPROVAL OF MINUTES

Minutes for the meetings of the Ontario International Airport Authority of February 1 and March 7, 2016, and approving same as on file with the Secretary/Assistant Secretary.

2. A RESOLUTION AUTHORIZING ENROLLMENT OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY (OIAA) AS AN AFFILIATE MEMBER FOR PAYROLL, BENEFITS AND INSURANCE PLANS ENROLLMENT AND ADMINISTRATION

That the Commission adopt a resolution authorizing the Chief Executive Officer to execute any and all plan documents, contracts, and amendments necessary to establish the Ontario International Airport Authority (OIAA) as an Affiliate Member for payroll, benefits and insurance plans enrollment and administration.

3. FINANCIAL FEASIBILITY STUDY FOR ONTARIO INTERNATIONAL AIRPORT AUTHORITY BONDS

That the Commission approve and authorize the Chief Executive Officer to execute an Agreement with AXIS Consultant of Chicago, Illinois, for the financial feasibility study to refund approximately \$55.5 million of outstanding bonds issued by Los Angeles World Airports (LAWA) for Ontario International Airport (ONT).

COMMISSIONER MATTERS

STAFF MATTERS

ADJOURNMENT

**ONTARIO INTERNATIONAL AIRPORT AUTHORITY
COMMISSION MEETING
MINUTES
MONDAY, FEBRUARY 1, 2016
(Not Official Until Approved)**

A regular meeting of the Ontario International Airport Authority was held on Monday, February 1, 2016, in the City Council Chamber of Ontario City Hall, 303 East B Street, Ontario, California.

Notice of said meeting was duly given in the time and manner prescribed by law.

CALL TO ORDER

Commission President Wapner called the Ontario International Airport Authority Commission meeting to order at 10:03 a.m.

ROLL CALL

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

ABSENT: Commissioners: Ron O. Loveridge

Also present were: Executive Director Al C. Boling, Legal Counsel Brown and Assistant Secretaries Jacob Green and Vicki Kasad.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Commissioner Bowman.

PUBLIC COMMENTS

None.

President Wapner noted that Mayor Paul Leon was in attendance.

CONSENT CALENDAR

MOTION: Moved by Commissioner Hagman, seconded by Secretary Dunn and carried by unanimous vote of those present, with Vice President Loveridge absent to approve the Consent Calendar as presented.

1. APPROVAL OF MINUTES

The Commission approved the Minutes for the regular meetings of the Ontario International Airport Authority of November 2, December 7, 2015 and January 4, 2016; and the special meetings of October 16, December 5, December 7 and December 17, 2015; and January 18, 2016 as on file with the Secretary/Assistant Secretary.

2. INVESTMENT BANKING SERVICES FOR ONTARIO INTERNATIONAL AIRPORT AUTHORITY

The Commission approved and authorized the Executive Director to execute an Agreement with Morgan Stanley of New York, New York, for investment banking services to refund approximately \$55.5 million of outstanding bonds issued by Los Angeles World Airports (LAWA) for Ontario International Airport (ONT).

3. APPOINTMENT OF CHIEF EXECUTIVE OFFICER

The Commission:

- (A) Adopted Resolution No. 2016-001 amending Resolution 14.001, appointing Kelly J. Fredericks as Chief Executive Officer of the Authority effective March 7, 2016;
- (B) Approved an employment agreement with Kelly J. Fredericks as Chief Executive Officer (CEO); and
- (C) Authorized the CEO signature authority to execute contracts on behalf of the Commission for the acquisition of equipment, materials, supplies, labor services or other items up to a maximum of \$100,000.

ADMINISTRATIVE REPORTS/DISCUSSION/ACTION

AIR SERVICE PERFORMANCE UPDATE

Paul Haney, Airport consultant with Englander, Knabe & Allen, provided an update on activity at ONT for the full year of 2015, including cargo activity. He indicated that ONT saw a passenger traffic increase of 2% in 2015 year over year, even as the seat capacity was trimmed eight-tenths of one percent. He noted that both domestic and international flights showed growth; domestic 1% or about 30,000 passengers and international 60% or about 54,00 passengers due to additional service to Mexico. He showed overall passenger activity for all Southern California airports year over year and in the period since the year 2000. He advised that Ontario's seat factor increased by 2.2% in 2015, giving ONT 4.3% of the market share at year end. He noted that scheduled seats at ONT are projected to increase 4.7% from January to September 2016. Cargo tons handled at ONT increased 7.4 percent in 2015 compared with the prior year. Year over year increases were recorded in 11 months of 2015 according to Mr. Haney.

President Wapner questioned the reduced flights in Palm Springs, noting two new Jet Blue flights. Mr. Haney indicated that the new flights had not started yet. President Wapner further questioned the projected decrease for Long Beach. Mr. Haney explained that all of their 42 current slots are not being flown full time, but noted that in 2016 they would be expanding to 51 slots. President Wapner questioned the ONT estimates for

2016. Mr. Haney clarified the estimates and noted that as the year progresses they can be recalibrated and adjusted upward. President Wapner questioned the likelihood of cancelled flights with increased seat capacity. Mr. Haney indicated that he did not think it would be an appreciable change, as in some cases they are substituting larger aircraft, but he would need to analyze the situation. He also noted that airlines avoid cancelling flights further. President Wapner noted that he is cautiously optimistic based on the existing conditions, but any changes could have a positive impact.

COMMISSIONER MATTERS

President Wapner noted that the Consent Calendar had included formal approval and the appointment of Kelly Fredericks from Providence, Rhode Island as Chief Executive Officer, and indicated that he would be arriving the second week in March to start his employment for the OIAA.

STAFF MATTERS

None.

ADJOURNMENT

President Wapner adjourned the Ontario International Airport Authority Commission meeting at 10:20 a.m.

Respectfully submitted:

VICKI KASAD, ASSISTANT SECRETARY

APPROVED:

ALAN D. WAPNER, PRESIDENT
ONTARIO INTERNATIONAL AIRPORT AUTHORITY

ONTARIO INTERNATIONAL AIRPORT AUTHORITY

MINUTES

MONDAY, MARCH 7, 2016

(Not Official Until Adopted)

The Regular Meeting scheduled for Monday, March 7, 2016, was cancelled due to lack of an available quorum. The next regular meeting is scheduled for Monday, April 4, 2016, in the Ontario City Council Chambers, 303 East B Street, Ontario, California.

Respectfully submitted:

VICKI KASAD, MMC, ASSISTANT SECRETARY

APPROVED:

ALAN D. WAPNER, PRESIDENT
ONTARIO INTERNATIONAL AIRPORT AUTHORITY

**ONTARIO INTERNATIONAL
AIRPORT AUTHORITY**
Agenda Report
March 11, 2016

**SECTION:
CONSENT CALENDAR**

SUBJECT: A RESOLUTION AUTHORIZING ENROLLMENT OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY (OIAA) AS AN AFFILIATE MEMBER FOR PAYROLL, BENEFITS AND INSURANCE PLANS ENROLLMENT AND ADMINISTRATION

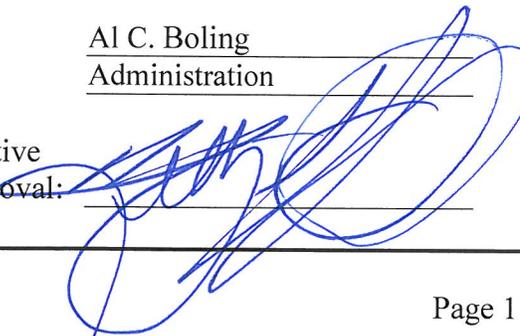
RECOMMENDATION: That the Commission adopt a resolution authorizing the Chief Executive Officer to execute any and all plan documents, contracts, and amendments necessary to establish the Ontario International Airport Authority (OIAA) as an Affiliate Member for payroll, benefits and insurance plans enrollment and administration.

FISCAL IMPACT: Appropriations and corresponding expenditures for salary, benefits, and related personnel costs for all OIAA employees will be accounted for and reported by the City of Ontario pursuant to the MOU by and between the City and OIAA. Consistent with the Memorandum of Understanding entered into by the OIAA on December 2, 2013, and by the City on February 4, 2014, any and all funds expended by the City of Ontario on behalf of the OIAA in pursuit of a successful Ontario International Airport (ONT) transfer shall be reimbursed by the OIAA to the City. This interim funding arrangement will continue throughout the interim transition period culminating with the transfer of the FAA Part 139 Operating Certificate from Los Angeles World Airports (LAWA) to the OIAA, anticipated in July 2016. Future years' appropriations will be included in the adopted operating budgets for the OIAA, as approved by the OIAA Commission in the respective fiscal years.

BACKGROUND: On February 1, 2016, the OIAA appointed Kelly J. Fredericks to the position of Chief Executive Officer (CEO) and approved his employment contract. Since that Commission action, staff has been working with a team consisting of a tax/benefit and employment attorney, insurance brokers, and other industry experts to implement the contractually obligated salary and benefits components and prepare for the addition of other OIAA employees.

Staff and legal counsel have determined that the most efficient and effective way to on-board new OIAA employees is for the OIAA to become an Affiliate Member of the City of Ontario's existing plans. Affiliate Member status will enable enrollment in payroll, benefits and insurances including, but not

STAFF MEMBER PRESENTING: Kelly J. Fredericks, Chief Executive Officer

Prepared by: Al C. Boling Approved: _____
Department: Administration Continued to: _____
Denied: _____
Chief Executive Officer Approval:  _____

limited to, medical, dental, vision, defined contribution plans, life and other insurances, etc. Adoption of this resolution will enable the CEO of the OIAA to execute any and all documents necessary to activate all applicable employment benefits and aviation related insurances including, but not limited to, property, liability, and environmental coverage for ONT and the OIAA.

Affiliate Member enrollment will provide for immediate coverages for the OIAA's initial employees and give the CEO an opportunity in the near future to evaluate and recommend long term payroll, benefits, and insurance plans options. After the additional future market analysis, staff will return to the OIAA Board for consideration of further payroll, benefit and insurance plans approvals.

RESOLUTION NO. _____

A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY AUTHORIZING ENROLLMENT OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY (OIAA) AS AN AFFILIATE MEMBER FOR PAYROLL, BENEFITS AND INSURANCE PLANS ENROLLMENT AND ADMINISTRATION.

WHEREAS, Ontario International Airport Authority ("OIAA") is an independent standalone entity and the OIAA; and

WHEREAS, it is important to maintain the payroll, benefit and insurance plans for the OIAA employees; and

WHEREAS, Affiliate Member enrollment will provide for immediate coverages for OIAA employees and give the Chief Executive Officer an opportunity in the near future to evaluate and recommend long term payroll, benefits and insurance plan options.

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED, AND RESOLVED by the Ontario International Airport Authority Board as follows:

SECTION 1. That the Affiliate Membership be established with the City of Ontario for payroll, benefits and insurance plans.

SECTION 2. That the Chief Executive Officer is authorized to execute any documents required to exercise this affiliation.

SECTION 3. This action shall be effective immediately upon adoption of this Resolution.

The President of the Ontario International Airport Authority shall sign this Resolution and the Secretary shall attest and certify to the passage and adoption thereof.

PASSED, APPROVED, AND ADOPTED at a special meeting this 11th day of March, 2016.

ALAN D. WAPNER, PRESIDENT

ATTEST:

ASSISTANT SECRETARY

APPROVED AS TO LEGAL FORM:

BEST BEST & KRIEGER LLP
GENERAL COUNSEL

EXHIBIT A

FIRST AMENDMENT TO THE CITY OF ONTARIO, CALIFORNIA
FLEXIBLE BENEFITS PLAN

[Attached behind this cover page]

**ONTARIO INTERNATIONAL
AIRPORT AUTHORITY**
Agenda Report
March 11, 2016

**SECTION:
CONSENT CALENDAR**

SUBJECT: FINANCIAL FEASIBILITY STUDY FOR ONTARIO INTERNATIONAL AIRPORT AUTHORITY BONDS

RECOMMENDATION: That the Commission approve and authorize the Chief Executive Officer to execute an Agreement with AXIS Consultant of Chicago, Illinois, for the financial feasibility study to refund approximately \$55.5 million of outstanding bonds issued by Los Angeles World Airports (LAWA) for Ontario International Airport (ONT).

FISCAL IMPACT: The proposed fee for the financial feasibility study is estimated to be approximately \$275,000. The cost of the study will be fully funded from debt service savings attributed to lower interest costs. Dependent upon the credit and market interest rates at the time of bond issuance, it is estimated that the net present value savings from the refunding will range between \$4.5 million to \$6.3 million.

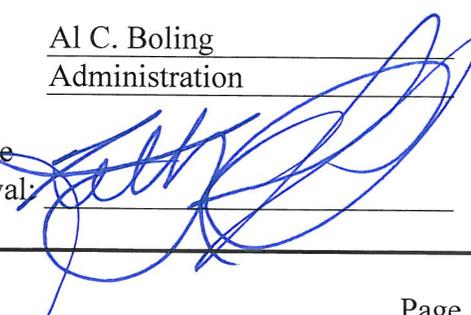
BACKGROUND: As part of the settlement agreement and transfer of the Ontario International Airport with LAWA, the Ontario International Airport Authority (OIAA) is required to fund the call of approximately \$55.5 million of outstanding Series 2006 Bonds issued by LAWA for ONT. It is recommended that the OIAA satisfy this requirement by issuing new bonds at a lower interest costs to refund LAWA's existing bond obligation at ONT.

In response to a request for proposals, the OIAA received written proposals for the financial feasibility study from four (4) well-known firms throughout the country:

- Axis Consulting, Chicago, Illinois
- AVK Consulting, Carmel Valley, California
- DKMG Consulting, Guildford, Indiana
- Unison Consulting, Inc, Mission Viejo, California

After careful review, analysis, and reference checks of the firms' qualifications and personnel, it is recommended that OIAA select the firm of AXIS Consulting for the following reasons:

STAFF MEMBER PRESENTING: Kelly J. Fredericks, Chief Executive Officer

Prepared by: Al C. Boling
Department: Administration
Chief Executive Officer Approval: 

Approved: _____
Continued to: _____
Denied: _____

- Highly qualified personnel with strong experience (55 years) in the aviation industry;
- Available staff resources to complete the study in a timely manner; and
- Familiarity with ONT's finances.