NEW ISSUE—BOOK-ENTRY ONLY **Ratings: See "RATINGS" herein.**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority ("Bond Counsel"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2021A Bonds and Series 2021B Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any Series 2021B Bond for any period during which the Series 2021B Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed or refinanced with the proceeds of the Series 2021B Bonds or a "related person," (ii) interest on the Series 2021A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, and (iii) interest on the Series 2021B Bonds is treated as a preference item in calculating the alternative minimum tax under the Code. Interest on the Series 2021C Bonds is included in gross income of the holder thereof for federal income tax purposes. Bond Counsel is further of the opinion that, under existing statutes, interest on the Series 2021 Bonds is exempt from State of California personal income taxes. See "TAX MATTERS" herein regarding certain other tax considerations.

ONTARIO INTERNATIONAL AIRPORT AUTHORITY

\$57,750,000 **Ontario International Airport Revenue Bonds, Series 2021A (Non-AMT)**	**\$41,685,000** **Ontario International Airport Revenue Bonds, Series 2021B (AMT)**	**\$3,905,000** **Ontario International Airport Revenue Bonds, Series 2021C (Taxable)**

Dated: Date of Delivery **Due: May 15, as shown on the inside cover**

The Ontario International Airport Authority (the "Authority") will issue its \$57,750,000 Ontario International Airport Revenue Bonds, Series 2021A (Non-AMT) (the "Series 2021A Bonds"), \$41,685,000 Ontario International Airport Revenue Bonds, Series 2021B (AMT) (the "Series 2021B Bonds") and \$3,905,000 Ontario International Airport Revenue Bonds, Series 2021C (Taxable) (the "Series 2021C Bonds" and, together with the Series 2021A Bonds and the Series 2021B Bonds, the "Series 2021 Bonds") pursuant to the Joint Exercise of Powers Act, California Government Code Section 6500, *et seq.* (the "Joint Powers Act"), and pursuant to a Master Trust Indenture dated as of November 1, 2016 (the "Master Trust Indenture"), as amended and supplemented, including as amended and supplemented by the Third Supplemental Trust Indenture, dated as of April 1, 2021 (the "Third Supplemental Indenture") between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). See "DESCRIPTION OF THE SERIES 2021 BONDS" herein. The Master Trust Indenture, as amended and supplemented, is referred to herein as the "Indenture."

The proceeds of the Series 2021 Bonds will be used (i) to make the approximately \$23.3 million final payment to Los Angeles World Airports in connection with the transfer of Ontario International Airport ("ONT") to the Authority in 2016 (see "ONTARIO INTERNATIONAL AIRPORT - Transfer of Operations and Management of ONT to the Authority"), (ii) to repay the approximately \$34.8 million outstanding amount of the Authority's Subordinated Revenue Note, Series 2019, (iii) to pay or reimburse the Authority for the costs of certain capital improvements constituting the 2021 Project; (iv) to pay a portion of the interest payable with respect to the Series 2021 Bonds; (v) to pay the cost of a debt reserve insurance policy (the "Reserve Policy") to be issued by Assured Guaranty Municipal Corp.; and (vi) to pay costs of issuance related to the Series 2021 Bonds. See "PLAN OF FINANCE."

The Series 2021 Bonds are limited obligations of the Authority, payable solely from and secured by a pledge of and first lien on Net Pledged Revenues (as defined herein), which include certain income and revenue received by the Authority from ONT. The pledge of Net Pledged Revenues for the Series 2021 Bonds is on a parity with the pledge and lien on Net Pledged Revenues for the Authority's Ontario International Airport Revenue Bonds, Series 2016 (Taxable) (the "Series 2016 Bonds"), which are currently outstanding in the principal amount of \$33,395,000. The Indenture permits the issuance of additional bonds payable from Net Pledged Revenues on parity with Series 2016 Bonds and the Series 2021 Bonds, as described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds" herein.

Interest on the Series 2021 Bonds will be payable on each May 15 and November 15, commencing November 15, 2021. The Series 2021 Bonds will be executed and delivered only as fully registered bonds without coupons in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC") and will be available to ultimate purchasers in integral multiples of \$5,000. The Series 2021 Bonds will be initially issued and delivered under a book-entry form only and no physical delivery of the Series 2021 Bonds will be made to purchasers. So long as Cede & Co. is the registered owner of the Series 2021 Bonds, payments of principal, premium, if any, and interest on the Series 2021 Bonds are expected to be made to beneficial owners by DTC through its participants. See "APPENDIX G — BOOK-ENTRY ONLY SYSTEM."

The Series 2021 Bonds will be subject to redemption prior to maturity as described herein. SEE "DESCRIPTION OF THE SERIES 2021 BONDS — Redemption" herein.

THE SERIES 2021 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF CERTAIN NET PLEDGED REVENUES DERIVED BY THE AUTHORITY FROM THE OPERATIONS OF ONT AND CERTAIN LIMITED FUNDS AND ACCOUNTS HELD BY OR TO BE HELD BY THE AUTHORITY OR THE TRUSTEE UNDER THE INDENTURE. NONE OF THE PROPERTIES OF ONT ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THE SERIES 2021 BONDS, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OF ONTARIO, CALIFORNIA, THE COUNTY OF SAN BERNARDINO, CALIFORNIA, THE STATE OF CALIFORNIA (THE "STATE") OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2021 BONDS. THE AUTHORITY HAS NO TAXING POWER. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS" HEREIN.

The scheduled payment of principal of and interest on the Series 2021 Bonds when due will be guaranteed under an insurance policy (the "Bond Insurance Policy") to be issued concurrently with the delivery of the Series 2021 Bonds by ASSURED GUARANTY MUNICIPAL CORP.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 2021 Bonds. Investors are advised to read the entire Official Statement, including all appendices hereto and any portion hereof included by reference, to obtain information essential to the making of an informed investment decision.

The Series 2021 Bonds will be offered, when, as and if issued by the Authority, subject to the approval of legality by Hawkins Delafield & Wood LLP, Los Angeles, California ("Bond Counsel"). CSG Advisors Incorporated has served as Financial Advisor to the Authority. Certain matters will be passed upon for the Authority by its General Counsel, Gatzke, Dillon & Ballance, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel to the Authority, and for the Underwriter by its counsel, Nixon Peabody LLP. It is expected that the Series 2021 Bonds in book-entry form will be available for delivery through the DTC book entry system, on or about April 21, 2021.

Morgan Stanley

Dated: March 31, 2021

$57,750,000
Ontario International Airport Authority
Ontario International Airport
Revenue Bonds, Series 2021A (Non-AMT)
Base CUSIP† No. 683042

Due May 15	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP Suffix No. †*
2041	$2,790,000	4.000%	2.000%	118.153c	AL9

$24,415,000 5.000% Term Bonds due May 15, 2046 - Yield: 2.000% Price: 127.229c CUSIP Suffix† AM7
$30,545,000 4.000% Term Bonds due May 15, 2051 - Yield: 2.200% Price: 116.173c CUSIP Suffix† AN5

[C] Priced to par call on May 15, 2031.

$41,685,000
Ontario International Airport Authority
Ontario International Airport
Revenue Bonds, Series 2021B (AMT)
Base CUSIP† No. 683042

Due May 15	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP Suffix No. †*
2028	$910,000	5.000%	1.210%	125.594	AP0
2029	2,505,000	5.000	1.390	127.456	AQ8
2030	2,630,000	5.000	1.560	128.977	AR6
2031	2,765,000	5.000	1.650	130.953	AS4
2032	2,900,000	5.000	1.740	129.983c	AT2
2033	3,045,000	5.000	1.780	129.555c	AU9
2034	3,200,000	5.000	1.820	129.128c	AV7
2035	3,360,000	4.000	2.000	118.153c	AW5
2036	3,490,000	4.000	2.030	117.853c	AX3
2037	3,630,000	4.000	2.070	117.455c	AY1
2038	3,775,000	4.000	2.110	117.059c	AZ8
2039	3,930,000	4.000	2.150	116.664c	BA2
2040	4,085,000	4.000	2.200	116.173c	BB0
2041	1,460,000	4.000	2.240	115.781c	BC8

[C] Priced to par call on May 15, 2031.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright © 2021 CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. Neither the Authority nor the Underwriter takes any responsibility for the accuracy of such numbers.

$3,905,000
Ontario International Airport Authority
Ontario International Airport
Revenue Bonds, Series 2021C (Taxable)
Base CUSIP† No. 683042

Due May 15	***Principal Amount***	***Interest Rate***	***Yield***	***Price***	***CUSIP Suffix No. †***
2027	$2,385,000	1.875%	1.875%	100.000	BD6
2028	1,520,000	2.050	2.050	100.000	BE4

† CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright © 2021 CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. Neither the Authority nor the Underwriter takes any responsibility for the accuracy of such numbers.

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No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2021 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Series 2021 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been furnished by the Authority and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2021 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2021 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE SERIES 2021 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOT HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT.

Certain statements included or incorporated by reference in the following information constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the Authority's forecasts in any way. Except as set forth in the Continuing Disclosure Certificate, a form of which is attached as Appendix H, the Authority does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement. The Authority maintains a website, the information on which is not part of this Official Statement, has not and is not incorporated by reference herein, and should not be relied upon in deciding whether to invest in the Series 2021 Bonds.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Series 2021 Bonds or the advisability of investing in the Series 2021 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and APPENDIX I – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

ONTARIO INTERNATIONAL AIRPORT AUTHORITY COMMISSIONERS

Alan Wapner, *President*
Ron Loveridge, *Vice President*
Jim W. Bowman, *Secretary*
Curt Hagman
Julia Gouw

ONTARIO INTERNATIONAL AIRPORT AUTHORITY MANAGEMENT

Mark Thorpe, Chief Executive Officer
Atif Elkadi, Deputy Chief Executive Officer
John Schubert, Chief Financial Officer
Bruce Atlas, Chief Operating Officer

TRUSTEE

The Bank of New York Mellon Trust Company, N.A.

BOND COUNSEL

Hawkins Delafield & Wood LLP

DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth, a Professional Corporation

FINANCIAL ADVISOR

CSG Advisors Incorporated

AIRPORT CONSULTANT

DKMG Consulting LLC

AIR TRAFFIC FORECAST CONSULTANT

Campbell-Hill Aviation Group, LLC

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INTRODUCTION

This introduction contains a summary of the offering and certain documents. Investors are advised to read the Official Statement in its entirety.

General

The purpose of this Official Statement is to provide certain information concerning the sale and delivery by the Ontario International Airport Authority (the "Authority") of its $57,750,000 Ontario International Airport Revenue Bonds, Series 2021A (Non-AMT) (the "Series 2021A Bonds"), $41,685,000 Ontario International Airport Revenue Bonds, Series 2021B (AMT) (the "Series 2021B Bonds") and $3,905,000 Ontario International Airport Revenue Bonds, Series 2021C (Taxable) (the Series 2021C Bonds" and, together with the Series 2021A Bonds and the Series 2021B Bonds, the "Series 2021 Bonds"). Capitalized terms used but not defined herein have the meanings ascribed to them in APPENDIX D. See "APPENDIX D — SUMMARIES OF THE MASTER INDENTURE AND THE THIRD SUPPLEMENTAL INDENTURE."

Included as Appendix A to this Official Statement is the Report of the Airport Consultant dated March 26, 2021 (the "Report of the Airport Consultant") prepared by DKMG Consulting LLC (the "Airport Consultant"), which, among other things, evaluates the ability of the Authority to produce Net Pledged Revenues (as defined herein) sufficient to meet the requirements of the rate covenant established in the Indenture (as defined herein) during the projection period, taking into account estimated Aggregate Annual Debt Service (as defined herein) requirements, using assumptions as documented in the Report of the Airport Consultant.

The Report of the Airport Consultant is based in part on the traffic projections included in a Demand Forecast Methodology and Results forecast dated March 26, 2021 (the "Aviation Activity Forecast") prepared by Campbell-Hill Aviation Group, LLC (the "Air Traffic Forecast Consultant"), which, among other things, forecasts passenger and cargo activity at Ontario International Airport ("ONT") through Fiscal Year 2024-25. (The Authority's fiscal year is July 1st to June 30th each year.) The Aviation Activity Forecast is attached to this Official Statement as Appendix B.

The findings and projections in the Report of the Airport Consultant and the Aviation Activity Forecast are subject to a number of assumptions that should be reviewed and considered by prospective investors. No assurances can be given that the projections and expectations discussed in the Aviation Activity Forecast or the Report of the Airport Consultant will be achieved. Actual results will differ and may differ materially and adversely from the projections described therein. See "REPORT OF THE AIRPORT CONSULTANT," "RISK FACTORS – Reliance on Projections" and "FORWARD-LOOKING STATEMENTS."

The Issuer and ONT

The Authority is a joint exercise of powers authority created by the City of Ontario, California (the "City") and the County of San Bernardino, California (the "County") pursuant to the Joint Exercise of Powers

Act, California Government Code Section 6500 and following (as it may be amended and supplemented, the "Joint Powers Act"), and organized under a Joint Exercise of Powers Agreement dated as of August 21, 2012 (the "Joint Powers Agreement"), between the City and the County. The Authority was created primarily for the purpose of operating, maintaining, managing, developing and marketing ONT. The Authority is governed by a commission of five (5) members, which is responsible for the formulation of airport policy. See "ONTARIO INTERNATIONAL AIRPORT AUTHORITY."

The Authority assumed ownership and management of control of ONT from the City of Los Angeles, California, its Board of Airport Commissioners and Los Angeles World Airports (collectively, "LAWA"), on November 1, 2016 pursuant to a Settlement Agreement (the "Settlement Agreement") executed on December 22, 2015.

Plan of Finance

The proceeds of the Series 2021 Bonds, along with other available funds, will be used (i) to make the final approximately $23.3 million final payment to LAWA under the Settlement Agreement (see "ONTARIO INTERNATIONAL AIRPORT – Acquisition of ONT by the Authority"), (ii) to repay the approximately $34.8 million outstanding amount (which includes accrued interest) of the Authority's Subordinated Revenue Note, Series 2019 (the "Subordinated Note"), (iii) to pay or reimburse the Authority for the costs of certain capital improvements constituting the 2021 Project; (iv) to pay a portion of the interest payable with respect to the Series 2021 Bonds; (v) to pay the cost of a debt reserve insurance policy (the "Reserve Policy") to be issued by Assured Guaranty Municipal Corp. (the "Insurer" or "AGM"); and (vi) to pay costs of issuance related to the Series 2021 Bonds. See "PLAN OF FINANCE," "ONTARIO INTERNATIONAL AIRPORT – Acquisition of ONT by the Authority," and "ESTIMATED SOURCES AND USES OF FUNDS."

The Series 2021 Bonds; Existing Obligations

The Series 2021 Bonds will be issued pursuant to the Master Trust Indenture, dated as of November 1, 2016 (the "Master Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as heretofore amended and supplemented, and a Third Supplemental Trust Indenture, dated as of April 1, 2021 (the "Third Supplemental Indenture," and together with the Master Indenture, as previously amended and supplemented, and as amended in the future from time to time, the "Indenture"), by and between the Authority and the Trustee.

The Series 2021 Bonds are limited obligations of the Authority, payable solely from and secured by a pledge of and first lien on Net Pledged Revenues, which include certain income and revenue received by the Authority from ONT as described in greater detail under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Net Pledged Revenues." The pledge of Net Pledged Revenues for the Series 2021 Bonds is on a parity with the pledge and lien on Net Pledged Revenues for the Authority's Ontario International Airport Revenue Bonds, Series 2016 (Taxable)(the "Series 2016 Bonds"), which are currently outstanding in the principal amount of $33,395,000. The Indenture permits the issuance of additional bonds payable from Net Pledged Revenues on parity with Series 2016 Bonds and the Series 2021 Bonds ("Additional Bonds"), subject to the satisfaction of certain conditions. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds" for a discussion of the conditions to issuance of Additional Bonds. In addition, the Authority may issue bonds under the Indenture payable from Net Pledged Revenues on a subordinated basis. For purposes of this Official Statement, "Bonds" shall mean the Series 2021 Bonds, the Series 2016 Bonds and any Additional Bonds hereafter issued under the Indenture on a parity with the Series 2021 Bonds and the Series 2016 Bonds. Net Pledged Revenues will be available for the equal and proportionate benefit of all Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Net Pledged Revenues."

THE SERIES 2021 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF NET PLEDGED

REVENUES DERIVED BY THE AUTHORITY FROM THE OPERATIONS OF ONT AND CERTAIN LIMITED FUNDS AND ACCOUNTS HELD BY OR TO BE HELD BY THE AUTHORITY OR THE TRUSTEE UNDER THE INDENTURE. NONE OF THE PROPERTIES OF ONT IS SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THE SERIES 2021 BONDS, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2021 BONDS. THE AUTHORITY HAS NO TAXING POWER.

Reserve Fund

The Third Supplemental Indenture provides for the establishment of a 2021 Reserve Account within the Reserve Fund under the Indenture. Amounts in the 2021 Reserve Account which will be available only for the payment of debt service on the Series 2021 Bonds. The obligation to fund the 2021 Reserve Account will be satisfied through the use of the Reserve Policy to be issued by the Insurer in an amount equal to the Required Reserve for the Series 2021 Bonds. Amounts on deposit in the General Account of the Reserve Fund which secure payment of the Series 2016 Bonds are not available for payment of the Series 2021 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Reserve Fund." For more information regarding the Insurer, see "BOND INSURANCE."

Bond Insurance

The scheduled payment of principal of and interest on the Series 2021 Bonds when due will be guaranteed under an insurance policy (the "Bond Insurance Policy") to be issued concurrently with the delivery of the Series 2021 Bonds by the Insurer. See "BOND INSURANCE."

COVID-19; Other Risk Factors

Airports in the United States, including ONT, have been materially adversely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID-19, including reductions in flights and declines in passenger volumes. The outbreak has adversely affected domestic and international travel and travel-related industries. Airlines have reported unprecedented downturns in passenger volumes, which in turn has resulted in a considerable reduction in scheduled service. For a discussion of existing and potential future impacts of the operations and financial condition of the Authority, see "COVID-19 PANDEMIC."

The purchase and ownership of the Series 2021 Bonds involves other investment risks as well. Prospective purchasers of the Series 2021 Bonds should read this Official Statement in its entirety. For a discussion of certain risks relating to the Series 2021 Bonds, see "RISK FACTORS".

Amendments to Master Indenture

Purchasers of the Series 2021 Bonds shall be deemed to consent to certain amendments to the Master Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Amendment of Master Indenture" and APPENDIX E – "AMENDMENTS TO MASTER INDENTURE."

Continuing Disclosure

The Authority will covenant for the benefit of the owners of the Series 2021 Bonds to provide to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system: (i) certain financial information and operating data concerning the Authority on an annual basis and (ii) notice of certain enumerated events, pursuant to the requirements of Rule 15c2-12 adopted by the Securities and Exchange

Commission (the “SEC”). See “CONTINUING DISCLOSURE” and “APPENDIX H — FORM OF CONTINUING DISCLOSURE CERTIFICATE” for the form of the Continuing Disclosure Certificate.

Additional Information

Brief descriptions of the Series 2021 Bonds, the Authority, ONT, the Indenture and certain other documents are included in this Official Statement and the appendices hereto. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, laws, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, law, report or other instrument. Information contained herein has been obtained from officers, employees and records of the Authority and from other sources believed to be reliable. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority since the date hereof. This Official Statement is not to be construed as a contract or agreement between the Authority and purchasers or owners of any of the Series 2021 Bonds.

PLAN OF FINANCE

The proceeds of the Series 2021 Bonds, along with other available funds, will be used for the following purposes, and to pay costs of issuance related to the Series 2021 Bonds. See “PLAN OF FINANCE,” “ONTARIO INTERNATIONAL AIRPORT – Acquisition of ONT by the Authority,” and “ESTIMATED SOURCES AND USES OF FUNDS.”

Payment to LAWA. A portion of the proceeds of the Series 2021 Bonds will be used to make a payment to LAWA on the date of issuance of the Series 2021 Bonds, which will satisfy in full the Authority’s payment obligations to LAWA in connection with the acquisition of ONT under the Settlement Agreement. See “ONTARIO INTERNATIONAL AIRPORT – Acquisition of ONT by the Authority.”

Repayment of the Subordinated Note. A portion of the proceeds of the Series 2021 Bonds will be used to repay the Subordinated Note (including accrued interest thereon) on the date of issuance of the Series 2021 Bonds. The proceeds of the Subordinated Note were used to pay a portion of the costs of the 2021 Project. See “CAPITAL IMPROVEMENT PLANNING – Capital Improvement Program; 2021 Project.”

Payment of Costs of the 2021 Project. A portion of the proceeds of the Series 2021 Bonds will be used to pay the costs of the 2021 Project (or reimburse the Authority of certain previously expended costs of the 2021 Project). See “CAPITAL IMPROVEMENT PLANNING – Capital Improvement Program; 2021 Project.”

Bond Insurance Policy and Reserve Policy. A portion of the proceeds of the Series 2021 Bonds will be used to pay the cost of the Bond Insurance Policy and the Reserve Policy to be issued by the Insurer. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Reserve Funds” and “BOND INSURANCE.”

Capitalized Interest. A portion of the proceeds of the Series 2021A Bonds and Series 2021B Bonds will be deposited into the Construction Interest Fund to pay a portion of the interest payable with respect to the Series 2021A Bonds or Series 2021B Bonds. The amount of capitalized interest is calculated based on the respective amounts applied to the various projects funded from the Series 2021A Bonds and Series 2021B Bonds, and the completion dates of such projects.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of the funds with respect to the Series 2021 Bonds and certain other funds:

Sources:	***Series 2021A Bonds***	***Series 2021B Bonds***	***Series 2021C Bonds***	***Total***
Principal amount	$ 57,750,000.00	$ 41,685,000.00	$ 3,905,000.00	$ 103,340,000.00
Original issue premium	12,094,471.90	9,296,745.60		21,391,217.50
Other Authority Sources of Funds	6,009,071.00			6,009,071.00
TOTAL:	$ 75,853,542.90	$ 50,981,745.60	$ 3,905,000.00	$ 130,740,288.50
Uses:				
2021 Projects Fund	$ 33,869,268.00	$ 22,859,252.00	$ 3,611,798.00	$ 60,340,318.00
Subordinated Note Repayment Fund	14,794,826.25	19,750,889.78	236,714.41	34,782,430.44
Authority Reimbursement Fund	3,408,930.00	5,627,785.00	-	9,036,715.00
LAWA Repayment Fund	21,523,943.00	1,818,295.07	-	23,342,238.07
Construction Interest Fund	1,043,898.14	136,152.54	-	1,180,050.68
Costs of issuance[1]	1,212,677.51	789,371.21	56,487.59	2,058,536.31
TOTAL:	$ 75,853,542.90	$ 50,981,745.60	$ 3,905,000.00	$ 130,740,288.50

(1) Includes legal fees, trustee fees, financial advisory fees, fees of the Airport Consultant and the Air Traffic Forecast Consultant, rating agencies' fees, printing costs, underwriter's discount, premiums for the Reserve Policy and the Bond Insurance Policy and other costs of issuance.

DESCRIPTION OF THE SERIES 2021 BONDS

General

The Series 2021 Bonds will be dated their date of delivery, and will bear interest from that date at the rates per annum, and will mature on May 15 in the years, set forth on the inside cover page of this Official Statement. Interest on the Series 2021 Bonds will be payable semiannually on May 15 and November 15, commencing November 15, 2021, and will be calculated on the basis of a 360-day year comprised of twelve 30-day months. The Series 2021 Bonds will be issued in minimum denominations of $5,000 and any integral multiple thereof in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). So long as Cede & Co. is the registered owner of the Series 2021 Bonds, references herein to the owners or registered owners of the Series 2021 Bonds shall mean Cede & Co., and not the beneficial owners of the Series 2021 Bonds. See "APPENDIX G — BOOK-ENTRY ONLY SYSTEM" herein.

See "APPENDIX D — SUMMARIES OF THE MASTER INDENTURE AND THE THIRD SUPPLEMENTAL INDENTURE" for a summary of certain provisions of the Indenture, including, without limitation, certain covenants of the Authority, the rights and duties of the Trustee, the rights and remedies of the Trustee and the Bondholders upon an event of default under the Indenture, provisions relating to amendments of the Indenture, and procedures for defeasance of the Series 2021 Bonds.

Redemption

Optional Redemption of Series 2021A Bonds and Series 2021B Bonds. The Series 2021A Bonds and the Series 2021B Bonds maturing on or after May 15, 2032 shall be subject to redemption prior to maturity, at the option of the Authority, in whole or in part at any time on or after May 15, 2031 at a price of 100% of the principal amount redeemed plus accrued interest thereon to the date fixed for redemption and, if in part, among such maturities, as determined by the Authority.

Make-Whole Optional Redemption of Series 2021C Bonds. The Series 2021C Bonds shall be subject to redemption prior to their respective maturity dates, at the option of the Authority, from any source of available funds, in whole or in part on any date, at the Make-Whole Redemption Price and, if in part, among such maturities as determined by the Authority.

The "Make-Whole Redemption Price" is equal to the greater of:

(1) 100% of the principal amount of the Series 2021C Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2021C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2021C Bonds are to be redeemed, discounted to the date on which the Series 2021C Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus fifteen (15) basis points,

plus, in each case, accrued interest on the Series 2021C Bonds to be redeemed to the redemption date.

The "Treasury Rate" is, with respect to any redemption date for a particular Series 2021C Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity, excluding inflation indexed securities (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days but not more than 45 calendar days prior to the redemption date or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Series 2021C Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

The Make-Whole Redemption Price will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the Authority at the Authority's expense to calculate the Make-Whole Redemption Price. The Trustee and the Authority may conclusively rely on such determination of redemption price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

Mandatory Sinking Fund Redemption of Series 2021A Bonds. The Series 2021A Bonds maturing May 15, 2046 shall be redeemed by sinking fund installments which shall be accumulated in the 2021A Principal Subaccount in amounts sufficient to redeem on May 15 of each year the principal amount of such Series 2021A Bonds specified for the year set forth below:

Year	Principal Amount
2042	$4,420,000
2043	4,640,000
2044	4,870,000
2045	5,115,000
2046*	5,370,000

* Maturity

The Series 2021A Bonds maturing May 15, 2051 shall be redeemed by sinking fund installments which shall be accumulated in the 2021A Principal Subaccount in amounts sufficient to redeem on May 15 of each year the principal amount of such Series 2021A Bonds specified for the year set forth below:

Year	Principal Amount
2047	$5,640,000
2048	5,865,000
2049	6,100,000
2050	6,345,000
2051*	6,595,000

* Maturity

Selection of Bonds for Redemption. Whenever less than all of the Series 2021A Bonds or Series 2021B Bonds of a maturity are being redeemed, the Trustee shall select such particular Series 2021A Bonds or Series 2021B Bonds for redemption by lot. The Trustee shall promptly notify the Authority in writing of the numbers of the Series 2021A Bonds or Series 2021B Bonds or portions thereof so selected for redemption by mailing it a copy of the notice of redemption. Series 2021A Bonds or Series 2021B Bonds subject to mandatory sinking fund redemption shall be selected by lot. If the Authority redeems optionally less than all of a maturity of Series 2021A Bonds or Series 2021B Bonds subject to mandatory sinking fund redemption pursuant to the Indenture, the Authority may allocate the principal amount of Series 2021A Bonds or Series 2021B Bonds being redeemed against its scheduled sinking fund redemption for such Series 2021A Bonds or Series 2021B Bonds and may modify its scheduled sinking fund installments thereafter payable with respect to such Series 2021A Bonds or Series 2021B Bonds in any manner the Authority may determine.

If the Series 2021C Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the Series 2021C Bonds, the particular Series 2021C Bonds of a maturity shall be redeemed on a "Pro-Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures, provided further, that such redemption is made in accordance with the operational arrangements of DTC then in effect.

If DTC's operational arrangements do not allow for allocation of such redemption on a pro rata pass-through distribution of principal basis, the portion of the Series 2021C Bonds to be redeemed on such dates will be selected in accordance with DTC's then existing rules and procedures and may be by lot.

Notice of Redemption. Notice of redemption shall be mailed by first-class mail or sent electronically if to DTC not less than twenty (20) days before any Redemption Date, to the respective Owners of any Series 2021 Bonds designated for redemption at their addresses appearing on the registration books, and shall be submitted to the Municipal Securities Rulemaking Board's EMMA system. Each notice of redemption shall state the Redemption Date, the place or places of redemption, whether less than all of the Series 2021 Bonds are to be redeemed, the distinctive numbers of the Series 2021 Bonds to be redeemed, and in the case of Series 2021 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the Redemption Date there will become due and payable on each of said Series 2021 Bonds or parts thereof designated for redemption the Redemption Price thereof, plus accrued interest thereon, and that from and after such Redemption Date interest thereon shall cease to accrue, and shall require that such Series 2021 Bonds be surrendered. Neither the failure to receive any notice nor any defect therein shall affect the validity of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Series 2021 Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

With respect to any notice of optional redemption of Series 2021 Bonds, unless upon the giving of such notice such Series 2021 Bonds shall be deemed to have been paid within the meaning of the Indenture or the Trustee has received amounts sufficient to pay the principal of, and premium, if any, and interest on, such Series 2021 Bonds to be redeemed, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the Redemption Date of amounts sufficient to pay the principal of, and premium, if any, and interest on, such Series 2021 Bonds to be redeemed, and that if such amounts shall not have been so received said redemption notice shall be of no force and effect and such Series 2021 Bonds shall not be subject to redemption on such date. In the event that such notice of redemption contains such a condition and such amounts are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such amounts were not so received and the redemption was not made.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Following is a summary of certain provisions of the Indenture, including, among other things, sections of the Indenture detailing the pledge of Net Pledged Revenues, the rate covenant for the Bonds, debt service deposits for the Bonds, the funding and utilization of the Reserve Fund for the Bonds and the issuance of Additional Bonds. These summaries are not comprehensive or definitive. See "APPENDIX D — SUMMARIES OF THE MASTER INDENTURE AND THE THIRD SUPPLEMENTAL INDENTURE" for a more complete description of these provisions of the Indenture. **As described below, certain amendments to the Master Indenture will become effective immediately upon issuance of the Series 2021 Bonds. This section "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" reflects the provisions of the Master Indenture as of the date hereof, and does not reflect the amendments to the Master Indenture.**

Amendment of Master Indenture to Be Effective Upon Issuance of the Series 2021 Bonds

As described in APPENDIX E — "AMENDMENTS TO MASTER INDENTURE," the Third Supplemental Indenture will amend certain provisions of the Master Indenture described under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds" and add provisions to the Master Indenture permitting the Authority to undertake and finance Separate Improvements, the revenues of which not constitute Airport Revenues, and to release a category of income, receipts or other revenues from the definition of "Airport Revenues" and "Pledged Revenues." Among other things, the amendments provide for the release or exclusion of certain amounts from Pledged Revenues, the treatment of airport facilities, including existing facilities, as "Separate Improvements" (the revenues from which would not be Airport Revenues or Pledged Revenues) and the modification of the requirements for the issuance of Additional Bonds.

Purchasers of the Series 2021 Bonds shall be deemed to consent to such amendments. Such amendments to the Master Indenture will become effectively immediately upon the issuance of the Series 2021 Bonds and APPENDIX E — "AMENDMENTS TO MASTER INDENTURE" should be read in its entirety.

Net Pledged Revenues

The Bonds are limited obligations of the Authority payable solely from and secured by a pledge of Net Pledged Revenues. "Net Pledged Revenues" means, for any given period, the Pledged Revenues for such period less, for such period, the Maintenance and Operation Expenses. The Bonds are also secured by all moneys and securities held by the Trustee under the Indenture (other than moneys and securities on deposit in any rebate fund established under the Indenture for purposes of compliance with federal United States tax laws), as further described herein, by moneys and securities held in the Reserve Fund to the extent hereinafter set forth and any Reserve Fund Surety Policy, provided at any time in satisfaction of all or a portion of the Required Reserve, moneys and securities held in the Debt Service Fund, whether or not held by the Trustee, and, to the extent provided in any Supplemental Indenture, moneys and securities held in any Construction Fund, whether or not held by the Trustee.

The term “Pledged Revenues” is defined in the Master Indenture to mean, except to the extent specifically excluded in the Master Indenture or under the terms of any Supplemental Indenture, “Airport Revenues.” Pledged Revenues also include any additional revenues designated as Pledged Revenues pursuant to a Supplemental Indenture. To date the Authority has not designated any additional revenues as Pledged Revenues.

The term “Airport Revenues” is defined in the Master Indenture to mean, except to the extent specifically excluded therefrom, all income, receipts, earnings and revenues received by the Authority from ONT, for any given period, as determined in accordance with generally accepted accounting principles, as modified from time to time, including, but not limited to: (a) all rates, tolls, fees, rentals, charges and other payments made to or owed to the Authority for the use or availability of property or facilities at ONT; (b) all amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the Authority at ONT, and (c) all rental or business interruption insurance proceeds, received by, held by, accrued to or entitled to be received by the Authority or any successor thereto from the possession, management, charge, superintendence and control of ONT (or any Ontario Airport Facilities or activities and undertakings related thereto) or from any other facilities wherever located with respect to which the Authority receives payments which are attributable to Ontario Airport Facilities or activities or undertakings related thereto. Airport Revenues include all income, receipts and earnings from the investment of amounts held in the Airport Revenue Fund, any Construction Fund allowed to be pledged by the terms of a Supplemental Indenture, the Reserve Fund and the earnings on the Maintenance and Operation Reserve Fund and the amount, if any, related to coverage paid in a prior Fiscal Year that is available to be spent in the current Fiscal Year and that is credited by the Authority against requirements in calculating for the given Fiscal Year terminal rentals and landing fees charged to airline users of ONT pursuant to any residual methodology employed by the Authority in calculating such rentals and fees; provided, however, that for purposes of calculating Airport Revenues for a given Fiscal Year, such amount may not exceed 25% of Debt Service for the Fiscal Year for which such determination is being made.

See “- Amendment of Master Indenture” and APPENDIX E – “AMENDMENTS TO MASTER INDENTURE” for description of amendments to the definition of “Airport Revenues” to be effective upon the issuance of the Series 2021 Bonds.

The following, including any investment earnings thereon, are specifically excluded from Pledged Revenues: (a) any amounts received by the Authority from the imposition of ad valorem taxes; (b) gifts, grants and other income otherwise included in Airport Revenues which are restricted by their terms to purposes inconsistent with the payment of debt service on the Bonds; (c) insurance proceeds received as a result of damage to or destruction of Ontario Airport Facilities, or other insurance proceeds or any condemnation award or amounts received by the Authority from the sale of Ontario Airport Facilities under the threat of condemnation less expenses, in each case to the extent the use of such proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of debt service on the Bonds, and (d) Ontario Airport Special Facilities Revenue. The following, including any investment earnings thereon, are specifically excluded from Pledged Revenues unless designated as Pledged Revenues under the terms of a Supplemental Indenture: (a) any Swap Termination Payments paid to the Authority pursuant to a Qualified Swap; (b) Facilities Construction Credits; and (c) Passenger Facility Charges (“PFCs”) and Customer Facility Charges (“CFCs”) collected with respect to ONT unless otherwise so pledged under the terms of any Supplemental Indenture. Swap Termination Payments, Facilities Construction Credits, PFCs, and CFCs have not been designated as Pledged Revenues under the terms of any Supplemental Indenture. Further, interest earnings or other investment earnings on any Construction Fund established by any Supplemental Indenture are specifically excluded from “Pledged Revenues,” unless otherwise provided for in such Supplemental Indenture. Amounts received under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) and the Consolidated Appropriations Act 2021 (“CAA”) are treated as Revenues for the purposes of complying with the Rate Covenant and Additional Bonds tests. See “—Rate Covenant; Additional Bonds” and “COVID-19 PANDEMIC— Federal Relief Efforts.”

"Maintenance and Operation Expenses" means, for any given period, the total maintenance and operation expenses of ONT as determined in accordance with generally accepted accounting principles as in effect from time to time, excluding depreciation expense and any maintenance and operation expenses of ONT payable from moneys other than Pledged Revenues.

THE SERIES 2021 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF NET PLEDGED REVENUES AND CERTAIN LIMITED FUNDS AND ACCOUNTS HELD BY OR TO BE HELD BY THE AUTHORITY OR THE TRUSTEE UNDER THE INDENTURE. NONE OF THE PROPERTIES OF ONT ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THE SERIES 2021 BONDS, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2021 BONDS. THE AUTHORITY HAS NO TAXING POWER.

Rate Covenant

Under the Master Indenture, the Authority has covenanted that, while any of the Bonds remain Outstanding, it shall establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with ONT and for services rendered in connection therewith, so that Pledged Revenues in each Fiscal Year will be at least equal to the deposits and transfers required to be made pursuant to paragraphs (1) through (5) set forth in "Flow of Funds" below. The Authority has further covenanted that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with ONT and for services rendered in connection therewith, so that during each Fiscal Year the Net Pledged Revenues will be equal to at least 125% of Aggregate Annual Debt Service for that Fiscal Year. In determining compliance with the foregoing covenant, the Authority may take into account the amount, if any, related to coverage paid in a prior Fiscal Year that is available in the current Fiscal Year not to exceed 25% of Aggregate Annual Debt Service.

If the Authority violates the above-described covenants, such violation is not a default under the Indenture and will not give rise to a declaration of an Event of Default under the Indenture if, within 120 days after the date such violation is discovered, the Authority revises the schedule of rates, tolls, fees, rentals and charges insofar as practicable and revises any Maintenance and Operation Expenses insofar as practicable and takes such other actions as are necessary so as to produce Net Pledged Revenues to cure such violation for future compliance; provided, however, that if the Authority does not cure such violation by the end of the second subsequent Fiscal Year succeeding the date such violation is discovered, an Event of Default may be declared under the Indenture.

Pursuant to the Operating Use and Terminal Lease Agreements ("ULAs") assumed by the Authority on the Transfer Date, the Authority is entitled to adjust the rates and charges charged to the airlines under such ULAs as necessary to satisfy the Authority's rate covenant with respect to the Bonds. See "AGREEMENTS FOR THE USE OF AIRPORT FACILITIES — Operating Use and Terminal Lease Agreements" for more information regarding amounts that may be charged to the airlines under the ULAs.

Flow of Funds

Pursuant to the Master Indenture, all Airport Revenues will be deposited in the Airport Revenue Fund created pursuant to the Indenture. Net Pledged Revenues will immediately upon receipt thereof become subject to the lien and pledge of the Indenture.

Pledged Revenues deposited into the Airport Revenue Fund shall be transferred to and deposited in the following respective funds in the following order of priority, the requirements of each such fund at the time of deposit to be satisfied before any transfer is made to any fund subsequent in priority:

(1) Maintenance and Operation Fund. On or before the first day of each month, the Treasurer shall set aside out of the Airport Revenue Fund and deposit in the Maintenance and Operation Fund an amount equal to (A) one-twelfth of the amount budgeted by the Authority in the original or a revised budget for Maintenance and Operation Expenses for the then-current Fiscal Year, or (B) such other amount as the Authority determines is necessary to pay the Maintenance and Operation Expenses in excess of the amount budgeted in such month. Moneys in the Maintenance and Operation Fund shall be used to pay the Maintenance and Operation Expenses as they become due and payable.

(2) Interest Account. After making the deposit required by subsection (1) above, on or before the first day of each month, the Treasurer shall deposit into the Interest Account of the Debt Service Fund an amount equal to at least (A) one-sixth of the aggregate amount of interest becoming due and payable on the Series 2016 Bonds during the next ensuing six months (excluding any moneys deposited in the Interest Account from the proceeds of any series of such Bonds to pay interest during said next ensuing six months), until the requisite half-yearly amount of interest on all such Initial Bonds is on deposit in such fund, and (B) the amounts required to be deposited in the Interest Account with respect to the Series 2021 Bonds and any Additional Bonds pursuant to the Supplemental Indenture providing for the issuance of such Additional Bonds. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest to become due on the next interest payment date upon all of the Bonds issued under the Indenture and then Outstanding (but excluding any moneys on deposit in the Interest Account from the proceeds of any series of such Bonds to pay interest on any future interest payment dates following said next interest payment date). The Authority shall establish a separate subaccount within the Interest Account for the Series 2016 Bonds and for each series of Additional Bonds (including the Series 2021 Bonds) and deposits to the Interest Account hereunder shall be maintained in such accounts. Moneys in each subaccount of the Interest Account shall be used and withdrawn by the Authority and transferred to the Trustee solely for the purpose of paying the interest on the applicable series of Bonds as it shall become due and payable (including accrued interest on any such Bonds purchased or redeemed prior to maturity pursuant to the Master Indenture), as provided in the Master Indenture and in any Supplemental Indenture relating to any Series of Bonds. In the event that the Pledged Revenues, after making the deposit required by subsection (1), are insufficient to make the full deposit to the Interest Account required by this subsection (2), the Authority shall apply the amount, if any, available to make the deposit to the Interest Account pro rata to each subaccount within the Interest Account in proportion to the total monthly deposit amount required for each such subaccount (or, if the Supplemental Indenture for any Bonds requires deposits on a basis other than monthly, the amount which would be required to be deposited if such deposit requirement was divided into equal monthly amounts).

(3) Principal Account. After making the deposits required by (1) and (2) above, on or before the first day of each month, the Treasurer shall deposit in the Principal Account of the Debt Service Fund an amount equal to at least (A) one-twelfth of the aggregate Principal Amounts becoming due and payable on the Series 2016 Bonds on the next succeeding May 15 and (B) the amounts required to be deposited in the Principal Account with respect to the Principal Amount for the Series 2021 Bonds and any Additional Bonds pursuant to the Supplemental Indenture providing for the issuance of such Additional Bonds. The Authority shall establish a separate subaccount within the Principal Account for the Series 2016 Bonds and for each series of Additional Bonds (including the Series 2021 Bonds) and deposits to the Principal Account hereunder shall be maintained in such accounts. Moneys in each subaccount of the Principal Account shall be used and withdrawn by the Authority and transferred to the Trustee solely for the purpose of paying the Principal Amounts on the applicable series of Bonds as they shall become due and payable, as provided in the Master Indenture and in any Supplemental Indenture relating to any Series of Bonds. In the event that the Pledged Revenues, after making the deposit required by subsections (1) and (2), are insufficient to make the full deposit to the Principal Account required by this subsection (3), the Authority shall apply the amount, if any, available to make the deposit to the Principal Account pro rata to each subaccount

within the Principal Account in proportion to the total monthly deposit amount required for each such subaccount (or, if the Supplemental Indenture for any Bonds requires deposits on a basis other than monthly, the amount which would be required to be deposited if such deposit requirement was divided into equal monthly amounts), after first deducting for such purposes from any of said Principal Amounts the amount of the applicable series of Bonds that shall have been redeemed or purchased during the period from the most recent Payment Date. No amount need be deposited in the Principal Account on any date to the extent that the amount already on deposit therein as of such date is sufficient to meet the requirements of this section.

(4) Reserve Fund. After making the deposits required by (1), (2) and (3) above, on or before the first day of each month, the Treasurer shall transfer to the Trustee for deposit in the Reserve Fund such amount as shall be required to maintain in each account in the Reserve Fund a balance equal to the applicable Required Reserve for such account; provided that the amount to be replenished to any account within the Reserve Fund after a draw on such account to pay debt service on any Bonds may be divided into no more than 12 equal monthly installments. No deposit need be made into any account in the Reserve Fund so long as there shall be in each such account within the Reserve Fund an amount equal to the Required Reserve therefor.

The Required Reserve with respect to any account within the Reserve Fund may be satisfied by the deposit of a Reserve Fund Surety Policy therein and in such event, the amounts available for deposit to the Reserve Fund (plus amounts required for the payment of any associated fees and interest) shall be available for reimbursement to the provider of said Reserve Fund Surety Policy in the event of a draw thereon, provided that the amount available to be drawn on said Reserve Fund Surety Policy is by its terms reinstated in the full amount of said reimbursement.

(5) Maintenance and Operation Reserve Fund. After making the deposits required by (1), (2), (3), and (4) above, on or before the first day of each Fiscal Year, the Treasurer shall transfer and deposit into the Maintenance and Operation Reserve Fund an amount, if any, required to be deposited therein such that the total amount on deposit therein shall be equal to the Maintenance and Operation Reserve Fund Requirement.

(6) Surplus Revenue Fund. The Treasurer may determine the Pledged Revenues remaining in the Airport Revenue Fund attributable to a prior calendar month which are available for transfer to the Surplus Revenue Fund after having set aside and transferred all amounts required to be set aside or transferred by the Trustee or the Authority, as provided in (1), (2), (3), (4), and (5) above, and the Treasurer may transfer and deposit into the Surplus Revenue Fund an amount equal to the amount remaining in the Airport Revenue Fund.

Moneys in the Surplus Revenue Fund may be transferred by the Treasurer to any other fund or account of the Authority, free and clear of the lien of the Indenture, to be used as directed by the Authority for the payment of Subordinated Obligations or for any discretionary purposes as authorized by the Authority and the Joint Powers Agreement; provided, however, the Treasurer shall not permit the Authority to withdraw any moneys held by the Authority in the Surplus Revenue Fund if and when the Authority is in default under the Indenture.

The Third Supplemental Indenture provides that deposits with respect to the Series 2021 Bonds shall be made as follows. For so long as the Treasurer holds and administers the Debt Service Fund and the accounts and subaccounts therein, the Authority will instruct the Treasurer to transfer funds from the Airport Revenue Fund into the Debt Service Fund at the times and in the amounts required by the Third Supplemental Indenture in respect to the Series 2021 Bonds. To the extent the Trustee holds and administers the Debt Service Fund and the accounts and subaccounts therein, the Authority will instruct the Treasurer to withdraw funds and make payments from the Airport Revenue Fund to the Trustee for deposit into the Debt Service Fund at the times and in the amounts required by the Third Supplemental Indenture in respect to the Series

2021 Bonds. With the funds made available to it pursuant to this paragraph for such purpose, the Trustee or the Treasurer, as applicable, shall make deposits or transfers into the Debt Service Fund as follows:

> Interest Subaccounts. On or before the first day of each month, the Treasurer or the Trustee, as applicable, shall deposit ratably into the 2021A Interest Subaccount, 2021B Interest Subaccount and 2021C Interest Subaccount an amount equal to at least one-sixth of the aggregate amount of interest becoming due and payable on the Series 2021A Bonds, Series 2021B Bonds and Series 2021C Bonds during the next ensuing six months (taking into account amounts to be deposited in the each such subaccount as described under " —Transfer of Charges" or " — Construction Interest Fund" in APPENDIX D), until the requisite half-yearly amount of interest on all such Series 2021A Bonds, Series 2021B Bonds and Series 2021C Bonds is on deposit in such subaccount. Amounts on deposit in each subaccount must be used to pay interest on the Series 2021 Bonds for which such subaccount was established.

> Principal Subaccounts. On or before the first day of each month, the Treasurer or the Trustee, as applicable, shall deposit ratably into the 2021A Principal Subaccount, 2021B Principal Subaccount and 2021C Principal Subaccount an amount equal to at least one-twelfth of the aggregate Principal Amounts becoming due and payable on the Series 2021A Bonds, Series 2021B Bonds and Series 2021C Bonds on the next succeeding May 15 (taking into account amounts to be deposited in each such subaccount as described under " —Transfer of Charges" in APPENDIX D). Amounts on deposit in each such subaccount must be used to pay principal on the Series 2021 Bonds for which such subaccount was established.

Reserve Fund

The Master Indenture provides for the establishment of a Reserve Fund and further provides that, pursuant to any Supplemental Indenture providing for the issuance of Additional Bonds, the Trustee may establish a separate account within the Reserve Fund available only for the payment of such series of Additional Bonds and which account shall have its own Required Reserve. Pursuant to the Third Supplemental Indenture, the Trustee shall establish and maintain the 2021 Reserve Account which shall be a separate account within the Reserve Fund available only for the payment of the Series 2021 Bonds.

The Reserve Fund is held by the Trustee and is required to be funded at all times in an amount equal to the Required Reserve. The Required Reserve for the 2021 Reserve Account shall be the lesser of (i) the greatest amount of principal and interest payable on the Series 2021 Bonds in the then current or any future Fiscal Year, (ii) 125% of the average annual principal and interest payable on the Series 2021 Bonds, or (iii) 10% of the proceeds of the Series 2021 Bonds. As of the date of issuance of the Series 2021 Bonds, the Required Reserve is $6,863,850.

The Indenture provides that any Required Reserve may be provided in whole or in part by one or more Reserve Fund Surety Policies. The Authority will satisfy the requirement to fund the 2021 Reserve Account through the use of the Reserve Policy. See "BOND INSURANCE."

A surety bond was used to satisfy the Reserve Requirement for the Series 2016 Bonds. Such surety bond is not available for payment of debt service with respect to the Series 2021 Bonds.

See "APPENDIX D — SUMMARIES OF THE MASTER INDENTURE AND THIRD SUPPLEMENTAL INDENTURE."

Outstanding Bonds

The Authority has previously issued the Series 2016 Bonds, which are currently outstanding in the principal amount of $33,395,000. The Series 2016 Bonds are payable from Net Pledged Revenues on a parity with all other Bonds issued under the Indenture, including the Series 2021 Bonds.

Additional Bonds

The following provisions will be amended, such amendment to become effective immediately upon the issuance of the Series 2021 Bonds. See " - Amendment of Master Indenture to Be Effective Upon Issuance of the Series 2021 Bonds" and APPENDIX D — "SUMMARIES OF THE MASTER INDENTURE AND THE THIRD SUPPLEMENTAL INDENTURE."

Subject to satisfaction of certain requirements pursuant to the Master Indenture, Additional Bonds may be issued under the Master Indenture on a parity with the Series 2016 Bonds and the Series 2021 Bonds. Such requirements include, among other things, a requirement that there is delivered to the Trustee either:

(a) a certificate prepared by an Authorized Authority Representative showing that the Net Pledged Revenues as calculated by the Authority, for any 12 consecutive months out of the 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds or preceding the first issuance of the proposed Program Bonds were at least equal to 125% of Maximum Aggregate Annual Debt Service calculated as if the proposed Series of Bonds and the full Authorized Amount of such proposed Program Bonds (as applicable) were then Outstanding; or

(b) a certificate dated as of a date between the date of pricing of the Bonds being issued and the date of delivery of such Bonds, prepared by a Consultant showing that:

(i) the Net Pledged Revenues (as calculated by said Consultant) for any 12 consecutive months out of the 24 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds or the establishment of a Program were at least equal to 125% of Maximum Aggregate Annual Debt Service;

(ii) for each Fiscal Year during the period from the date of delivery of such certificate until the latest Estimated Completion Date, as certified to the Consultant by an Authorized Authority Representative, the Consultant estimates that the Authority will be in compliance with the rate covenant under the Indenture; and

(iii) the estimated Net Pledged Revenues for each of the three complete Fiscal Years immediately following the last Estimated Completion Date, as certified to the Consultant by an Authorized Authority Representative, will be at least equal to 125% of Maximum Aggregate Annual Debt Service calculated as if the proposed Series of Bonds and the full Authorized Amount of such proposed Program Bonds (if applicable) were then Outstanding.

Neither of the certificates described above will be required if:

(a) the Additional Bonds being issued are for the purpose of refunding then Outstanding Bonds and there is delivered to the Trustee, instead, a certificate of the Authorized Authority Representative showing that Maximum Aggregate Annual Debt Service after the issuance of the refunding Additional Bonds will not exceed Maximum Aggregate Annual Debt Service prior to the issuance of such refunding Additional Bonds; or

(b) the Additional Bonds being issued constitute Notes and there is delivered to the Trustee, instead, a certificate prepared by an Authorized Authority Representative showing that the principal amount of the proposed Notes being issued, together with the principal amount of any Notes then Outstanding, does not exceed 10% of the Pledged Revenues for any 12 consecutive months out of the 18 months immediately preceding the issuance of the proposed Notes, and there is delivered to the Trustee a Certificate of an Authorized Authority Representative setting forth calculations showing that for each of the Fiscal Years during which the Notes will be Outstanding and taking into account the debt service becoming due on such Notes, the Authority will be in compliance with the rate covenant under the Indenture; or

(c) the Additional Bonds being issued are for the purpose of providing funds to complete the acquisition, construction or installation of a Specified Ontario Project for which Bonds have previously been issued and the proposed new issuance of Bonds does not exceed 10% of the aggregate principal amount of such previously issued Bonds. Only one Series of Bonds may be issued in respect of any Project pursuant to this paragraph.

See "- Amendment of Master Indenture" and APPENDIX E – "AMENDMENTS TO MASTER INDENTURE" for description of proposed amendments to the foregoing Additional Bonds tests.

The Authority has covenanted in the Master Indenture that so long as any Bonds are Outstanding, it will not issue any additional bonds or other obligations with a lien on or security interest granted in Net Pledged Revenues which is senior to the Bonds. The Authority may issue Ontario Special Facility Obligations. See "APPENDIX D — SUMMARIES OF THE MASTER INDENTURE AND THIRD SUPPLEMENTAL INDENTURE — Other Obligations." In addition, the Authority's repayment obligation to Credit Providers and Liquidity Providers that make payments of principal of or interest on a Bond or advance funds to purchase or provide for the purchase of Bonds may be afforded the status of a Bond under the Indenture and will be payable from Net Pledged Revenues on a parity with the Series 2021 Bonds, the Series 2016 Bonds and any Additional Bonds. See "APPENDIX D — SUMMARIES OF THE MASTER INDENTURE AND THIRD SUPPLEMENTAL INDENTURE — Repayment Obligations Afforded Status of Bonds."

The projected operating results in the Report of the Airport Consultant assume that approximately \$251.4 million of the future CIP is anticipated to be funded with future Additional Bonds. Of this amount, approximately \$79.4 million is assumed to be issued in Fiscal Year 2021-22. The timing and amount of any Additional Bonds are preliminary estimates and subject to change. See APPENDIX A – "REPORT OF THE AIRPORT CONSULTANT."

Subordinate Obligations

The Master Indenture also permits the Authority to issue or incur indebtedness that is subordinated to the Bonds as to payment from Net Pledged Revenues. As described herein, a portion of the proceeds of the Series 2021 Bonds will be used to pay in full the Subordinated Note. Subordinate Obligations may be issued in the future.

Permitted Investments

Moneys held by the Trustee under the Indenture, including moneys in the Debt Service Fund and Reserve Fund (and the accounts therein), may be invested as directed by the Authority in Permitted Investments, subject to the restrictions set forth in the Indenture and subject to restrictions imposed upon the Authority by the Joint Powers Act. See "FINANCIAL AND OPERATING INFORMATION CONCERNING ONT."

Events of Default and Remedies; No Acceleration

Events of Default under the Indenture and related remedies are described in the summary of certain provisions of the Indenture attached as APPENDIX D. The occurrence of an Event of Default does not grant any right to accelerate payment of Bonds, including the Series 2021 Bonds, to either the Trustee or the holders of the Bonds. The Trustee is authorized to take certain actions upon the occurrence of an Event of Default, including proceedings to enforce the obligations of the Authority under the Indenture.

Rights of the Insurer

So long as the Insurer is not in default under the Bond Insurance Policy, the Insurer shall be deemed to be the sole holder of the Series 2021 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 2021 Bonds are entitled to take pursuant to of the Master Indenture pertaining to (i) defaults and remedies, (ii) the duties and obligations of the Trustee, and (iii) any supplements, amendments or waivers. In furtherance thereof and as a term of the Master Indenture and each Insured Bond, each holder of the Series 2021 Bonds appoints the Insurer as its agent and attorney-in-fact with respect to the Series 2021 Bonds and each holder of the Series 2021 Bonds further agrees that the Insurer may at any time during the continuation of any proceeding by or against the Authority under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, each holder of the Series 2021 Bonds delegates and assigns to the Insurer, to the fullest extent permitted by law, the rights of each holder of the Series 2021 Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

DEBT SERVICE REQUIREMENTS

The following table sets forth debt service requirements on the Series 2016 Bonds and the Series 2021 Bonds:

TABLE 1
ONTARIO INTERNATIONAL AIRPORT DEBT SERVICE REQUIREMENTS

	Series 2016 Bonds		***Series 2021A Bonds***		***Series 2021B Bonds***		***Series 2021C Bonds***		
Fiscal Year ending June 30	***Principal***	***Interest***	***Principal***	***Interest***	***Principal***	***Interest***	***Principal***	***Interest***	***Total***
2021	$ 5,145,000	$ 895,145	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,040,145
2022	5,290,000	782,778	-	2,724,427	-	1,970,080	-	80,937	10,848,222*
2023	5,455,000	651,375	-	2,554,150	-	1,846,950	-	75,879	10,583,353 *
2024	5,645,000	507,690	-	2,554,150	-	1,846,950	-	75,879	10,629,669
2025	5,820,000	349,743	-	2,554,150	-	1,846,950	-	75,879	10,646,722
2026	6,040,000	181,079	-	2,554,150	-	1,846,950	-	75,879	10,698,058
2027	-	-	-	2,554,150	-	1,846,950	2,385,000	75,879	6,861,979
2028	-	-	-	2,554,150	910,000	1,846,950	1,520,000	31,160	6,862,260
2029	-	-	-	2,554,150	2,505,000	1,801,450	-	-	6,860,600
2030	-	-	-	2,554,150	2,630,000	1,676,200	-	-	6,860,350
2031	-	-	-	2,554,150	2,765,000	1,544,700	-	-	6,863,850
2032	-	-	-	2,554,150	2,900,000	1,406,450	-	-	6,860,600
2033	-	-	-	2,554,150	3,045,000	1,261,450	-	-	6,860,600
2034	-	-	-	2,554,150	3,200,000	1,109,200	-	-	6,863,350
2035	-	-	-	2,554,150	3,360,000	949,200	-	-	6,863,350
2036	-	-	-	2,554,150	3,490,000	814,800	-	-	6,858,950
2037	-	-	-	2,554,150	3,630,000	675,200	-	-	6,859,350
2038	-	-	-	2,554,150	3,775,000	530,000	-	-	6,859,150
2039	-	-	-	2,554,150	3,930,000	379,000	-	-	6,863,150
2040	-	-	-	2,554,150	4,085,000	221,800	-	-	6,860,950
2041	-	-	2,790,000	2,554,150	1,460,000	58,400	-	-	6,862,550
2042	-	-	4,420,000	2,442,550	-		-	-	6,862,550
2043	-	-	4,640,000	2,221,550	-		-	-	6,861,550
2044	-	-	4,870,000	1,989,550	-		-	-	6,859,550
2045	-	-	5,115,000	1,746,050	-		-	-	6,861,050
2046	-	-	5,370,000	1,490,300	-		-	-	6,860,300
2047	-	-	5,640,000	1,221,800	-		-	-	6,861,800
2048	-	-	5,865,000	996,200	-		-	-	6,861,200
2049	-	-	6,100,000	761,600	-		-	-	6,861,600
2050	-	-	6,345,000	517,600	-		-	-	6,862,600
2051	-	-	6,595,000	263,800	-		-	-	6,858,800
Total	**$ 33,395,000**	**$ 3,367,810**	**$ 57,750,000**	**$ 64,904,277**	**$ 41,685,000**	**$ 25,479,630**	**$ 3,905,000**	**$ 491,491**	**$ 230,978,208**

* A portion of debt service on the Series 2021 Bonds in Fiscal Years 2021-22 and 2022-23 will be paid from available amounts in the Construction Interest Fund.
Source: Ontario International Airport Authority.

BOND INSURANCE

Bond Insurance Policy; Reserve Policy

Concurrently with the issuance of the Series 2021 Bonds, AGM will issue the Bond Insurance Policy for the Series 2021 Bonds. The Bond Insurance Policy guarantees the scheduled payment of principal of and interest on the Series 2021 Bonds when due as set forth in the form of the Bond Insurance Policy included as Appendix I to this Official Statement. Concurrently with the issuance of the Series 2021 Bonds, AGM will also issue the Reserve Policy.

The Bond Insurance Policy and the Reserve Policy are not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 29, 2020, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 16, 2020, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Capitalization of AGM

At December 31, 2020:

- The policyholders' surplus of AGM was approximately $2,864 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $940 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,112 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Merger of MAC into AGM

On April 1, 2021, MAC was merged into AGM, with AGM as the surviving company. Prior to that merger transaction, MAC was an indirect subsidiary of AGM (which indirectly owned 60.7% of MAC) and AGM's affiliate, Assured Guaranty Corp., a Maryland-domiciled insurance company ("AGC") (which indirectly owned 39.3% of MAC). In connection with the merger transaction, AGM and AGC each reassumed the remaining outstanding par they ceded to MAC in 2013, and AGC sold its indirect share of MAC to AGM. All of MAC's direct insured par exposures have become insured obligations of AGM.

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (filed by AGL with the SEC on February 26, 2021).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2021 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the

"AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Series 2021 Bonds or the advisability of investing in the Series 2021 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

REPORT OF THE AIRPORT CONSULTANT

The Report of the Airport Consultant dated March 26, 2021 is attached to this Official Statement as Appendix A. The Report of the Airport Consultant evaluates the ability of the Authority to produce Net Pledged Revenues sufficient to meet the requirements of the rate covenant during the projection period (Fiscal Year 2021-22 through Fiscal Year 2024-25), taking into account estimated Aggregate Annual Debt Service requirements and based on the assumptions set forth in the Report of the Airport Consultant. Certain information in this Official Statement has been excerpted from the Report of the Airport Consultant. The Report of the Airport Consultant uses the projections of enplaned passengers, operations, and landed weight set forth in the Aviation Activity Forecast attached to this Official Statement as Appendix B.

The Report of the Airport Consultant uses the results from the Aviation Activity "low" forecast, which projects that, on an unconstrained basis (assuming no airport facility or airfield constraints), ONT commercial passenger levels will reach 2.98 million enplanements and total landed weights will reach 9.6 billion pounds by Fiscal Year 2024-25. The "low" forecast assumes the return of most of the services that were operating or previously announced pre-pandemic by Fiscal Year 2023-24. In the "low" forecast, passenger enplanements are forecast to recover to Fiscal Year 2018-19 levels by Fiscal Year 2023-24.

Any forecast is subject to uncertainties. In particular, the continuing impacts of the COVID-19 pandemic on ONT operations and finances are difficult to predict. See "COVID-19 PANDEMIC". Therefore, there may be differences between forecast and actual results, and those differences may be material. Furthermore, the findings and projections in the Report of the Airport Consultant and the Aviation Activity Forecast are subject to a number of other assumptions that should be reviewed and considered by prospective investors. For example, the Aviation Activity Forecast makes assumptions about flight schedules, average seats per departure, and the percentage of seats filled. No assurances can be given that the findings and projections discussed in the Report of the Airport Consultant or the Aviation Activity Forecast will be achieved. The Report of the Airport Consultant and the Aviation Activity Forecast have not been and will not be updated to reflect the final pricing terms of the Series 2021 Bonds or other changes that may have occurred after the date of such report. Actual results may be materially adversely different from those described in such report. The Report of the Airport Consultant and the Aviation Activity Forecast should be read in their entirety for an understanding of the forecasts, findings and projections, and the underlying assumptions.

Debt Service Coverage

The following table, which is excerpted from the Report of the Airport Consultant, presents a summary of historical and projected debt service coverage for the Fiscal Years from 2017-18 through 2024-25.

Table 2 sets forth the "base case" forecast, which is based on the "low" activity forecast presented in Aviation Activity Forecast (which in turn forecasts that ONT will return to Fiscal Year 2018-19 levels by Fiscal Year 2023-24, as more particularly described in the Aviation Activity Forecast).

The Report of the Airport Consultant also contains two sensitivity analyses. One sensitivity test assumes that enplaned passengers do not recover to Fiscal Year 2018-19 levels until Fiscal Year 2029-30. The other sensitivity analysis assumes that Authority's pending PFC application (as described in "CAPITAL IMPROVEMENT PLANNING – Passenger Facility Charges") is not approved and associated debt service is therefore included in airlines rates and charges.

The Report of the Airport Consultant should be read in its entirety for an understanding of the projections and underlying assumptions relating to forecast debt service coverage, including the sensitivity analyses.

TABLE 2
ONTARIO INTERNATIONAL AIRPORT
HISTORICAL AND FORECAST DEBT SERVICE COVERAGE

Fiscal Year ending June 30	*Net Pledged Revenues (000's)**	*Adjusted Debt Service Requirement (000's)*	*Debt Service Coverage*
Historical			
2018	$10,261	$5,381	190.7%
2019	9,710	5,414	179.4
2020	16,391	5,423	302.2
Forecast			
2021	12,943	5,794	223.4
2022	14,609	7,748	188.6
2023	14,356	8,049	178.3
2024	21,227	13,013	163.1
2025	19,092	13,035	146.5

* As permitted by the Indenture, includes amount related to debt service coverage paid in a prior Fiscal Year that is available in the current Fiscal Year, not to exceed 25% of Aggregate Annual Debt Service.
Source: Report of the Airport Consultant.

Table 2 reflects restated increased Net Pledged Revenues and increased debt service coverage from the Authority's prior reporting, in order to reflect the provisions of the Master Indenture. The restated amounts in Table 2 reflect the (i) the inclusion of operating grants in Pledged Revenues for Fiscal Year 2017-18, and (ii) a change in the treatment of CFCs in Fiscal Years 2017-18 and 2018-19 for purposes of debt service coverage calculation resulting in a portion of the CFCs being treated as deduction from Aggregate Annual Debt Service instead of an addition to Net Pledged Revenues.

ONTARIO INTERNATIONAL AIRPORT AUTHORITY

Organization and Powers

The Authority was created in August 2012 pursuant to the Joint Powers Agreement between the City and the County for the sole purpose of owning and operating ONT. Under the Joint Powers Agreement and the Joint Powers Act, the Authority has the powers common to the City and the County to operate, maintain, manage, develop and market ONT, subject only the restrictions upon the manner of exercising such powers as are imposed upon the City in the exercise of similar powers. Although the Authority has the authority to establish rates and charges for use of ONT facilities, and to impose PFCs and CFCs (each as defined herein) to the extent permitted by applicable regulations, the Authority does not have the power to impose taxes.

Commission Members

The Authority is governed by a five-member Commission comprised of four members appointed by the City and one member appointed by the County. Members appointed by the City must consist of two members of the business community with their primary business interest located within the market service area of ONT and two members then serving as members of the City Council. The member appointed by the County must be the Supervisor of the San Bernardino County Board of Supervisors representing the supervisorial district in which ONT is located. Members may be appointed for an indefinite or specific term, and shall serve during the term for which they were appointed (if applicable) and until their successors have been appointed and qualified; provided, however, that members may resign voluntarily or, if applicable, may be removed by and at the pleasure of the party that appointed them, and provided, further, any member who also serves as a member of the governing body of any party shall automatically forfeit such member's membership on the Commission if such member ceases to be member of the governing body, but after such forfeiture, such member may be appointed or reappointed to the Commission.

As of the date hereof, the members of the Commission are:

Member	*Affiliation*	*Appointed By*	*Date of Appointment*	*End of Current Term*
Alan Wapner, President	Ontario Council Member	City	August 2012	December 2022
Ron Loveridge, Vice President	Retired Riverside Mayor	City	August 2012	NA
Jim Bowman, Secretary	Ontario Council Member	City	August 2012	December 2022
Curt Hagman	San Bernardino County Supervisor	County	January 2015	January 2023
Julia Gouw	Retired Business Executive	City	September 2017	NA

Authority Management

Responsibility for the implementation of the policies formulated by the Commission and for the day-to-day operations of ONT rests with the senior management of the Authority. The Chief Executive Officer, under the direction of the Commission, is empowered to appoint and remove the senior managers who direct the major functions of the Authority. The principal senior managers of the Authority are listed below:

Mark Thorpe, Chief Executive Officer. Mark Thorpe joined the Authority in September 2016, with over 20 years of professional aviation experience. Mark Thorpe is responsible for the development and sustainability of Ontario International Airport. He brings with him a plethora of experience and enthusiasm for aviation, and new vision for Ontario International Airport to become a world class airport experience for the almost 5-million passengers that come through the terminals. Prior to being named CEO for ONT, Mark served and excelled as the Chief Development Officer by increasing passenger and cargo air service, along with all development opportunities for the OIAA. Before joining the OIAA team, Mark oversaw the newly formed Cargo Business Development group at Dallas Fort Worth International Airport (DFW), leading the airport's business development efforts with freight forwarders, supply chain managers, shippers, and airport cargo handlers. He has experience in more than 40 countries in the Asia/Pacific region, Europe, the Middle East and Africa. He received his Juris Doctorate and Master of Business Administration degrees in 1998 from George Washington University, with Magna Cum Laude distinction from the business school, and earned a Bachelor of Arts from Arizona State University in 1995.

Atif Elkadi, Deputy Chief Executive Officer. Atif Elkadi joined the Authority in 2017 and has more than 17 years of extensive senior-level experience in all aspects of strategic marketing, social media, brand management, public relations, marketing, advertising and strategic communications. Atif is responsible for the day to day operations, overall strategic communications, community engagement, social media, marketing, advertising and public relations while finding new and innovative approaches to increasing revenue. In his previous role as a Senior Corporate Communications Manager, he was responsible for developing the overall communication strategy, implementing and managing strategic communication initiatives which support the organizational strategic objectives and initiatives for Dallas Fort Worth International Airport (DFW), the fourth busiest airport in the world. He has international airport experience having worked at Dubai International Airport (DXB), the busiest airport in the world for international passengers. He developed and managed internal communications, customer service communications and social media for Dubai Airport while developing communication strategies to support employee and customer service communications. Atif has a master's Degree in Communication Management from the University of Southern California, an M.B.A. from the University of Phoenix, and a bachelor's Degree in Journalism from California Polytechnic State University, San Luis Obispo.

John Schubert, Chief Financial Officer. John Schubert joined the Authority in 2018 and oversees all accounting, finance, budget and procurement functions. Prior to OIAA he was with the Tucson Airport Authority for ten years as the Senior Director of Finance. Mr. Schubert's career spans thirty years with a concentration in the non-profit and governmental sectors, acting as CFO, COO and consultant, focused on finance, accounting and organizational administration with an emphasis on information technology and Human Resources. John Schubert is a Certified Public Accountant licensed in the state of Arizona, he also holds the following professional designations; Chartered Global Management Account (CGMA) from the American Institute of Certified Public Accountant and Certified Member (CM) from the American Association of Airport Executives. John graduated from the University of Arizona where he received a BS in Accounting.

Bruce E. Atlas, Chief Operating Officer. Bruce Atlas joined the Authority in August 2016 and brings over a decade of aviation experience and a comprehensive knowledge of ONT. Bruce worked for Southwest Airlines from 1998 to August 2016, most recently as Southwest's ONT station manager for the past 12 years. Prior to that, he was the deputy station manager for Southwest at Los Angeles International Airport (LAX) and during this period, the station was highly awarded, including winning the company's "Station of the Year", "Top Performing Station" and other honors. Bruce's expertise includes airport station management, ground handling, administration, security/safety operations, infrastructure management and customer service. His strong business skills include meeting budget goals and key performance indicators, organizational development, team leadership and strong interpersonal skills.

Daniel F. Cappell, Chief Commercial Officer. Dan Cappell joined the Authority in December 2019 from Jacobs Engineering specialist aviation consultancy Leigh Fisher. Dan has over 30 years international aviation experience across multiple aspects of the business. He has held senior roles within main channels of the global airport commercial business, including retail, food and beverage, and international brand representation. Prior to moving to the United States, he served as the Chief Commercial Officer for Abu Dhabi Airports Company and led the development of the commercial strategy program for 35,000 square meters of commercial space for the new midfield terminal program in Abu Dhabi. Prior to his work in the Middle East Mr. Cappell was based in Switzerland and was the founding Director General Manager of Nestle International Travel Retail, the only global operational business unit within the Nestle Group. He has served on the management committee and Board of Tax-Free World Association and was a Board member of Middle East Duty Free Association.

Employees; Contractual Arrangements for Services and Operations

The Authority provides for the management and operation of ONT through Authority employees and contractual arrangement, as described below.

Authority Employees. As of January 1, 2021, the Authority had 48 permanent full-time equivalent positions. The Authority's employees do not belong to collective bargaining units. In March 2017, the Authority established the "Ontario International Airport Authority 401(a) Defined Contribution Plan." All full and part time employees are eligible to participate in the Authority's 401A Plan. Contributions amounting to 10% to 12% of the employee's eligible wage base are made to the plan by the Authority on behalf of the employees. Maximum permissible contributions for the plan year are $40,000 per employee. All contributions made under this plan are fully vested. Amounts contributed to the plan for the years ended June 30, 2019 and 2020 amounted to approximately $441,439 and $570,060 respectively.

Contractual Arrangements. The Authority contracts with third parties to provide substantially all airside and landside operations and such third parties may be subject to union collective bargaining agreements. The most significant contracts cover public safety, airfield operations, and parking and ground transportation management. The Authority contracts with the City of Ontario for public safety, including police, fire rescue and dispatch as well as certain administrative services that include information technology and human resources. Payments to the City of Ontario are based on actual costs established through a budgeting process and include direct labor and other operating costs as well as allocated indirect costs.

The following services and the related service provider are as follows: airfield operations, TBI Airport Management; parking management, Parking Concepts, Inc. and ground transportation, ABM Industries, LLC. Amounts payable by the Authority are based on actual costs limited by contract rates and terms through an approved annual budget process and/or established annual rate increases. Any costs payable by the Authority under the various contracts described above generally constitute Maintenance and Operation Expenses under the Indenture.

In addition to the contracts discussed above, airlines operating at ONT have collectively established an airline consortium ("ONTEC") to provide maintenance services for the terminal and all other areas outside of the airfield. ONTEC contracts with third parties to provide these services and is solely responsible for costs and other liabilities incurred under these contracts. Signatory Airlines and non-signatory airlines providing service to ONT have the option of participating in ONTEC. Airlines electing not to participate in the consortium must pay an allocated share of ONTEC expenses at a 25% premium. Currently, all the airlines operating at ONT have elected to participate in ONTEC.

Acquisition of ONT by the Authority

The Authority acquired substantially all assets and liabilities of ONT from the City of Los Angeles, California, its Board of Airport Commissioners and Los Angeles World Airports (collectively, "LAWA") on November 1, 2016 (the "Transfer Date") pursuant to the Settlement Agreement. The Settlement Agreement provides for a schedule of payments by the Authority to LAWA as compensation for the transfer of ONT to the Authority, including from cash on hand and PFC revenues received or to be received by the Authority. As described below, all amounts due and owing LAWA under the Settlement Agreement have been paid except for approximately $23.3 million to be paid from the proceeds of the Series 2021 Bonds.

On the Transfer Date, LAWA assigned and transferred to the Authority, on an "as-is" basis, all of its right, title and interest in and to all of the assets, properties, rights and interests existing or acquired prior to the Transfer Date that are solely used or held for use in connection with the operation of ONT, including real and personal property, concession agreements, services agreements, leases with airport users (including airlines), assignable governmental permits and approvals, and cash balances in the accounts of ONT (following payment of certain amounts required to be paid by the Settlement Agreement from such accounts, as further described below). Other conditions of the Settlement Agreement included Federal Aviation Administration ("FAA") approval of the transfer and operation and management of ONT by the Authority, which occurred in October 2016. See "-Employees; Contractual Arrangements for Services and Operations."

The Settlement Agreement also required the Authority to make certain payments to LAWA which were paid on the Transfer Date: (i) $30,000,000 from City funds; (ii) $40,000,000 from the unrestricted cash accounts of ONT to LAWA; (iii) approximately $47.3 million of previously-collected PFCs from the ONT PFC account to the PFC account for Los Angeles International Airport ("LAX"); and (iv) approximately $55 million of the proceeds of the Series 2016 Bonds to defease certain bonds previously issued by LAWA for improvements at ONT.

The Settlement Agreement also required the transfer of $70 million by the tenth (10th) anniversary date of the Transfer Date, payable from the proceeds of PFCs collected at ONT following the Transfer Date. The FAA approved such use of PFCs on September 26, 2016. The Authority has been transferring PFC proceeds to LAWA quarterly. The Authority will use a portion of the proceeds of the Series 2021 Bonds to pay the remaining approximately $23.3 million outstanding amount. See "PLAN OF FINANCE." This payment will satisfy in full the Authority's financial obligations to LAWA.

From the Transfer Date until November 2018, LAWA provided qualified employees, in substantially the same numbers as prior to the transfer, to perform key ONT operations, such as airfield operations, facilities maintenance and custodial services, security services, and aircraft rescue and firefighting services. The Authority reimbursed LAWA for the base salary and overtime pay of the LAWA employees working for ONT, as well as for certain additional costs and administrative charges. Since November 2018, the Authority has directly employed staff necessary to carry out Authority functions and operations at ONT.

COVID-19 PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a pandemic by the World Health Organization on March 11, 2020. Since the Executive Proclamation by the President of the United States, on January 31, 2020, preventing entry into the United States by certain foreign nationals, there has been a focus on containing the disease by prohibiting nonessential travel and limiting person-to-person contact. Across the country, states and local governments, including the State of California and San Bernardino County, had issued "stay at home" or "shelter in place" orders which severely restricted movement and limited businesses and activities to essential functions. Additionally, other countries have essentially closed their borders by restricting entry and exit to only essential travel, although such restrictions are fluid and subject to change. A number of state and local governments have established travel quarantine requirements and travel restrictions which continue to adversely impact air travel.

The COVID-19 pandemic and resulting restrictions have severely disrupted, and continue to disrupt, the economies of the United States and other countries, leading to volatility in the securities market. Business failures, worker layoffs, and consumer and business bankruptcies are occurring and are expected to continue in the near future.

Airports in the United States have been acutely impacted by the COVID-19 pandemic and the broad-based economic shutdown resulting from efforts to stop the spread of COVID-19, including reductions in flights and declines in passenger volumes. The outbreak has adversely affected domestic and international travel and travel-related industries. Airlines are reporting unprecedented downturns in passenger volumes and have experienced reduced levels of passenger volumes, which in turn, has resulted in a considerable reduction in scheduled service.

Reduced Airport Usage

ONT, similar to most other airports around the nation, has experienced steep declines in passenger volumes as a result of the COVID-19 pandemic. Prior to the COVID-19 outbreak, for the eight-month period ending February 28, 2020, the number of enplaned passengers at ONT was 1.9 million, as compared with 1.7 million for the eight-month period ending February 28, 2019, which reflects an approximate increase of 12.8%. Total cargo tonnage (volume/short tons) for ONT was approximately 3.2 billion for the eight-month period ended February 29, 2020, as compared with 2.9 billion for the eight-month period ended February 28, 2019, which is an approximate increase of 11.4%. The total landed weight (1,000-pound units) was 5.4 billion for the eight-month period ended February 29, 2020, as compared with 4.8 billion for the eight-month period ended February 28, 2019, which is an approximate increase of 12.6%.

As shown in the Report of the Airport Consultant, enplaned passengers at ONT declined by 17.6% from Fiscal Year 2018-19 to Fiscal Year 2019-20, comprised of a 12.8% increase in the first eight months year-over-year and a 74.1% decrease in the last four months, as a result of the COVID-19 pandemic and the travel restrictions beginning in March 2020. For July 2020 through February 2021, enplaned passengers decreased 61.5% compared to July 2019 through February 2020.

Since the COVID-19 outbreak, there have been corresponding declines in demand for airport concessions including terminal services, rental car transactions, parking and ground transportation services.

Reduced Air Service

Domestic air travel throughout the nation has been severely curtailed by the COVID-19 pandemic. Airlines at ONT are continually evaluating their flight schedules, resulting in flight cancellations on a daily basis and ongoing revisions to flight schedules. From time to time, states have issued quarantine orders, which have resulted in additional flight cancellations. The Authority anticipates the reduced level of scheduled airline service to continue and cannot predict the duration.

Flight operations during the remainder of Fiscal Year 2020-21 and beyond will depend in significant part on developments relating to the COVID-19 pandemic. There can be no assurances that negative developments relating to the COVID-19 pandemic will not result in declines in capacity, departures, or passenger activity at ONT and result in further material adverse declines in revenues.

See the APPENDIX A – "REPORT OF THE AIRPORT CONSULTANT" for a discussion of the impact of COVID-19 on air service at ONT.

Temporary Tenant Relief Program

In addition to reductions in both international and domestic air travel, the Authority has experienced significant reductions in operations at concessions at ONT. The decreased passenger activity resulting from COVID-19 has negatively affected full-service dine-in restaurants and other concessionaires at ONT. Most concessionaires initially closed operations at ONT as a result of the COVID-19 pandemic. Many have subsequently resumed limited operations as activity at ONT has gradually increased from the initial declines.

As the negative effects on airline travel at ONT, in the U.S., and internationally caused by COVID-19 became more apparent, the Authority took a series of operational, commercial, and financial actions to prioritize strong cash liquidity and debt service coverage, and also assist airline and non-airline partners serving ONT. These actions included reductions in Maintenance and Operation Expenses, deferral of Signatory Airline payments, and deferral of minimum annual guarantee payments and temporary reductions in minimum annual guarantee payments for rental car and terminal concessionaires. All of the deferred amounts have been paid in full by the Signatory Airlines and no additional deferrals or reductions in minimum annual guarantee payments are currently anticipated and are not assumed in the financial projections contained in the Report of the Airport Consultant.

Despite the reductions in non-airline revenues, the Authority has not used nor does it currently expect to use any of its restricted cash reserves to pay Maintenance and Operation Expenses or Aggregate Annual Debt Service in response to COVID-19.

Federal Relief Efforts

The United States government, the Federal Reserve Board and foreign governments have taken and are taking legislative and regulatory actions and implementing measures to mitigate the broad disruptive effects of the COVID-19 pandemic. The CARES Act, approved by the United States Congress and signed by the President on March 27, 2020, is one of the legislative actions to address the crisis created by the COVID-19 pandemic and includes among its relief measures direct aid in the form of grants for airports, as well as direct aid, loans and loan guarantees for passenger and cargo airlines.

Provisions of the CARES Act, which provides $10 billion of grant assistance to airports, generally include the following: (1) $3.7 billion to be allocated among all U.S. commercial service airports based on number of enplanements in calendar year 2018, (2) $3.7 billion to be allocated among all U.S. commercial service airports based on formulas that consider fiscal year 2018 debt service relative to other airports, and cash-to-debt service ratios, (3) $2 billion to be apportioned in accordance with Airport Improvement Program ("AIP") entitlement formulas, subject to CARES Act formula revisions, (4) $500 million to increase the federal share to 100% for grants awarded in federal fiscal year 2020 under certain grant programs including the AIP, and (5) $100 million reserved for general aviation airports.

On April 14, 2020, the FAA announced that it had allocated approximately $22.2 million of grant assistance under the CARES Act to ONT. The Authority generally can draw on all such funds on a reimbursement basis for any purpose for which airport revenues may be lawfully used in accordance with FAA rules and regulations. As described in the Report of the Airport Consultant, the Authority used approximately $6.6 million of these funds to reimburse itself for Maintenance and Operation Expenses in Fiscal Year 2019-20 and intends on using the remaining $15.6 million to reimburse itself for Maintenance and Operation Expenses in Fiscal Year 2020-21.

On December 27, 2020, the CAA was signed into law providing airports an additional $2 billion in general fund revenues as further economic relief to assist eligible airports continue to respond to COVID-19. A total of $1.75 billion is set aside for primary airports, which includes ONT, and certain cargo airports, for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments. The FAA will distribute the funds first using AIP passenger and cargo entitlement formulas and then based on CY 2019 enplanements. An additional $200 million is available to airports to provide rent or MAG relief to its on-airport concessionaires. As a condition of accepting these funds under the CAA, airports would be required to continue to retain at least 90% of the number of individuals employed as of March 27, 2020 through September 30, 2021.

On February 12, 2021, the FAA established the Airport Coronavirus Response Grant Program ("ACRGP") to distribute the CAA funds, of which $8,782,977 was allocated to ONT. The Authority has not yet received or determined the use of these funds; and therefore, they are not reflected in the Report of the Airport Consultant.

On March 11, 2021, the $1.9 trillion American Rescue Plan Act of 2021 ("ARPA") was signed into law providing airports an additional $8 billion in emergency relief as they continue to respond to COVID-19. Approximately $6.5 billion is set aside for primary airports, which includes ONT, and certain cargo airports, for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments. The FAA will distribute the funds based on calendar year 2019 enplanements. The FAA has not provided the ARPA grant amounts by airport as of the date hereof.

Additionally, the Authority continues to evaluate and seek other available sources of State and federal aid as and if they become available. At this time, it is unclear whether legislative, regulatory and other governmental actions, including the CARES Act and the CAA, will have the intended positive effects.

Future Impacts of the COVID-19 Pandemic Cannot Be Predicted

The Authority cannot predict (1) the duration or extent of the COVID-19 pandemic and its continuing impacts on the Authority and ONT; (2) the scope or duration of the current COVID-19 pandemic and any additional restrictions or warnings related to air travel, gatherings or any other activities, and the duration or extent to which airlines will reduce services at ONT, or whether airlines will cease operations at ONT or shut down in response to such restrictions or warnings; (3) what additional short or long-term effects the pandemic and restrictions or warnings imposed as a result of the COVID-19 pandemic may have on air travel, including to and from ONT, the retail and services provided by ONT concessionaires, Authority costs or revenues; (4) to what extent the COVID-19 pandemic or another outbreak or pandemic may disrupt the local, State, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact ONT-related construction, the cost, sources of funds, schedule or implementation of the Authority's CIP, or other ONT operations; (5) the extent to which the COVID-19 pandemic, or the resultant disruption to the local, State, national or global economy, may result in changes in demand for air travel, or may have an impact on the airlines or concessionaires serving ONT, or the airline and travel industry, generally; (6) whether or to what extent the Authority may provide additional deferrals, forbearances, adjustments or other changes to the Authority's arrangements with ONT tenants and concessionaires; or (7) the duration and extent of the material adverse effect on the finances and operations of the Authority expected to result from the foregoing.

Prospective investors should assume that the restrictions and limitations related to COVID-19, and the current upheaval to the air travel industry and the national and global economies, will continue at least over the near term, recovery may be prolonged and, therefore, have an adverse impact on Authority revenues. Future outbreaks, pandemics or events outside the Authority's control (including re-imposition of more stringent limitations on economic activity) may further reduce demand for travel, which in turn could cause a decrease in passenger activity at ONT and declines in Authority revenues.

See "RISK FACTORS – Reliance on Projections."

ONTARIO INTERNATIONAL AIRPORT

Introduction

ONT is classified by the FAA as a medium-hub full-service airport with commercial jet service to many major cities in the United States. ONT is located approximately 35 miles east of downtown Los Angeles and occupies approximately 1,700 acres.

ONT was developed prior to World War II, and following the war, with the support of the City of Los Angeles, the City acquired ONT as surplus Federal property from the U.S. War Assets Administration. In October 1967 the City of Los Angeles and the City entered into a Joint Powers Agreement whereby LAWA would manage, operate and control ONT, and in July 1985, the City of Los Angeles became the owner of ONT. Pursuant to the Settlement Agreement, LAWA transferred ownership and control of the operations and management of ONT to the Authority on November 1, 2016. For further discussion, see "ONTARIO INTERNATIONAL AIRPORT AUTHORITY – Acquisition of ONT by the Authority."

The existing terminal facilities at ONT consist of two domestic terminals (referred to as Terminal 2 and Terminal 4) with a combined total of 570,000 square feet and 26 passenger gates. The International Arrivals Terminal is located in a separate building and is approximately 40,000 square feet with nine aircraft parking positions. The terminals at ONT currently have an annual capacity of approximately 10 million passengers.

The airfield is equipped with two parallel runways with lengths of 10,200 feet and 12,200 feet. ONT's facilities also include four parking lots, providing 6,904 surface parking spaces, and a 15,000 square foot consolidated rental car facility ("CONRAC"). Terminal 1 is used for cargo operations at ONT. ONT does not have a Terminal 3. In addition, Federal Express ("FedEx") occupied a new 251,000 square-foot complex in November 2020 that includes a sorting facility capable of handling 12,000 packages per hour, nine wide-body aircraft gates, 14 feeder aircraft gates, and 18 truck docks. Other existing facilities at ONT include various airport and aircraft support services, and an Authority administration building.

The majority of ONT's originating passengers live in the counties of Riverside and San Bernardino, and other passengers may be drawn from the surrounding Los Angeles, Ventura, and Orange counties. In Fiscal Years 2018-19 and 2019-20, ONT served approximately 2.6 million enplaned passengers and 2.2 million passengers, respectively. As of December 2020, six U.S. passenger carriers and one foreign flag carrier provided passenger service to ONT. In addition, 11 all-cargo carriers served ONT, including FedEx and United Parcel Service ("UPS"), the world's leading all-cargo carriers by volume. UPS maintains a regional hub near ONT. For further information regarding passenger volumes and services provided at ONT, including forecasts related thereto, see "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT."

Aviation Activity

According to Airports Council International ("ACI") 2019 North American Traffic Report, ONT ranked as the 12th busiest airport nationwide in terms of total cargo volume and was the 62nd busiest airport in the United States in terms of total passenger volume. ONT is the fourth-busiest of the five commercial airports located in the Los Angeles region. (Palm Springs International Airport (PSP) is located in the Air Trade Area; however, it is 70 miles east of ONT. As a result of this distance and highly seasonal (winter) service, PSP is not included in the regional airports for purposes of the Report of the Airport Consultant.)

ONT primarily serves as an originating or destination airport for passenger traffic rather than as an airline connecting hub. Approximately 98% of the passenger traffic at ONT in Fiscal Year 2018-19 consisted of passengers beginning a trip from the Ontario area or returning to Ontario as their final destination. The Aviation Activity Forecast assumes that this percentage will generally remain the same through the projection period.

The following table presents historical enplaned passenger volumes at ONT for Fiscal Years 2009-10 through 2019-20. For the period from July 1, 2020 through February 28, 2021, estimated declines in enplaned passengers were approximately 61.5% as compared to July 1, 2019 through February 29, 2020. See "COVID-19 PANDEMIC – Aviation Activity."

TABLE 3
ONTARIO INTERNATIONAL AIRPORT
HISTORICAL ENPLANED PASSENGERS

Fiscal Year ending June 30	***ONT Enplanements***	***% Change***
2010	2,417,085	--
2011	2,367,120	(2.1)
2012	2,209,070	(6.7)
2013	2,076,333	(6.0)
2014	2,002,759	(3.5)
2015	2,085,482	4.1
2016	2,108,441	1.1
2017	2,183,516	3.6
2018	2,396,976	9.8
2019	2,632,230	9.8
2020	2,168,844	(17.6)
Compound Annual Growth Rate		
2010-2019	1.0%	

Source: Report of the Airport Consultant.

The following table provides historical enplaned passenger activity for each of the airports in the Los Angeles region between Fiscal Year 2009-10 and Fiscal Year 2019-2020. As described in "COVID-19 PANDEMIC," enplanements throughout the country, including the Los Angeles region, have declined significantly as a result of the COVID-19 pandemic. The table reflects that the decline in passenger traffic at ONT was lower than other airports in the Los Angeles region, resulting in ONT claiming a larger share of total Los Angeles region passenger traffic.

TABLE 4
ONTARIO INTERNATIONAL AIRPORT
HISTORICAL ENPLANED PASSENGER MARKET SHARE
IN THE LOS ANGELES REGION

Fiscal Year ending June 30	*Enplaned Passengers*						*Share of Los Angeles Region Airports*				
	Los Angeles International (LAX)	*John Wayne Airport (SNA)*	*Burbank Bob Hope Airport (BUR)*	*ONT*	*Long Beach Airport (LGB)*	*Total*	*LAX*	*SNA*	*BUR*	*ONT*	*LGB*
2010	29,003,142	4,391,439	2,261,143	2,417,085	1,460,041	39,532,850	73.4%	11.1%	5.7%	6.1%	3.7%
2011	30,280,539	4,282,816	2,181,852	2,367,120	1,532,442	40,644,769	74.5	10.5	5.4	5.8	3.8
2012	31,519,124	4,309,464	2,092,805	2,209,070	1,643,383	41,773,846	75.5	10.3	5.0	5.3	3.9
2013	32,524,178	4,547,598	2,062,601	2,076,333	1,497,503	42,708,213	76.2	10.6	4.8	4.9	3.5
2014	34,333,538	4,642,948	1,949,065	2,002,759	1,433,273	44,361,583	77.4	10.5	4.4	4.5	3.2
2015	36,121,768	4,792,579	1,993,421	2,085,482	1,276,679	46,269,929	78.1	10.4	4.3	4.5	2.8
2016	38,958,569	5,173,572	2,048,303	2,108,441	1,327,001	49,615,886	78.5	10.4	4.1	4.2	2.7
2017	41,602,932	5,178,761	2,287,840	2,183,516	1,793,753	53,046,802	78.4	9.8	4.3	4.1	3.4
2018	43,554,587	5,323,260	2,625,167	2,396,976	2,006,292	55,906,282	77.9	9.5	4.7	4.3	3.6
2019	44,207,464	5,342,224	2,822,014	2,632,230	1,757,323	56,761,255	77.9	9.4	5.0	4.6	3.1
2020	31,417,934	3,772,410	2,261,359	2,168,844	904,980	40,525,527	77.5	9.3	5.6	5.4	2.2
Compound Annual Growth Rate											
2010-2019	4.8%	2.2%	2.5%	1.0%	2.1%	4.1%					
2019-2020	(28.9)	(29.4)	(19.9)	(17.6)	(48.5)	(28.6)					

Source: Report of the Airport Consultant.

Passenger Enplanements and Airline Market Shares

The following table shows historical enplanements by airline at ONT for Fiscal Years 2016-17 through 2019-20. As described in "COVID-19 PANDEMIC," enplanements at ONT have declined significantly as a result of the COVID-19 pandemic.

TABLE 5
ONTARIO INTERNATIONAL AIRPORT
HISTORICAL ENPLANED PASSENGERS BY AIRLINE
(fiscal year ending June 30)

Airline	*2017*		*2018*		*2019*		*2020*	
	Enplanements	*Share*	*Enplanements*	*Share*	*Enplanements*	*Share*	*Enplanements*	*Share*
Southwest	1,242,232	56.9%	1,319,743	55.1%	1,376,503	52.3%	1,058,846	48.8%
American	418,725	19.2	438,617	18.3	457,205	17.4	387,391	17.9
Alaska	187,276	8.6	190,910	8.0	190,050	7.2	169,363	7.8
United	106,729	4.9	202,942	8.5	205,193	7.8	162,484	7.5
Delta	50,198	2.3	82,080	3.4	108,828	4.1	147,053	6.8
Frontier	0	0.0	75,729	3.2	116,354	4.4	101,320	4.7
China Air	0	0.0	20,655	0.9	87,255	3.3	66,852	3.1
JetBlue	0	0.0	0	0.0	39,631	1.5	31,309	1.4
Others	178,356	8.2	66,300	2.8	51,211	1.9	44,226	2.0
Total	2,183,516	100.0%	2,396,976	100.0%	2,632,230	100.0%	2,168,844	100.0%

Source: Report of the Airport Consultant.
Columns may not add to totals shown because of rounding.

The following table presents historical landed weight by airline at ONT for Fiscal Years 2016-17 through 2019-20:

TABLE 6
ONTARIO INTERNATIONAL AIRPORT
HISTORICAL LANDED WEIGHT BY AIRLINE
(in Thousand Pounds)
(fiscal year ending June 30)

Airline	*2017*		*2018*		*2019*		*2020*	
	Landed Weight	*Share*	*Landed Weight*	*Share*	*Landed Weight*	*Share*	*Landed Weight*	*Share*
All-Cargo								
UPS	2,089,231	37.0%	2,274,950	34.3%	2,492,607	34.5%	2,770,349	36.4%
FedEx	667,926	11.8	767,548	11.6	798,971	11.1	872,527	11.5
Air Transport	147,298	2.6	363,350	5.5	236,921	3.3	456,512	6.0
Atlas Air	95,468	1.7	379,926	5.7	561,698	7.8	417,174	5.5
ABX Air	161,165	2.9	48,505	0.7	147,390	2.0	273,863	3.6
Other	34,501	0.6	71,724	1.1	69,302	1.0	94,265	1.2
Subtotal	3,195,589	56.6%	3,906,003	58.8%	4,306,889	59.7%	4,884,690	64.3%
Passenger								
Southwest	1,441,578	25.6%	1,554,136	23.4%	1,532,052	21.2%	1,409,664	18.5%
American	435,712	7.7	462,356	7.0	476,200	6.6	437,691	5.8
Alaska	195,663	3.5	204,376	3.1	199,622	2.8	201,489	2.7
United	205,374	3.6	214,983	3.2	226,516	3.1	185,036	2.4
Delta	94,003	1.7	92,506	1.4	118,726	1.6	170,298	2.2
Frontier	0	0.0	74,456	1.1	107,875	1.5	96,679	1.3
China Air	0	0.0	54,292	0.8	152,147	2.1	123,600	1.6
JetBlue	0	0.0	0	0.0	34,222	0.5	39,050	0.5
Other	74,191	1.3	77,664	1.2	64,905	0.9	54,355	0.7
Subtotal	2,446,521	43.4%	2,734,769	41.2%	2,912,265	40.3%	2,717,862	35.7%
Total	**5,642,110**	**100.0%**	**6,640,772**	**100.0%**	**7,219,154**	**100.0%**	**7,602,552**	**100.0%**

Source: Report of the Airport Consultant.
Fiscal Year 2019-20 values reflect a restatement of amount reported in supplemental information included in the Authority's audited financial statements for Fiscal Year 2019-20.
Columns may not add to totals shown because of rounding.

Air Cargo

According to the ACI 2019 North American Traffic Report, in calendar year 2019, ONT ranked 12th in the United States in air cargo volume. The following table provides information concerning historical traffic data at ONT.

TABLE 7
ONTARIO INTERNATIONAL AIRPORT
HISTORICAL CARGO TRAFFIC DATA
AIR CARGO ON AND OFF
(METRIC TONS)

Fiscal Year ending June 30	*Total Cargo (Freight and Mail)*	*Total Cargo % Change*
2017	547,650	--
2018	636,803	16.3%
2019	694,185	9.0
2020	770,882	11.0

Source: The Authority.

AGREEMENTS FOR USE OF AIRPORT FACILITIES

General

The Authority is a party to and receives payments under different permits and agreements with various airlines and other parties, including operating permits relating to landing fees, leases with various airlines for the leasing of space in terminal buildings, other building and miscellaneous leases regarding the leasing of cargo and hangar facilities, concession agreements relating to the sale of goods and services at ONT, and leases relating to the construction of buildings and facilities for specific tenants.

Operating Use and Terminal Lease Agreements

The Authority has Operating Use and Terminal Lease Agreements ("ULAs") with nine passenger carriers and five all-cargo carriers (the "Signatory Airlines") at ONT, which permit the carriers to use ONT facilities and to lease terminal space. The nine passenger carrier Signatory Airlines (representing approximately 99.8% of total ONT enplanements in Fiscal Year 2019-20 are Alaska, American, China Airlines, Delta, Frontier, JetBlue, Southwest, United, and Volaris. The five all-cargo carrier Signatory Airlines (representing approximately 98.1% of total landed weight at ONT in Fiscal Year 2019-20) are ABX Air, Air Transport International, Atlas Air, FedEx, and UPS. Each air carrier serving ONT has the opportunity to become a Signatory Airline. Non-signatory airlines pay a landing fee that is not less than 1.25 times and a lease rate that is not less than 1.10 times the rates paid by Signatory Airlines. Under the ULAs there are three categories of space leased: exclusive-use space, such as queuing areas, ticket counters, office space, bag service offices and airlines operations space; preferential-use space, such as hold-rooms and gates; and joint-use space, such as baggage claim areas and other specifically identified screening and roadway areas.

Under the ULAs, the Signatory Airlines are obligated to pay the Authority terminal rental fees and landing fees. Each of these fees will be calculated on a residual rate-setting methodology, whereby the rental rates and landing fees are calculated to provide revenue in an amount equal to the difference between ONT's total expenses and the revenues collected from other, non-airline sources, such as concession and parking revenue. Terminal rental rates are determined by totaling the costs attributable to the terminal, including maintenance and operating expenses, Authority debt service and certain deposits to the Authority's reserve and other Authority discretionary accounts, and any other applicable expenses, less revenues, not including Signatory Airline terminal rentals, allocable to terminal cost center and any passenger facility charge receipts that might be used by the Authority to pay revenue bond debt service allocable to the terminal cost center, then dividing such total by the total space leased to the applicable Signatory Airlines. Terminal rental rates are calculated at least annually, and may be adjusted once during each fiscal year. Landing fees are calculated by totaling costs attributable to the airfield, including maintenance and operation expenses, Authority debt service and certain deposits to the Authority's reserve and other Authority discretionary accounts, and any other applicable expenses, less revenues, not including Signatory Airline landing fees, allocable to the airfield cost center and any passenger facility charge receipts that might be used by the Authority to pay revenue bond debt service allocable to the airfield cost center. To determine the rates each airline pays for such airfield costs, the total amount of the airfield cost center requirement is divided by the total estimated landed weight of Signatory Airlines. Landing fee rates are calculated at least annually and may also be adjusted once during each fiscal year.

Each ULA has a basic term of twenty-five years from October 1, 1999 to September 30, 2024. In certain circumstances the ULAs may be terminated by the Authority prior to the end of their term. The Report of the Airline Consultant assumes that the ULAs will be renewed on the same terms prior to their expiration, and will remain in place during the forecast period.

Parking, Concession and Rental Car Agreements

The Authority is a party to various concession agreements for the management of public parking, rental car operations, food and beverage, news and gifts, public payphones, wireless internet, automated teller machines, and luggage carts at ONT. The following are brief summaries of certain key concession agreements at ONT.

Parking facility management and operation services, and associated courtesy transportation services with respect to ONT's three operational parking lots are provided by Parking Concepts, Inc. ("Parking Concepts") under an agreement effective as of April 4, 2014. The term of the agreement extends for eight years until April 3, 2022, with two one-year extension options at the discretion of the Authority, provided that the agreement may be terminated upon payment of a termination payment to Parking Concepts with respect to its unamortized investment at ONT. Under this agreement, Parking Concepts manages the parking lots, collects parking fees from users of the lots, and transfers such fees to the Authority, in exchange for receiving from the Authority a management fee, payment for its operational expenses, and certain other payments. The Authority is currently considering either continuing the existing parking agreement or terminating the existing agreement for convenience and issuing a new agreement that would consolidate the shuttle bus services and online parking reservations within the overall parking management contract.

In September 2020, the Authority issued a request for proposals to manage the parking operations at ONT. Part of the requirements in the request for proposals is for the operator to reduce expenses, increase revenue, and improve the customer's experience. In February 2021, the Authority selected Parking Concepts as the successful proposer responding to the request for proposals. MAG USA, which was the third ranked bidder, filed a protest to the recommendation of Authority staff to award the parking contract to Parking Concepts. Authority staff has reviewed the bid protest and expects to recommend that the Commission reject the protest for technical and substantive reasons. Staff expects that the Authority Commission will hear the bid protest at the March 25, 2021 Commission meeting. The Authority cannot predict whether further legal action will be commenced relating to the bid protest, or the extent of possible delays in the award of a new contract for parking operations resulting therefrom, if any.

There are three on-airport rental car concessionaires at ONT operating nine brands at the CONRAC. In addition, there is one off-airport operator located in a separate facility. The on-airport rental car companies have a concession lease as well as a ground lease with the Authority. On February 3, 2015, the terms of the on-airport rental car concession agreements and ground leases were extended until February 28, 2019. Upon expiration, the rental car leases became month-to-month. In March 2020, the Authority began negotiating a new agreement with the rental car companies, however, due to COVID-19 these negotiations were suspended. The Authority intends on having a new rental car contract for tenant review by the end of Fiscal Year 2021.

Other Concession Agreements

Delaware North is the food and beverage concessionaire at ONT. Delaware North's concession agreement expires April 26, 2022 with option years (exercisable by Delaware North) that could potentially extend the agreement through April 26, 2027. Under the terms of the agreement, ONT receives 7% of all revenue in Terminal 2 and 10% of all revenue in Terminal 4 and Delaware North receives a $135,000 allowance for the refurbishment and rebranding of the food and beverage facilities. In the second half of Fiscal Year 2020-21, Batter Boys, LLC (dba Dunkin) is expected to open a kiosk in Terminal 4. Dunkin's agreement is for five years with three one-year options and ONT receives 8% of gross revenues. If Dunkin's operating expenses are lower than budgeted, then ONT shares in the cost savings for a percentage rent total equal to no more than 11% of gross revenues.

News and gift concessions at ONT are managed by World Duty Free Group North America LLC ("WDFG") pursuant to a contract which expires on January 11, 2027. Under the terms of this contract, ONT receives 11% of all revenue in Terminal 2 and Terminal 4 and WDFG receives a $50,000 allowance for the refurbishment and rebranding of the news and gift facilities.

Advertising concessions at ONT are managed by Lamar Advertising Co. ("Lamar") pursuant to two agreements one for in-terminal advertising and another for billboards on or near airport property. In December 2020, the Authority terminated Lamar's in-terminal advertising agreement and is now managing those services in-house. The exterior billboard agreement is a 20-year agreement, expiring July 31, 2037, with compensation payable to the Authority in an amount equal to the greater of 25% of gross revenues or a minimum annual guarantee ("MAG") of $100,000.

The Authority's ground transportation revenues includes revenue derived from transportation network companies ("TNCs"), taxis, limousines/private vehicles, and courtesy vehicles (i.e., hotel shuttles). Lyft, Inc. and Wingz are the TNCs that operate at ONT. The Authority charges the TNCs $4.00 per each pick up and each drop off. The Authority charges the taxis $3.00 per each pick up, the limousines/private vehicles $4.00 per each pick up and each drop off, and the courtesy vehicles an annual fee of $8,449.

For further information about ONT's parking, concession, car rental agreements and other arrangements with concessionaires, see "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT."

Ground Lease Agreements with FedEx

In October 2019, the Authority negotiated a new 30-year ground lease with FedEx for 59.72 acres in the northwest quadrant of ONT. In accordance with this agreement, rental payments did not begin until substantial completion, which was November 2020. Under this new agreement, FedEx pays rental rates of $1.65 per square foot of unpaved land, $2.15 per square foot for paved auto spaces, and $2.70 per square foot for paved aircraft spaces, which translate into $4.3 million in annual revenue to the Authority. The base rents are adjusted annually with the consumer price index and every fifth year by a fair market value adjustment.

FINANCIAL AND OPERATING INFORMATION CONCERNING ONT

Summary of Operating Statements

The following table summarizes the financial results from operations for ONT for the Fiscal Years 2017-18 through 2019-20 (the first three full fiscal years following the Authority's acquisition of ONT).

TABLE 8
ONTARIO INTERNATIONAL AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(fiscal year ending June 30)

	2018	2019	2020
Operating revenues[1]:			
Landing fees	$14,667,511	$14,138,867	$14,710,660
Facility and land rents	24,973,918	23,797,234	24,759,631
Parking	18,075,732	17,937,975	17,600,660
Rental car privilege fees	6,156,834	7,378,129	7,383,170
Concessions	3,283,404	4,477,220	5,160,614
Operating grants	415,360	663,040	7,126,536[2]
Other operating revenues	3,435,333	4,388,258	4,677,016
Total operating revenues	**$71,008,092**	**$72,780,723**	**$81,418,287**
Operating expenses:			
Personnel	$12,346,473	$5,430,436	$7,116,113
Public safety	28,810,842	22,423,975	22,377,074
Contractual services	19,687,386	25,366,236	25,560,455
Materials and supplies	3,031,395	1,847,631	3,232,404
Utilities and administration	4,439,569	4,890,622	4,360,637
Other operating expenses	3,762,738	7,791,504	6,376,458
Total operating expenses	**$72,078,403**	**$67,750,404**	**$69,023,141**
Operating income (loss) before depreciation and amortization	(1,070,311)	5,030,319	12,395,146
Depreciation and amortization	2,075,266	3,453,639	6,053,898
Operating income (loss)	**(3,145,577)**	**1,576,680**	**6,341,248**
Nonoperating revenue and (expense):			
Investment income	$703,963	$1,253,343	$794,984
Passenger facility charges	9,605,169	10,814,570	8,448,989
Customer facility charges	4,078,166	4,061,658	3,360,085
Interest expense	(2,073,167)	(2,240,335)	(3,296,292)
Bad debt expense	(121,458)	-	(606,339)
Bond issuance Costs	-	(276,500)	(13,000)
Gain (loss) on disposition of assets	33,733	789,604	86,713
Other nonoperating revenues	-	2,420,058	-
Total other nonoperating revenues	**$12,226,406**	**$16,822,398**	**$8,775,140**
Net income before capital contributions	9,080,829	18,399,078	15,116,388
Capital contributions - Federal grants	4,402,701	7,933,404	2,519,536
Increase in net position	13,483,530	26,332,482	17,635,924
Total net position, beginning of year	34,298,093	47,781,623	74,114,105
Total net position, end of year	$47,781,623	$74,114,105	$91,750,029

(1) Includes CARES Act funds.
(2) Fiscal Year 2018-19 operating revenues were adjusted to reflect operating grants.
Source: Audited Financial Statements of the Authority

Revenue Diversity

The following table sets forth the top ten revenue providers for ONT for fiscal years 2018-19 and 2019-20.

TABLE 9
Ontario International Airport Authority
Top Ten Revenue Producers
Fiscal years ending June 30, 2020 and 2019

	2019		2020	
	Revenues	% of Total Operating Revenues	Revenues	% of Total Operating Revenues
Southwest Airlines Co.	$16,846,458	23.1%	$10,495,956	13.1%
United Parcel Service Inc.	8,232,149	11.3	6,324,224	7.9
American Airlines Inc.	6,574,945	9.0	4,244,758	5.3
Enterprise Rent-A-Car Company of Los Angeles	5,463,462	7.5	3,358,551	4.2
Federal Express Corporation	2,938,001	4.0	3,020,717	3.8
Avis Rent A Car System LLC	3,869,745	5.3	2,801,144	3.5
United Airlines Inc.	3,516,268	4.8	2,280,720	2.8
Alaska Airlines Inc.	3,151,940	4.3	2,237,878	2.8
Hertz Corporation	2,282,250	3.1	1,548,761	1.9
Delta Air Lines	2,110,231	2.9	1,545,451	1.9
	$54,985,449	75.5%	$37,858,160	46.5%

Source: The Authority.

Landing Fees and Building Rental

The landing fee at ONT for Fiscal Year 2019-20 was $1.98 for Signatory Airlines and $2.48 for Non-Signatory Airlines per thousand pounds of landed weight for aircraft with a maximum gross landing weight of more than 25,000 pounds. The landing fee at ONT for Fiscal Year 2020-21 is $1.84 for Signatory Airlines and $2.30 for Non-Signatory Airlines per thousand pounds of landed weight for aircraft with a maximum gross landing weight of more than 25,000 pounds.

The terminal rental rate for Fiscal Year 2019-20 was $109.76 per square foot for Signatory Airlines and $120.78 per square foot for non-signatory airlines. The terminal rental rate for Fiscal Year 2020-21 is $99.38 per square foot for Signatory Airlines and $109.32 per square foot for non-signatory airlines.

Budget for Fiscal Year 2020-21

On August 5, 2020, the Authority approved the annual budget for ONT for Fiscal Year 2020-21 (the "Fiscal Year 2020 Budget"). On February 25, 2021 the Authority approved an amended budget that increased operating expenses and debt service by approximately $1.2 million. The budget increase was offset by a corresponding increase in nonairline revenues.

The Fiscal Year 2020-21 Budget anticipates total operating revenues for ONT of approximately $71.5 million (including CARES Act funds of $15.6 million), which is an approximately 12.2% decrease below ONT's total operating revenues of approximately $80.2 million in Fiscal Year 2019-20. The Fiscal Year 2020-21 Budget provides for Maintenance and Operations Expenses of approximately $61.4 million in Fiscal Year 2020-21, representing an approximately 11% decrease below the approximately $69.0 million of Maintenance and Operations Expenses in Fiscal Year 2019-20.

Investment Practices of the Authority

The Authority's treasury operations are managed in compliance with the California Government Code and according to any investment policy adopted by the Authority from time to time; the Authority's initial investment policy was adopted by the Commission on October 4, 2016. These requirements, among other things, set forth permitted investment vehicles, liquidity parameters and maximum maturity of investments.

Liquidity

ONT had approximately $35.0 million in unrestricted cash as of June 30, 2020, which is composed of approximately $7.9 million in the Surplus Revenue Fund, approximately $10.4 million in the Discretionary Account, and $16.7 million in the Maintenance and Operation Reserve Fund. This balance translates into 208 days cash on hand (unrestricted cash divided by Fiscal Year 2020-21 Maintenance and Operation Expenses times 365 days). See APPENDIX A – "REPORT OF THE AIRPORT CONSULTANT." These amounts do not include any proceeds of the Series 2021 Bonds which will be paid to the Authority as reimbursement for prior capital expenditures. See "PLAN OF FINANCE." See also "RISK FACTORS - Limitations on Additional Liquidity."

Risk Management and Insurance

The Indenture requires that the Authority maintain insurance or qualified self-insurance against such risks at ONT as are usually insured at other major airports, to the extent available at reasonable rates and upon reasonable terms and conditions. The Authority is not required under the Indenture to carry insurance against losses due to seismic activity and has obtained a waiver of insurance from the Federal Emergency Management Agency ("FEMA") and the State of California Authority of Insurance, which ensures that the Authority would be eligible for reimbursement as and if available from FEMA in the event of earthquake losses. Although not required to maintain earthquake insurance, the Authority currently carries Primary Earthquake coverage for airport buildings up to $10 million with a five percent (5) deductible with a $100,000 minimum damage limit. Excess Earthquake coverage for airport buildings is also carried up to $15 million.

The Authority currently carries airport liability insurance with coverage limits of no less than $100 million for losses arising out of liability for airport operations. The deductible on the commercial aviation liability coverage shall not exceed $25,000 per occurrence. Excess Airport Liability coverage is also carried up to $100 million (subject to various sublimits).

The Authority currently carries general all-risk property insurance with coverage limits of $300 million. The deductible on this coverage shall not exceed $25,000 per occurrence. The Authority's property insurance coverage also incorporates a Property Insurance Special Endorsement that provides for coverage for "Boiler and Machinery" losses up to a covered limit of $100 million.

In addition, the Authority currently purchases an Employee Fidelity or Crime Insurance coverage with a limit of no less than $10 million.

The Authority currently carries coverage for workers' compensation liability under both State and Federal laws up to the statutory limits with $5 million coverage for employer's liability.

CAPITAL IMPROVEMENT PLANNING

Capital Improvement Program; 2021 Project

Prior to the Transfer Date, all capital investment decisions related to ONT were made by LAWA. In Fiscal Year 2019-20 the Authority completed its Airport Layout Plan ("ALP") which depicts existing facilities and future needs of ONT for the next five to 15 years. The ALP was used to develop the Authority's Capital Improvement Plan ("CIP"). As described in the Report of the Airport Consultant, the CIP which includes the 2021 Project and additional projects through Fiscal Year 2025-26 is estimated to be approximately $424.1

million, of which approximately $122.1 million is for the 2021 Project, representing approximately 29% of the total CIP through Fiscal Year 2025-26.

The 2021 Project is described in the Report of the Airport Consultant, and consists of a variety of capital improvements, including airfield improvements and rehabilitation and terminal enhancements. Approximately 45% of the projects which make up the 2021 Project are complete. The Authority will be reimbursed from the proceeds of the Series 2021 Bonds for a portion of the cost of these completed projects.

The remainder of the projects in the CIP (other than the 2021 Project) generally consists of other improvements and rehabilitations to ONT facilities and infrastructure. The CIP includes the rehabilitation of Runway 8R-26L and the construction of connector taxiways (with a currently estimated cost of approximately $100 million), which is expected to commence in 2022 and be completed in 2025.

The CIP also includes construction of a new Replacement International Arrivals/Federal Inspection Services Facility ("Replacement FIS Facility"). The Replacement FIS Facility would be an easterly expansion of existing Terminal 2 and include a three level structure of approximately 100,000 square feet, two wide-body aircraft contact gates, a new ground-loading aircraft parking position, and a new sterile corridor connecting at least two of the existing Terminal 2 gates connecting to a complete, inbound-passenger processing facility consistent with United States Customs and Border Protection requirements. The Replacement FIS Facility will also include passenger holdrooms and concession areas including duty free, lounge and area to look out to the airfield. The 2021 Project includes 60% design development for the Replacement FIS Facility as well as preconstruction activities such as estimating, evaluations, value engineering, value analysis, scheduling, constructability reviews, permitting, and life-cycle costing.

As described in the Report of the Airport Consultant, approximately $251.4 million of the future CIP is anticipated to be funded with future Additional Bonds. Of this amount, approximately $79.4 million is assumed to be issued in Fiscal Year 2021-22, which is within the forecast period; and therefore, the corresponding projected Annual Debt Service is reflected in the financial analysis in the Report of the Airport Consultant. The remaining $172.0 million is assumed to be issued in Fiscal Year 2025-26, which is after the forecast period, and therefore, the corresponding Annual Debt Service is not reflected in the Report of the Airport Consultant. The specific costs, timing, funding sources and debt service for these future projects assumed in the Report of the Airport Consultant are preliminary estimates and may change over time.

The Authority is currently in negotiations with certain cargo carriers with respect to the potential development of significant additional cargo processing and storage facilities at ONT. The arrangements with one or more carriers may include an obligation on the part of the Authority to undertake site preparation and related capital improvement activities, the costs of which could be in the range of $15-20 million. Alternatively, such amounts may be funded by the cargo carriers, with offsets to potential future rents payable to the Authority. The amount, timing and funding of such costs are preliminary estimates and are not included in the CIP.

See APPENDIX A — "REPORT OF THE AIRPORT CONSULTANT."

Passenger Facility Charges

Passenger Facility Charges or PFCs were created under a federal program authorized by the Aviation Safety and Capacity Expansion Act of 1990, as amended, which allows public agencies controlling commercial service airports to charge each enplaning passenger a facility charge $1.00, $2.00 or $3.00. Subsequent legislation raised the amount airports can collect to $4.50 per passenger when certain conditions are met. Public agencies wishing to impose and use PFCs must apply to the FAA for the authority to do so. The purpose of the charge is to develop additional capital funding sources to provide for the expansion of the national airport system. The proceeds from PFCs must be used to finance eligible airport-related projects that preserve or enhance the safety, capacity or security of the national system, reduce noise from an airport that is part of the system or furnish opportunities for enhanced competition between or among air carriers.

ONT is currently authorized to collect $4.50 per passenger in PFCs through October 1, 2028. The Authority anticipates that approximately $33.6 million of the 2021 Project is PFC-eligible, requiring submission and approval of a new PFC application. On May 1, 2020, the Authority submitted a PFC application to the FAA to fund the PFC-eligible portions of the 2021 Project, including the financing and interest costs. As described in the Report of the Airport Consultant, the PFC-eligible portion of the Series 2021 Bond Annual Debt Service is expected to total approximately $100.9 million, assuming the PFC application described above is approved. On May 29, 2020, the Authority received notification from the FAA that the application was determined to be substantially incomplete. On June 2, 2020, the Authority notified the FAA of its intent to supplement the PFC application with the understanding that this notification will pause the requirement that the FAA issues an approval or disapproval of the application within the 120 days. The Authority intends on supplementing the PFC application in Fiscal Year 2020-21, which would resume the 120 day approval or disapproval period by the FAA. See APPENDIX A - "REPORT OF THE AIRPORT CONSULTANT" for a discussion of expected PFC revenues as well as the projected impact in the event that the PFC application is not approved.

No PFC revenues are pledged to the repayment of Bonds; however, certain PFCs are expected to be applied to the payment of debt service as described in the Report of the Airport Consultant. The actual amount of PFC revenues received each Fiscal Year will vary depending upon the number of qualifying enplanements at ONT. See "RISK FACTORS – COVID-19 Pandemic."

Customer Facility Charges

In accordance with state law, the Authority imposes a CFC of $10.00 per rental car contract to finance the planning, design, and construction of a the CONRAC. Cash and receivables from such revenues are maintained as a separate reserve and are restricted for the CONRAC project. CFC revenues are used to fund the Maintenance and Operation Expenses and Series 2016 Bond Annual Debt Service associated with the CONRAC.

In Fiscal Year 2019-20, the Authority collected approximately $3.4 million in CFC revenue and maintained a balance in the CFC Account as of June 30, 2020 of approximately $4.8 million. Primarily as a result of COVID-19, CFC revenue is budgeted to decrease to approximately $1.9 million in FY 2020-21, which is sufficient to fund the budgeted CONRAC Maintenance and Operation Expenses and the Series 2016 Bond Annual Debt Service. While future CFCs may be available to fund certain projects in the CIP, CFCs are not assumed as a funding source of the CIP.

No CFC revenues are pledged to the repayment of Bonds; however, certain CFCs are expected to be applied to the payment of debt service as described in the Report of the Airport Consultant. The actual amount of CFC revenues received each Fiscal Year will vary depending upon the number of qualifying enplanements at ONT. See "RISK FACTORS – COVID-19 Pandemic."

Federal Grants

Under the FAA's AIP, the FAA awards grant moneys to airports around the country for capital improvement projects. The Authority anticipates that approximately $24.6 million in AIP grants will fund the 2021 Project, all of which are under grant contract. Grants administered by the FAA through the AIP are a critical capital funding source to implement the projects recommended in the CIP. Passenger entitlement grants are allocated to airports by a formula based on enplanements, cargo entitlement grants are allocated based on historical landed weight market share, and discretionary grants are allocated in accordance with FAA guidelines. FAA grants are subject to annual Congressional appropriation. The AIP expires periodically and federal reauthorization is required to continue. In October 2018, Congress passed a five-year reauthorization bill for the FAA — the FAA Reauthorization Act of 2018. Despite the multi-year reauthorization, the FAA must receive annual appropriation approval from Congress. This occurred on December 27, 2020 when the CAA was signed into law.

ONT also has agreements with the TSA for reimbursement of various capital and non-capital security-related projects, however, TSA funding is subject to annual appropriation in the federal budget.

See "RISK FACTORS - Federal Funding; Impact of Federal Sequestration."

Equipment Lease Financing; Other Financings

In 2019 the Authority entered into a tax-exempt financing lease (the "Equipment Lease") with Bank of America Public Capital Corp in connection with the acquisition of certain airport rescue and firefighting equipment by the Authority. The initial principal amount was approximately $4.3 million, of which approximately $3.9 million is currently outstanding. The Equipment Lease is payable as a Maintenance and Operation Expenses. Pursuant to the Equipment Lease, the Authority granted a security interest in the equipment acquired to Bank of America Public Capital Corp. Payments pursuant to the Equipment Lease are not secured by Net Pledged Revenues. Payments are approximately $470,000 annually through 2029.

In addition, the Authority has entered into other financing arrangements for certain capital improvements and equipment with a total principal amount of approximately $3.5 million as of June 30, 2020. See Note 7 in APPENDIX C – "AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY FOR THE PERIOD ENDING JUNE 30, 2020" for a description of these financings.

AVAILABILITY OF INFORMATION CONCERNING INDIVIDUAL AIRLINES

Certain of the airlines or their parent corporations operating at ONT are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, as such, are required to file periodic reports, including financial and operational data, with the SEC. These filings are available to the public over the internet at the SEC's website at http://www.sec.gov. Reports, proxy statements and other information filed by certain airlines can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. A prospective purchaser of such filings and information can call the SEC at 1-800-SEC-0330 for further information on the public reference rooms and copy charges.

Airlines owned by foreign governments or foreign corporations operating airlines (unless such foreign airlines have American Depository Receipts registered on a national exchange) are not required to file information with the SEC. Airlines owned by foreign governments, or foreign corporations operating airlines, file limited information only with the DOT.

Neither the Authority nor the Underwriter undertakes any responsibility for and make no representations as to the accuracy or completeness of the content of information available from the SEC or the DOT as discussed in the preceding paragraphs, including, but not limited to, updates of such information or links to other Internet sites accessed through the SEC's web site. None of the airlines' reports or filings is incorporated by reference into this Official Statement.

RISK FACTORS

This section provides a general overview of certain risk factors. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Series 2021 Bonds, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. Potential investors in the Series 2021 Bonds are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to the making of an informed investment decision. Any one or more of the factors discussed below, among others, could affect the market value and/or the marketability of the Series 2021 Bonds. There can be no assurance that other risk factors not discussed herein will not become material in the future.

Series 2021 Bonds are Special Obligations

The Series 2021 Bonds are special limited obligations of the Authority, payable solely from and secured by a pledge of Net Pledged Revenues which are principally derived by the Authority from the operations of ONT and certain limited funds and accounts held by or to be held by the Authority or the Trustee under the Indenture. None of the properties of ONT is subject to any mortgage or other lien for the benefit of the owners of the Series 2021 Bonds, and neither the full faith and credit nor the taxing power of the City, the County, the State or any political subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest on the Series 2021 Bonds. The Authority has no taxing power.

COVID-19 Pandemic

Airports in the United States, including ONT, have been materially adversely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID-19, including reductions in flights and declines in passenger volumes. The outbreak has adversely affected domestic and international travel and travel-related industries. Airlines are reporting unprecedented downturns in passenger volumes, which in turn, has resulted in a considerable reduction in scheduled service. For a discussion of impacts of the operations and financial condition of the Authority, see "COVID-19 PANDEMIC."

The Authority cannot predict (1) the duration or extent of the COVID-19 pandemic and its continuing impacts on the Authority and ONT; (2) the scope or duration of the current COVID-19 pandemic and any additional restrictions or warnings related to air travel, gatherings or any other activities, and the duration or extent to which airlines will reduce services at ONT, or whether airlines will cease operations at ONT or shut down in response to such restrictions or warnings; (3) what additional short or long-term effects the pandemic and restrictions or warnings imposed as a result of the COVID-19 pandemic may have on air travel, including to and from ONT, the retail and services provided by ONT concessionaires, Authority costs or revenues; (4) to what extent the COVID-19 pandemic or another outbreak or pandemic may disrupt the local, State, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact ONT-related construction, the cost, sources of funds, schedule or implementation of the Authority's CIP, or other ONT operations; (5) the extent to which the COVID-19 pandemic, or the resultant disruption to the local, State, national or global economy, may result in changes in demand for air travel, or may have an impact on the airlines or concessionaires serving ONT, or the airline and travel industry, generally; (6) whether or to what extent the Authority may provide additional deferrals, forbearances, adjustments or other changes to the Authority's arrangements with ONT tenants and concessionaires; or (7) the duration and extent of the material adverse effect on the finances and operations of the Authority expected to result from the foregoing.

Prospective investors should assume that the restrictions and limitations related to the COVID-19 pandemic, and the current upheaval to the air travel industry and the national and global economies, will continue at least over the near term, recovery may be prolonged and, therefore, have an adverse impact on Authority revenues.

Reliance on Forecasts

This Official Statement, including Appendix A and Appendix B, contains certain assumptions and forecasts. The Official Statement must be read in its entirety for a discussion of the assumptions and rationale underlying the forecasts. Any forecast is subject to uncertainties. There are typically differences between actual and forecast results since not all events and circumstances occur as expected, and those differences may be material. The COVID-19 pandemic creates significant additional uncertainty with respect to the finances and operation of the Authority.

In addition, the projected operating results in the Report of the Airport Consultant assume that approximately $251.4 million of the future CIP is anticipated to be funded with future Additional Bonds. Of this amount, approximately $79.4 million is assumed to be issued in Fiscal Year 2021-22. The specific costs, timing, funding sources and debt service for these future projects assumed in the Report of the Airport Consultant are preliminary estimates and may change over time.

Accordingly, the forecasts contained in the Official Statement, and any forecasts that may be contained in any current or future certificate of the Authority or a consultant, are not necessarily indicative of future performance, and the Authority does not assume any responsibility for the failure to meet such forecasts. In addition, certain assumptions with respect to future business and financing decisions of the Authority are subject to change. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective purchasers of the Series 2021 Bonds are cautioned not to place undue reliance upon any projections or requirements for projections. If actual results are less favorable than the results projected, or if the assumptions used in preparing such projections prove to be incorrect, then the amount of Net Pledged Revenues or other funds described herein may be materially less than expected. Consequently, the ability of the Authority to make timely payments of the principal of and interest on the Series 2021 Bonds may be materially adversely affected.

Neither the Authority's independent auditors nor any other independent accountants have compiled, examined, or performed any procedures with respect to any forecasts contained in the Official Statement. The Authority's independent auditors assume no responsibility for, and disclaim any association with, the Net Pledged Revenues forecast; they have not expressed any opinion or any form of assurance on such information or its achievability, and they assume no responsibility for, and disclaim any association with, the Net Pledged Revenue forecast. See "REPORT OF THE AIRPORT CONSULTANT," APPENDIX A – "REPORT OF THE AIRPORT CONSULTANT" and APPENDIX B – "DEMAND FORECAST METHODOLOGY AND RESULTS."

Airline Operating Results and Financial Condition

The Authority derives a substantial portion of its operating revenues from landing, facility rental and concession fees. The financial strength and stability of the airlines using ONT, together with numerous other factors, influence the level of aviation activity and revenues at ONT. Key factors that affect the financial condition of the airlines and therefore, the level of Net Pledged Revenues, include, among other things: local, regional, national and international economic and political conditions; international hostilities; world health concerns; aviation security concerns; airline service and routes; airline airfares and competition; airline industry economics, including labor relations and costs; availability and price of aviation fuel (including the ability of airlines to hedge fuel costs); capacity of the national air traffic control and airport systems; capacity of ONT; applicable federal laws, including without limitation federal bankruptcy laws; and business travel substitutes, including teleconferencing, videoconferencing and web-casting.

The airline industry is characterized by intense competition, high operating and capital costs, and varying demand. Passenger and cargo volumes are highly sensitive to general and localized economic trends, and passenger traffic varies substantially with seasonal travel patterns. The profitability of the airline industry can fluctuate dramatically from quarter to quarter and from year to year. Market conditions may limit an airline's access to additional financing if existing sources of funds, including any funds provided by the U.S. Department of Transportation, are exhausted. Certain factors (such as business conditions within the airline industry, the effects of an economic downturn, and high aviation fuel costs) can adversely affect the ability of the airlines that serve ONT, including the Signatory Airlines, to meet their financial obligations to the Authority. These conditions could, in the future, result in additional airline bankruptcies, elimination or reduction of service at ONT by certain airlines, in increased airline concentration at ONT, or other restructuring of the airline industry.

Growing competition from low-cost, low-fare carriers has forced legacy carriers to implement route rationalization, including route transfers to regional partners and the reduction, or elimination, of service to unprofitable markets. Many airlines have reduced schedules, simplified fleets, deferred new aircraft delivery, implemented pay and benefit cuts, reduced workforces and sought bankruptcy protection.

Due to the COVID pandemic, airlines throughout the world have reported unprecedented reductions in passenger volumes and have experienced financial losses in the billions of dollars, exacerbating the factors described above.

For further information regarding the financial condition and effects on operations of airlines, reference is made to the statements and reports filed periodically by the airlines with the SEC. See "AVAILABILITY OF INFORMATION CONCERNING INDIVIDUAL AIRLINES."

Effect of Airline or Concessionaire Bankruptcy

A number of airlines and concessionaires (i.e., rental car companies) that served or are currently serving ONT have filed for bankruptcy protection in the past and may do so in the future. As of January 1, 2021, the following are some of the airlines and concessionaires that have sought and are currently under bankruptcy protection: Avianca Holdings S.A.; Grupo Aeromexico, S.A.B. de C.V; Advantage Holdco Inc. (Advantage Rent a Car); Hertz Corporation; Thrifty Rent-A-Car System LLC; Dollar Rent-A-Car, Inc.; and Dollar Thrifty Automotive Group Inc. Although those entities in bankruptcy generally continue to operate at ONT as of the date hereof, historically, bankruptcies of airlines operating at ONT have resulted in transitory reductions of service levels, even in cases where such airlines continued to operate in bankruptcy. Future bankruptcies, liquidations or major restructurings of other airlines and/or concessionaires or other contractual counterparties may occur. While it is not possible to predict the impact on ONT of current or future bankruptcies, liquidations or major restructurings of contractual counterparties, if a contractual counterparty has significant operations or obligations at ONT, its bankruptcy, liquidation or a major restructuring, could have a material adverse effect on revenues of the Authority, operations at ONT, the costs to other contractual counterparties to operate at ONT (as, for instance, certain costs allocated to any such airline or concessionaire may be passed on to the remaining airlines or concessionaires under their respective agreements; there can be no assurance that such other contractual counterparties would be financially able to absorb the additional costs) and may result in delays or reductions in payments on Bonds. The bankruptcy of a contractual counterparty (such as an airline or rental car company) may over the long term, allow such counterparty to reduce its costs or improve its profitability, thus incentivizing similar contractual counterparties to consider bankruptcy protection to remain competitive.

A bankruptcy of an airline or concessionaire operating at ONT could result in a decrease in Net Pledged Revenues, potentially resulting in delays or reductions in payments on the Series 2021 Bonds. The bankruptcy of a Signatory Airline or other airline with significant operations at ONT could have a material adverse effect on operations of ONT, Net Pledged Revenues, and the costs of operation to the other Signatory Airlines operating at ONT.

In the event of an airline or concessionaire bankruptcy, the automatic stay provisions of the United States Bankruptcy Code (the "Bankruptcy Code") could prevent (unless approval of the bankruptcy court was obtained) any action to collect any amount owing by the airline or concessionaire to the Authority or any action to enforce any obligation of the airline to the Authority. With the authorization of the bankruptcy court, the airline or concessionaire may be able to reject some or all of its agreements with the Authority, including the ULAs or other lease or operating agreements, and stop performing its obligations (including payment obligations) under such agreements. The airline or concessionaire may be able, without the consent and over the objection of the Authority, the Trustee, and the Owners of the Series 2021 Bonds, to alter the terms, including the payment terms, of its agreements with the Authority, as long as the bankruptcy court determines that the alterations are fair and equitable. In addition, with the authorization of the bankruptcy court, the airline or concessionaire may be able to assign its rights and obligations under any of its agreements with the Authority to another entity, despite any contractual provisions prohibiting such an assignment. The Trustee and the Owners of the Series 2021 Bonds may be required to return to the airline as preferential transfers any money that was used to make payments on the Series 2021 Bonds and that was received by the Authority or the Trustee from the airline during the 90 days immediately preceding the filing of the bankruptcy petition. Claims by the Authority under any agreement with the airline or concessionaire, including the ULA, may be subject to limitations.

Although the rate-setting provisions of the ULAs permit the Authority to adjust rental rates and landing fees to take into account amounts that go unpaid by a defaulting Signatory Airline, no assurance can be given that the non-defaulting Signatory Airlines will continue to serve ONT and to pay the higher rates and fees.

There may be delays in payments on the Series 2021 Bonds while the court considers any of these issues. There may be other possible effects from a bankruptcy filing by an airline or concessionaire that could result in delays or reductions in payments on the Series 2021 Bonds. Regardless of any specific adverse determinations by a court in an airline bankruptcy proceeding, an airline bankruptcy proceeding itself could have an adverse effect on the liquidity and value of the Series 2021 Bonds.

Pursuant to the Aviation Safety and Capacity Expansion Act of 1990 (P.L. 101-508) (the "1990 PFC Act") and the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (P.L. 106-181) ("AIR 21," and collectively with the 1990 PFC Act, the "PFC Acts"), the FAA has approved previous Authority applications to require the airlines to collect and remit to ONT a passenger facility charge on each enplaning revenue passenger at ONT. The PFC Acts provide that PFC revenues collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the Authority) imposing the PFC revenues, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for passenger facility charge collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. The airlines, however, are permitted to commingle passenger facility charge collections with other revenues and are also entitled to retain interest earned on passenger facility charge collections until such passenger facility charge collections are remitted. The bankruptcy courts have not fully addressed such trust arrangements. Therefore, the Authority cannot predict how a bankruptcy court might rule on this matter in the event of a bankruptcy filing by one of the airlines operating at ONT. Regardless, the Authority could be held to be an unsecured creditor with respect to unremitted PFC revenues held by an airline that has filed for bankruptcy protection. Additionally, the Authority cannot predict whether an airline operating at ONT that files for bankruptcy protection would have properly accounted for the PFC revenues owed to the Authority or whether the bankruptcy estate would have sufficient moneys to pay the Authority in full for the PFC revenues owed by such airline.

Expiration and Possible Termination of ULAs

Pursuant to its ULA, each Signatory Airline has agreed to pay rates and charges for its use of ONT, which rates and charges include amounts sufficient to satisfy the 125% debt service coverage ratio requirement for the Bonds. The current ULAs expire on September 30, 2024. In addition, each ULA may be terminated by the Authority prior to its expiration under certain circumstances. The Authority cannot provide any assurances that the ULAs will be renewed at scheduled expiration and, if renewed, what the terms of the renewed ULAs will be. Upon the expiration of the ULAs, if the Authority and the Signatory Airlines are unable to reach a successor agreement to replace the current agreement, then the Authority will set airline rentals, fees and charges at ONT in accordance with a resolution of the Authority that will be consistent with DOT requirements. See "RISK FACTORS - Federal Law Affecting Airport Rates and Charges." The obligation of Authority to satisfy the Rate Covenant in connection with the Series 2021 Bonds is independent of the ULA and will remain in full force after expiration of current ULA.

Concentration of Passenger and Air Cargo Carriers

In Fiscal Year 2019-20, Southwest Airlines accounted for approximately 48.8% of the total enplaned passengers at ONT. American Airlines had the next highest market share in FY 2020 of 17.9%, with the next four largest airlines having a combined market share of 26.8%. Where an airport has a significant market share accounted for by a single airline, there is also risk associated with the potential for that airline to reduce or discontinue service. There can be no assurance that Southwest will continue to maintain its operations at ONT at current levels in the future.

UPS is ONT's largest cargo carrier with approximately 36.4% of the cargo enplaned and deplaned at ONT in Fiscal Year 2019-20. There is, therefore, risk associated with the potential for UPS to reduce or discontinue its service at ONT.

No assurances can be given that either Southwest, UPS, or any of the other passenger or cargo carriers currently operating at ONT will continue to do so at the current level or at all, or what effect a reduction in any such operations could have on Net Pledged Revenues, if any. See "AGREEMENTS FOR THE USE OF AIRPORT FACILITIES."

Competition for Domestic Flights

The majority of ONT's originating passengers live in the counties of Riverside and San Bernardino, and other passengers may be drawn from the surrounding Los Angeles, Ventura, and Orange counties. ONT is the third-busiest of the five commercial service airports serving this five-county metropolitan area: the other competitor airports are LAX, located 57 miles west in Los Angeles County, John Wayne Airport, located 41 miles south in Orange County, Burbank Bob Hope Airport, located 49 miles west in Los Angeles County, and Long Beach Airport, located 52 miles southwest in Los Angeles County.

Between Fiscal Year 2009-10 and Fiscal Year 2019-20, ONT's share of enplaned passengers in the five-county metropolitan area decreased from 6.1% to 5.4%. For further discussion of historical performance by ONT and the four other airports in the Los Angeles region, see "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX B – DEMAND FORECAST METHODOLOGY AND RESULTS."

Future increases in operating costs at ONT due to compliance with federally-mandated and other security and operating changes, or with reductions in enplaned passengers at ONT, may increase costs per enplaned passenger to the airlines, which could result in ONT being at a competitive disadvantage relative to other transportation modes and airports serving the region.

Cost and Availability of Aviation Fuel

Airline earnings are significantly affected by the price of aviation fuel. According to Airlines for America, fuel is the largest single cost component for most airline operations, and therefore an important and uncertain determinant of an air carrier's operating economics. There has been no shortage of aviation fuel since the "fuel crisis" of 1974, but there have been significant increases and fluctuations in the price of fuel.

Any increase in fuel prices causes an increase in airline operating costs. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world, Organization of Petroleum Exporting Countries' policy, increased demand for fuel caused by rapid growth of economies such as China and India, the levels of fuel inventory maintained by certain industries, the amounts of reserves maintained by governments, currency fluctuations, disruptions to production and refining facilities and weather. The cost of aviation fuel has fluctuated in the past in response to changes in demand for and supply of oil worldwide. Significant fluctuations and prolonged increases in the cost of aviation fuel historically have had an adverse impact on air transportation industry profitability, causing airlines to reduce capacity, fleet and personnel as well as to increase airfares and institute fuel, checked baggage and other extra surcharges, all of which may negatively affect the demand for air travel and passenger activity at ONT.

International Conflict and the Threat of Terrorism

In the past, international conflict and terrorist actions and threats have had a negative effect on air travel domestically and internationally. As a result of certain prior conflicts and related terrorist threats, airlines significantly reduced the number of transatlantic flights and airline revenues and cash flow were adversely affected. Uncertainty associated with war and future terrorist threats and attacks may have an adverse impact on air travel in the future. The Authority cannot assess the threat of terrorism and the probability of another attack on American soil or against Americans traveling abroad. Should new attacks occur against the air transportation industry, the travel industry, cities, utilities, infrastructure, office buildings or manufacturing plants, the effects on travel demand could be substantial.

Federal Law Affecting Airport Rates and Charges

Federal aviation law requires, in general, that airport fees be reasonable and that in order to receive federal grant funding, all airport-generated revenues must be expended for the capital or operating costs of the airport, the local airport system, or other local facilities owned or operated by the airport owner that are directly and substantially related to air transportation of passengers or property. Pursuant to the requirements of the Federal Aviation Administration Authorization Act of 1994 (the "1994 Aviation Act") the DOT and

FAA have promulgated regulations setting forth an expedited hearing process to be followed in determining the reasonableness of the fees charged to airlines and other aeronautical users.

The Authority is not aware of any formal dispute involving ONT over any existing rates and charges. The Authority believes that the rates and charges methodology reflected in the ULAs and the rates and charges charged thereunder or otherwise to be imposed upon air carriers, foreign air carriers and other aeronautical users at ONT are reasonable and consistent with applicable law. However, there can be no assurance that a complaint will not be brought against the Authority in the near-term or in the future, challenging such methodology and the rates and charges to be established by the Authority, and if a judgment is rendered against the Authority, there can be no assurance that rates and charges paid by aeronautical users of ONT will not be reduced.

The 1994 Act also provides that without air carrier approval, an airport may not include in its rate base debt service allocable to projects not yet completed and in service. Section 113 of the 1994 Act ("Section 113") requires that airport fees be "reasonable" and provides a mechanism by which the Secretary of Transportation can review complaints about rates and charges by air carriers. Section 113 specifically states that its provisions do not apply to (a) a fee imposed pursuant to a written agreement with air carriers using airport facilities, (b) a fee imposed pursuant to a financing agreement or covenant entered into prior to August 23, 1994, the date of enactment of Section 113, or (c) any other existing fee not in dispute as of August 23, 1994.

Aviation Security

Concerns about the safety of air travel and the effectiveness of security precautions, particularly in the context of international hostilities and domestic and foreign terrorist attacks and threats and other airline incidents, may influence passenger travel behavior and air travel demand. These concerns intensified in the aftermath of the events of September 11, 2001. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

Safety concerns in the aftermath of the terrorist attacks on September 11, 2001 were largely responsible for the steep decline in airline travel nationwide in 2002. Intensified security precautions have been instituted by government agencies, airlines and airport operators since the events of September 11, 2001 and the more recent terrorist bombings to guard against possible terrorist incidents and maintain confidence in the safety of airline travel. These measures include, but are not limited to, the strengthening of aircraft cockpit doors, the federal program to allow and train U.S. commercial airline pilots to carry firearms during flight, federalization of certain airport security functions under the Aviation and Transportation Security Act ("ATSA") and revised procedures and techniques for the screening of passengers and baggage for weapons and explosives. No assurance can be given that these precautions will be successful. The possibility of international hostilities and/or additional terrorist attacks involving or affecting commercial aviation are a continuing concern. To that end, airports have increased their security forces to reduce the likelihood of a successful criminal event taking place at their facilities.

ATSA was signed into law by the President on November 19, 2001. ATSA created the TSA, which is part of the Authority of Homeland Security. ATSA requires, among other things, that all security screeners at airports be federal employees. Security screeners must undergo background checks and must be U.S. citizens. These federal security screening services are paid for in the current Fiscal Year by a charge to passengers of $2.50 per departure or connection, not to exceed $5.00 per trip.

ATSA also requires that all passenger bags, mail and cargo be screened to prevent the carriage of weapons (including chemical and biological weapons), explosives or incendiary devices. Passenger and passenger property is currently screened by TSA personnel at multiple inspection checkpoints located within the terminal complex at ONT. One hundred percent of passenger baggage and checked items are screened electronically for explosives at additional processing stations. Mail and cargo screening is conducted on a random basis by K-9 teams using the guidelines provided by the TSA. These measures meet the current rules enacted and implemented by the TSA as of the date of this Official Statement. There can be no assurance that these enhanced screening procedures will be successful in identifying all weapons.

In compliance with federal regulations ONT established an Aviation Security Program ("ASP") which has been approved by the TSA Federal Security Director for ONT. The ASP contains, among other measures, operational and facility management procedures that protect the physical security of airport property and act to limit access to controlled areas of the airport proper, as defined in the ASP. ONT's access control program features personnel background investigations, criminal history checks, employment verification and other inspections, as required. ONT facilities are patrolled 24/7, with video monitoring, and no intrusions into the secured area have occurred that were not immediately detected and the intruder apprehended by airport authorities or law enforcement personnel.

The airlines and the federal government were primarily responsible for the capital costs associated with implementing the new security measures. ONT is currently in compliance with all federally-mandated security requirements. However, if the Department of Homeland Security issues a specific threat warning, the Authority may incur an increase in operating costs related to such raised threat levels. The Authority cannot predict the effect of any future government-required security measures on passenger activity at ONT, nor can the Authority predict how the government will staff security screening functions or the effect on passenger activity of government decisions regarding its staffing levels in the future.

National and Global Economic Conditions

Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economy. The recession following the significant and dramatic changes that occurred in the financial markets in September 2008 materially adversely impacted airports throughout the nation, including ONT. The COVID-19 pandemic has adversely impacted certain aspects of the local and national economies. There can be no assurances that downturns in the national and local economies will not have an adverse effect on the air transportation industry and the Authority.

Generally, at origination and destination airports such as ONT, air traffic is significantly dependent upon the economy of the airport trade area. Although ONT's air trade area is large and has a relatively diversified socioeconomic base, the economy in the air trade area depends in significant part upon the financial strength and stability of the industries within the air trade area and upon the success of major employers in the air trade area. Reduced demand for air travel in and out of the air trade area could result in fewer airlines serving ONT and lower levels of passenger activity at ONT. For further information about the economy of the air trade area, see "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT."

Seismic Risks and Natural Disasters

The region served by ONT is located in a seismically active region of the State. During the past 160 years, the Los Angeles area has experienced several major and minor earthquakes. The four nearest faults within close proximity to ONT are the San Andreas Fault, the Cucamonga Fault, the San Ysidro Fault and the North Lytle Creek Fault. Seismic activity from those or other faults represent potential risk for damage to airport facilities as well as buildings, roads, bridges, and property in the vicinity of ONT in the event of an earthquake. There is significant potential for destructive ground-shaking during the occurrence of a major seismic event.

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to airport facilities as well as buildings, roads, bridges, and property in the vicinity of ONT. As a result, the availability of Net Pledged Revenues might be interrupted or not available to pay the principal of or interest on the Series 2021 Bonds as and when due. However, due to the residual nature of the current ULA's at ONT, any costs associated with the repair of ONT facilities would be charged to the airlines serving ONT.

On January 17, 1994, the Los Angeles area experienced an earthquake that measured 6.7 on the Richter Scale. ONT experienced no damage or disruption of service. The Authority is unable to predict when another earthquake may occur and what impact, if any, it may have on the Authority's operations or finances.

See “FINANCIAL AND OPERATING INFORMATION CONCERNING ONT — Risk Management and Insurance.”

Regulatory Uncertainties

Development at ONT is regulated extensively by the State of California and requires a number of reviews and permits. The collection and application of any Customer Facility Charges and noise waivers may also be subject to audit. Operations and development at ONT are also subject to extensive federal oversight. The Authority operates ONT pursuant to an airport operating certificate issued by the FAA in November 2016. See In addition to this operating certificate, the Authority is required to obtain other permits and/or authorizations from the FAA and from other regulatory agencies and is bound by contractual agreements included as a condition to receiving grants from the FAA Airport Improvement Program. All long-term planning is subject to the FAA’s approval; outside audits of the Authority’s financial statements are subject to periodic audits by the FAA, the Authority’s use of ONT revenues, which is generally limited to airport-related purposes, is subject to audit and review by the FAA; and the Authority’s use of Passenger Facility Charges and grant proceeds is also subject to approval, audit and review.

Climate Change Issues

Climate change concerns are leading to new laws and regulations at the federal and state levels that could have a material adverse effect on airlines operating at ONT and also could affect ground operations at ONT.

According to the EPA, aircraft account for 12% of all U.S. transportation GHG emissions and approximately 3% of total U.S. GHG emissions. In March 2017, the International Civil Aviation Organization (“ICAO”), a specialized agency within the United Nations, adopted GHG carbon neutral growth targets applicable to (i) new aircraft type designs as of 2020 and (ii) new deliveries of current in-production aircraft models from 2023. The global standard includes a cutoff date of 2028 for production of non-compliant aircraft.

On July 5, 2011, the U.S. District Court for the District of Columbia issued an order concluding that the EPA has a mandatory obligation under the Clean Air Act to consider whether the greenhouse gas and black carbon emissions of aircraft engines endanger public health and welfare. In December 2020, the EPA finalized emission standards for airplanes used in commercial aviation and large business jets. The standards generally align the U.S. standards with the international carbon dioxide emissions standards set by the ICAO described above.

In October 2016, the ICAO also passed a market-based mechanism to curb emissions, the Carbon Offsetting and Reduction Scheme for International Aviation (“CORSIA”). CORSIA is comprised of 192 member countries and is designed to achieve carbon-neutral growth for international (but not domestic) civil aviation from 2020 onwards, in three phases. As of July 2, 2018, 73 nations representing 87.7% of international aviation activity, including the United States, indicated they will participate in the pilot (2021-2023), first (2024-2026) and second (2027-2035) phases of CORSIA. Virtually all U.S.-based airlines agreed to participate in CORSIA. Currently, those participating nations whose aircraft operators undertake international flights are developing a monitoring, reporting and verification (MRV) system for CO_2 emissions from international flights. It remains unclear whether CORSIA will have any impact, economically or on climate.

On a state level, California passed the “California Global Warming Solutions Act of 2006,” which requires reduction of the statewide level of GHGs to 1990 levels by 2020. In 2016, the California legislature adopted as state law Governor Brown’s 2015 Executive Order B-30-15 (Senate Bill 32), requiring a reduction of the Statewide level of GHGs to 40% below 1990 levels by 2030. Further, the CARB implemented the “California Cap-and-Trade Program” (the “Program”) for certain entities emitting 25,000 metric tons of carbon dioxide equivalent per year or more, with non-covered entities allowed to voluntarily participate. Entities emitting between 10,000 and 25,000 metric tons (including ONT) are required to report stationary source emissions, but are not required to participate in the Program. The Program, and additional State and local regulations related to climate change (including CARB's Low Carbon Fuel Standard, California's State Implementation Plan, the Sustainable Freight Action Plan, and regional GHG Emissions Reduction Targets) may require the airlines serving the Airport, other Airport tenants, and on-Airport operations to meet new compliance obligations that increase operational, utility and fuel costs. In some cases, these policies provide financial incentives for GHG reduction or air quality improvements through expanded or improved infrastructure and/or vehicle electrification or alternative fuels replacement. In other cases, they prevent the airport, equipment owner, or operator from accessing grants where a key eligibility requirement is that an investment must be voluntary. Additional regulations on a State and local level are pending and foreseeable (including expanding emissions mitigation measures aimed at commercial airports).

The Authority is unable to predict what federal and/or state laws and regulations with respect to GHG emissions will be adopted, or what effects such laws and regulations will have on airlines serving ONT or on ONT operations. The effects, however, could be material.

Cyber and Data Security

Authority. The Authority, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the Authority faces multiple cyber threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computers and other sensitive digital networks and systems (collectively, "Systems Technology"). There have been cyber-attack attempts on the Authority's computer system. In one incident, a hacker utilized a falsified vendor account to request the Authority to change wire instructions relating to a payment in the hundreds of thousands of dollars owed by the Authority to the legitimate vendor. The Authority subsequently implemented procedures to prevent a recurrence of this type of fraudulent activity.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Authority's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage.

The Authority has taken extensive measures to safeguard its systems technology against cybersecurity threats. The Authority follows the PCI (Payment Card Industry) standards for all systems processing, storing, or transmitting credit card data; the Criminal Justice Information Services standards to protect public safety systems, and the Center for Information Security critical security control framework consisting of standards, guidelines, and best practices to manage cybersecurity related risk. The Authority annually participates in the National Cyber Review assessment and provides training to staff and contractors on cybersecurity best practices. Lastly the Authority is a member of the MS-ISAC (Multi-State Information Sharing & Analysis Center).

No assurances can be given that the Authority's security and operational control measures will ensure against any and all cybersecurity threats and attacks. A cybersecurity incident or breach could damage the Authority's Systems Technology and cause disruption to Authority and/or Airport services, operations and finances. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the Authority to material litigation and other legal risks, which could cause the Authority to incur material costs related to such legal claims or proceedings. The Authority will continue to assess cyber threats and protect its data and systems

Airlines, Concessionaires and Other Entities Operating at the Airport. Computer networks and data transmission and collection are vital to the efficient operation of the airline industry. Air travel industry participants, including the airlines, the FAA, the TSA, the concessionaires and others collect and store sensitive data, including intellectual property, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to air travel industry operations. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in the efficiency of the air travel industry, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, operations and the services provided, and cause a loss of confidence in the air travel industry, which could ultimately adversely affect the airline industry and operations at the Airport.

Federal Funding; Impact of Federal Sequestration

The Authority receives certain federal funds including from the AIP fund. Additionally, certain operations at ONT are supported by federal agencies including, flight traffic controllers, FAA, TSA, FBI, Customs and Border Security, among others. Federal agencies also have regulatory and review authority over, among other things, certain Airport operations, construction at ONT and the airlines operating at ONT.

From time to time, the federal government has, and may in the future, come to an impasse regarding, among other things, reauthorization of the FAA (which has historically included funding for AIP) and other federal appropriations and spending. The current FAA reauthorization became effective on October 5, 2018, with the passage of the "FAA Reauthorization Act of 2018" (the "2018 FAA Act"). The 2018 FAA Act provides funding for the FAA and AIP through September 30, 2023.

Failure to adopt such legislation may have a material, adverse impact on, among other things, (i) federal funding received by the Authority, including under the AIP; (ii) federal agency budgets, hiring, furloughs, operations and availability of Federal employees to support certain operations at the Airport, provide regulatory and other oversight, review and provide required approvals, in each case at ONT and over the airlines serving ONT; (iii) flight schedules, consumer confidence, operational efficiency at ONT and in the air transportation system generally. In addition, the anticipated federal spending could be affected by, among other things, the automatic across-the-board spending cuts, known as sequestration.

There can be no assurance that the Congress will enact and the President will sign federal appropriation legislation or future FAA reauthorization which may require the Authority to fund capital expenditures forecast to come from such federal funds and from other sources (including operating revenues or Additional Bonds), result in decreases to the CIP or extend the timing for completion of certain projects and the Authority is also unable to predict future impact of any federal spending cuts or appropriation impasses or the impact of such actions on airline traffic at ONT or the Authority's revenues.

No Acceleration

The occurrence of an Event of Default under the Indenture does not grant any right to accelerate payment of the Series 2021 Bonds to either the Trustee or the holders of the Series 2021 Bonds.

Limitations on Additional Liquidity

The ULAs limits the amount of reserves and liquidity that the Authority may establish. The current ULAs provide for a residual rate setting methodology at ONT, which requires the Authority to match revenues and expenditures when it sets its rates and charges. Terminal rental rates are determined by totaling the costs attributable to the terminal, including maintenance and operating expenses, Authority debt service and related debt service coverage and certain deposits to the Authority's reserve and other Authority discretionary accounts, and any other applicable expenses, subtracting revenues (other than terminal rent) allocable to the terminal cost center, then dividing such total by the total space leased to the applicable Signatory Airlines. Terminal rental rates are calculated at least annually, and may be adjusted once during each fiscal year. Landing fees are calculated by totaling costs attributable to the airfield, including maintenance and operation expenses, Authority debt service and related debt service coverage and certain deposits to the Authority's reserve and other Authority discretionary accounts, and any other applicable expenses, then subtracting revenues (other than landing fees) allocable to the airfield cost center. The ULAs do not permit the Authority to set rates and charges to establish reserves in excess of the Authority's discretionary accounts (to the extent set forth in the ULAs) and reserves required by the Indenture. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES - Operating Use and Terminal Lease Agreements."

Revenues Can Be Released

As described in "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Amendments to the Indenture" and APPENDIX E – AMENDMENT TO THE MASTER INDENTURE – Released Revenues," the Authority may by a Supplemental Indenture cause a category of income, receipts or other revenues then included in the definition of "Airport Revenues" and "Pledged Revenues" to be released from the pledge of the Indenture, as long as (i) no Event of Default then exists under the Indenture and (ii) for each of the two Fiscal Years for which audited financial statements are available immediately preceding the date of such release, Net Pledged Revenues were equal to at least 150% of Aggregate Annual Debt Service. Once the conditions set forth in the Indenture are satisfied, the Indenture does not limit the amount of Authority Revenues and Pledged Revenues that can be released.

Any release of revenues pursuant to the provisions described above would not relieve the Authority from complying with the Rate Covenant and Additional Bonds tests set forth in the Indenture in future Fiscal Years. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Rate Covenant; Additional Bonds."

Bankruptcy of Authority

While an involuntary bankruptcy petition cannot be filed against the Authority, the Authority is authorized to file for bankruptcy under certain circumstances. Should the Authority file for bankruptcy, there could be adverse effects on the holders of the Series 2021 Bonds.

To the extent that the Pledged Revenues are "special revenues" under the Bankruptcy Code and the Series 2021 Bonds are covered by the provisions of the Bankruptcy Code relating to pledges of special revenues, then Pledged Revenues collected after the date of the bankruptcy filing should secure the Authority's obligations under the Indenture. The determination of whether or not Pledged Revenues are "special revenues" is subject to judicial discretion, and there can be no assurances that the Pledged Revenues would ultimately be characterized as "special revenues." If any or all of the Pledged Revenues are determined not to be special revenues or if it is determined that the Series 2021 Bonds are not covered by the relevant provisions of the Bankruptcy Code, then any such amounts collected after the commencement of the bankruptcy case will likely not secure the Agency's obligations under the Indenture. The holders of the Series 2021 Bonds may not be able to assert a claim against any property of the Authority other than the Pledged Revenues, and if any or all of the Pledged Revenues no longer secure the Indenture, then there may be limited, if any, funds from which the holders of the Series 2021 Bonds are entitled to be paid.

The Bankruptcy Code provides that "special revenues" can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. It is not clear precisely which expenses would constitute necessary operating expenses and any definition in the transaction documents may not be applicable.

If the Authority is in bankruptcy, the parties (including the Trustee and the holders of the Series 2021 Bonds) may be prohibited from taking any action to collect any amount from the bankrupt party or to enforce any obligation of the bankrupt party, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the holders of the Series 2021 Bonds from funds in the Trustee's possession. The rate covenant (see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Rate Covenant") may not be enforceable in bankruptcy by the Trustee or the holders of the Series 2021 Bonds.

The Authority is permitted to commingle the Pledged Revenues with its own funds for certain periods of time before turning over the Pledged Revenues to the Trustee. If the Authority goes into bankruptcy, the Agency may not be required to turn over to the Trustee any Pledged Revenues that are in its possession at the time of the bankruptcy filing and have been commingled with other moneys. If the Authority has possession of Pledged Revenues (whether collected before or after commencement of the bankruptcy) and if the Authority does not voluntarily turn over such Pledged Revenues to the Trustee, it is not entirely clear what procedures the Trustee and the holders of the Series 2021 Bonds would have to follow to attempt to obtain possession of such Pledged Revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

If the Authority is in bankruptcy it may be able to repudiate the Indenture. If the Indenture is repudiated, the Agency will no longer be obligated to make any payments under it.

If the Authority is in bankruptcy it may be able, without the consent and over the objection of the Trustee and the holders of the Series 2021 Bonds, to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture and the Series 2021 Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Series 2021 Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of the Authority that could result in delays or reductions in payments on the Series 2021 Bonds, or result in losses to the holders of the Series 2021 Bonds. Regardless of any specific adverse determinations in an Authority bankruptcy proceeding, the fact of an Authority bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2021 Bonds.

Ability to Meet Rate Covenant

As discussed in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Rate Covenant," the Authority will covenant with respect to the Series 2021 Bonds to fulfill certain debt service coverage and rate setting requirements. In addition, pursuant to the ULAs (see "AGREEMENTS FOR THE USE OF AIRPORT FACILITIES — Operating Use and Terminal Lease Agreements"), the Authority may establish and adjust airline rates and charges as necessary to satisfy the rate covenant applicable to the Series 2021 Bonds. However, legal, contractual or market conditions could result in an inability of the Authority to meet the requirements of the rate covenant in the future. For a discussion of events of default and remedies under the Indenture (including remedies relating to the failure of the Authority to meet the requirements of the rate covenant) see APPENDIX D –"SUMMARIES OF THE MASTER INDENTURE AND THE THIRD SUPPLEMENTAL INDENTURE."

Capacity Restrictions

Similar to other airports serving the Southern California market, such as Long Beach Airport and John Wayne Airport in Orange County, ONT is currently subject to a nominal capacity limitation. This limitation was established by the State of California Air Resources Board (the "ARB") in 1979. To ensure that ONT operations do not degrade air quality, the ARB imposed certain conditions as part of its approval of an Ontario Airport Air Quality Certificate in 1977. These conditions limit aviation activity at ONT to a maximum of 12 million annual passengers ("MAP") or 125,000 annual air carrier operations. In Fiscal Year 2018-19, ONT served 5.6 MAP, which is 46.5% of the 12 MAP limit, and had air carrier operations of 80,013 (64.0% of the 125,000 annual air carrier operations limit).

The Authority believes that, if ONT were to approach the MAP or annual air carrier operation limits, the ARB would modify the Air Quality Certificate to increase the operational limits, or the airlines would adjust their fleet mix and load factors at ONT to stay within the prescribed limits, or the ARB's limits will not be enforced or may prove unenforceable. In August of 2000, LAWA received a legal opinion from the Office of the Chief Counsel of the FAA that the State cannot obtain or exercise continuing authority over operations at ONT by virtue of an Air Quality Certificate. The opinion states that while the State has authority to issue the Air Quality Certificate it does not have authority to impose conditions as part of its Air Quality Certificate.

Future growth and operations at ONT could be adversely impacted by the Authority's failure to obtain an amendment to the Air Quality Certificate and enforcement of the ARB's limits should they be exceeded. For the reasons set forth above the Authority does not believe this will occur, although the Authority is unable to predict the outcome of this matter.

Operations at ONT

The Authority will derive a substantial portion of its operating revenues from landing fees, facility rent and concession fees at ONT. The financial strength and stability of the airlines using ONT, together with numerous other factors, most notably demand for airline services by passengers, influence the level of aviation activity at ONT. In addition, individual airline decisions regarding level of service, particularly hubbing activity and aircraft size such as use of regional jets, can be expected to affect passenger activity at ONT, as well as be affected by passenger activity at ONT. The level of passenger activity at ONT is reasonably expected to impact the level of other sources of revenue for ONT, such as parking revenues, concession fees, Passenger Facility Charges and Customer Facility Charges. The Authority cannot predict the duration or extent of reductions and disruptions in air travel or the extent of any adverse impact on Net Pledged Revenues, Passenger Facility Charge collections, Customer Facility Charge collections, passenger activity, general ONT operations, or the financial condition of ONT that may result from the financial difficulties of airlines serving ONT. No assurances can be given that any of the airlines currently serving ONT will continue operations at ONT or maintain their current level of operations at ONT. If one or more of these airlines discontinues operations at ONT, its current level of activity may not be replaced by other carriers.

Although the Signatory Airlines are a significant part of ONT's operations and an important source, whether directly or indirectly, of ONT revenues, ONT also relies on other ONT operations for revenues, including concessionaires and rental car companies. In Fiscal Year 2019-20, airline revenues comprised 41.8% of ONT's operating revenues, and non-airline revenues (including concession revenue, land rentals, non-airline building rentals, and fuel fees) comprised 58.2% of ONT's operating revenues. The Authority cannot give any assurances that these non-airline operations will continue at ONT at current levels or produce the same level of revenue for the Authority.

ONT ENVIRONMENTAL MATTERS

There are several significant environmental matters which have direct and indirect impacts on the Authority and ONT, some of which are described below. These include aircraft noise reduction, clean air requirements and hazardous substance cleanup. Generally, ONT tenant leases include a set of standard terms and conditions that provide that tenants are responsible for the costs of remediation of hazardous or other regulated material from ONT property and obligates tenants to comply with applicable laws. However, if a tenant does not comply with these lease requirements or the requirements of applicable environmental laws, the Authority could ultimately become responsible for any required environmental cleanup. The ultimate impact of these environmental factors on the Authority and ONT cannot be determined at this time.

Noise Standards

Under a line of federal court decisions, an airport operator has responsibility for compatibility with aircraft noise exposure in the areas surrounding the airport. Both the federal government and the State of California have established levels of noise exposure that indicate whether various land uses are compatible with aircraft noise in the vicinity of an airport. The federal noise descriptor, Day/Night Noise Level (DNL), and the State noise descriptor, Community Noise Equivalent Level (CNEL), both refer to annual 24-hour average noise exposure measured in the range of human hearing, described in decibels ("dB"). To account for the response of the human ear to sound, the "A-weighted" scale (dBA) is used. This scale most closely approximates the relative loudness of sounds in air as perceived by the human ear and provides a more useful way to evaluate the effect of noise exposure on humans by focusing on those parts of the sound frequency spectrum that humans hear most. Both DNL and CNEL include a 10 dBA penalty for nighttime noise (10:00 p.m. to 6:59 a.m.) in view of the extra sensitivity to aircraft noise in night hours. CNEL also includes a 4.77 dBA penalty for evening hours between 7:00 p.m. and 9:59 p.m. The primary goal of airport noise abatement and mitigation is to avoid or reduce noise levels above 65 dBA DNL/CNEL for residential areas and other noise-sensitive facilities (e.g., hospitals, long-term care facilities, schools, places of worship, and libraries).

The federal government has provided a program for uniform measurement of airport noise and development of noise abatement and mitigation measures in Title 14 Code of Federal Regulations Part 150 (Part 150). Part 150 sets guidelines for airport operators to document aircraft noise exposure, and to establish noise abatement and compatible land use programs. These noise programs must be approved by the FAA in order for an airport to qualify for potential federal funding for noise mitigation efforts such as sound insulation and land acquisition. The Part 150 regulations are further clarified by the FAA in Advisory Circular 150/5020-1. A Part 150 Study consists of two technical elements: (i) a Noise Exposure Map ("NEM"), which identifies the levels of aircraft noise in areas around the airport for the current year and a forecast year representing five years from the year the NEM is submitted to FAA for review, and (ii) Noise Compatibility Program ("NCP"), which includes measures designed to reduce noise and incompatible land uses within the five-year forecast noise exposure area.

The first Part 150 study for ONT was completed in 1990 and included both NEMs and an NCP. On the basis of the 1990 study and succeeding studies, a residential sound insulation program was implemented to reduce interior noise below CNEL 45 dBA for residents living in dwelling units located within the CNEL 65 dBA contour. The most recent update of the ONT Part 150 NEM was approved by the FAA in March 2016. That update reported no incompatible residential land uses or population within the CNEL 65 dBA or higher noise contours. If there is significant growth in aircraft operations at ONT in the future, the CNEL 65 dBA noise contour could expand into new areas. This would be offset to some extent by the continuing reduction in individual aircraft noise emissions, under increasingly stringent U.S. and international noise standards for aircraft certification.

Title 21 of the California Code of Regulations, Division 2.5, Chapter 6, defines the limit of acceptable noise exposure for communities near an airport as CNEL 65 dBA. Title 21 states that "no airport proprietor of a noise problem airport shall operate an airport with a noise impact area based on the standard of CNEL 65 dB unless the airport operator applied for or received a variance…"(California Code of Regulations, Title 21, § 5012). A county may declare a "noise problem airport" located within its boundaries based on relevant information (e.g. complaints, litigation and/or existence of an impact area). The California Division of Aeronautics may issue a variance to an airport around which there are areas where land use is not compatible aircraft noise exposure, but the airport sponsor has demonstrated programs to reduce noise impacts to an acceptable degree in an orderly manner over a reasonable period of time. ONT is subject to the variance requirement, and the State has issued a variance for ONT. The limit of acceptable noise exposure is not a mandated level for compatibility, and local jurisdictions and/or an airport operator may consider more stringent levels (lower CNEL levels) if appropriate (California Code of Regulations, Title 21, § 5004).

The federal DNL 65 dBA threshold of compatibility without sound insulation for residential areas and other noise-sensitive facilities has been in effect for decades and remains in effect at this time. The FAA Reauthorization Act of 2018 included multiple noise provisions. One is described in Section 187 that requires the FAA to complete "ongoing review of the relationship between aircraft noise exposure and its effects on communities." It specifically requires FAA to report to Congress with recommendations for revising land use compatibility guidelines in Part 150. Prior to the FAA Reauthorization Act of 2018, the FAA started a comprehensive and detailed noise annoyance survey to determine if the correlation between levels of annoyance and DNL has changed. The results are expected to be applied by FAA to determine whether the DNL 65 dBA threshold is the appropriate guideline for impact on noise-sensitive land uses. That determination could potentially lower DNL levels in the FAA land use compatibility guidelines, which in turn would include more areas considered to be incompatible with aircraft noise. According to the Reauthorization Act of 2018, FAA was to report to Congress on Section 187 findings within two years, or by October 2020. However, the Office of the Secretary for the Department of Transportation has stated that continued work is required before the results are ready to be released. Currently, the results are not expected to be released until Spring 2021 or later.

Air and Water Quality

All proposed development on ONT property must comply with relevant federal and state environmental study, documentation and mitigation requirements. These can include but are not limited to consideration of land use, traffic, hazardous materials, air and water quality, and noise impacts as well as biological (protected species), historical and cultural resources.

The South Coast Air Quality Management District ("SCAQMD") is responsible for developing plans and regulations that to meet requirements set by the California Air Resources Board and the United States Environmental Protection Agency ("EPA"). The Authority currently has memorandum of understanding with SCAQMD which sets forth how ONT will implement voluntary airport emission reduction measures. There is always the potential that additional federal or state regulations could be imposed on ONT that may require capital projects or changes in operations in the future.

The Santa Ana Regional Water Quality Control Board ("SARWQCB") is responsible for exercising rulemaking and regulatory activities for the Santa Ana Basin in which the airport is located. The SARWQCB reports up to the State Water Resources Control Board (State Water Board) and the EPA on implementation of the federal Clean Water Act. ONT complies with, and monitors compliance by airport tenants to, all requirements set forth in its stormwater pollution prevention plan as required by its general permit for storm water discharges issued by the State Water Board. Additionally, at the direction of SARWQCB, preliminary site investigation was conducted to detect the presence of per- and polyfluoroalkyl ("PFAS") substances in the soil and groundwater at ONT. PFAS was added to the EPA's list of Toxics Release Inventory chemicals in 2020 and is commonly found in aqueous film forming foam ("AFFF") which is the only approved agent for fighting aircraft fires. AFFF has been discharged during training and firefighting activities at ONT and all other Part 139 airports in the United States for decades. PFAS has been detected in groundwater and shallow soil samples at ONT, but major hot spots or extremely high levels were found. Potential mitigation measures and federal and state requirements related to PFAS are still being researched by the state and federal agencies and may result in regulations that require capital projects or changes in operations in the future.

LITIGATION

There is no litigation now pending or, to the best of the Authority's knowledge, threatened which seeks to restrain or enjoin the sale, execution, issuance or delivery of the Series 2021 Bonds or in any way contests the validity of the Series 2021 Bonds or any proceedings of the Authority taken with respect to the authorization, sale or issuance of the Series 2021 Bonds, or the pledge or application of any moneys provided for the payment of or security for the Series 2021 Bonds.

TAX MATTERS

Opinion of Bond Counsel — Tax-Exempt (Series 2021A Bonds and Series 2021B Bonds)

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2021A Bonds and Series 2021B Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any Series 2021B Bond for any period during which the Series 2021B Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed or refinanced with the proceeds of the Series 2021B Bonds or a "related person," (ii) interest on the Series 2021A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, and (iii) interest on the Series 2021B Bonds is treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the Series 2021A Bonds and Series 2021B Bonds, and Bond Counsel has assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2021A Bonds and Series 2021B Bonds from gross income under Section 103 of the Code.

In addition, Bond Counsel is further of the opinion that, under existing statutes, interest on the Series 2021A Bonds and the Series 2021B Bonds is exempt from State of California personal income taxes.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Series 2021 Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series 2021A Bonds and Series 2021B Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2021A Bonds and Series 2021B Bonds in order that interest on the Series 2021A Bonds and Series 2021B Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2021A Bonds and Series 2021B Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2021A Bonds and Series 2021B Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Authority has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2021A Bonds and Series 2021B Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2021A Bonds and Series 2021B Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a 2021A Bond or 2021B Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2021A Bonds and Series 2021B Bonds.

Prospective owners of the Series 2021A Bonds and Series 2021B Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Series 2021A Bonds and Series 2021B Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Bond Premium

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2021A Bonds and Series 2021B Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2021A Bond or Series 2021B Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2021A Bonds or Series 2021B Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2021A Bonds or Series 2021B Bonds under federal or state law or otherwise prevent beneficial owners of the Series 2021A Bonds or Series 2021B Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2021A Bonds or Series 2021B Bonds.

Prospective purchasers of the Series 2021A Bonds or Series 2021B Bonds should consult their own tax advisors regarding the foregoing matters.

Opinion of Bond Counsel — Taxable (Series 2021C Bonds)

In the opinion of Bond Counsel to the Authority, interest on the Series 2021C Bonds (the "Taxable Bonds") (i) is included in gross income of the holder thereof for federal income tax purposes, and (ii) is exempt from State of California personal income taxes.

The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of Taxable Bonds by original purchasers of the Taxable Bonds who are "U.S. Holders," as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Taxable Bonds will be held as "capital assets"; and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Taxable Bonds as a position in a "hedge" or "straddle," U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, U.S. Holders who acquire Taxable Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers that are required to prepare certified financial statements and file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

U.S. Holders of Taxable Bonds should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Taxable Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Taxable Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder's adjusted tax basis in the Taxable Bond.

The Authority may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Taxable Bonds to be deemed to be no longer outstanding under the Indenture (a "defeasance"). See "APPENDIX D — SUMMARIES OF THE MASTER INDENTURE AND THE THIRD SUPPLEMENTAL INDENTURE." For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Taxable Bonds subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate U.S. Holders of the Taxable Bonds with respect to payments of principal, payments of interest, and the accrual of OID on a Taxable Bond and the proceeds of the sale of a Taxable Bond before maturity within the United States. Backup withholding may apply to U.S. Holders of Taxable Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term "U.S. Holder" means a beneficial owner of a Taxable Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Taxable Bonds under state law and could affect the market price or marketability of the Taxable Bonds.

Prospective purchasers of the Taxable Bonds should consult their own tax advisors regarding the foregoing matters.

RATINGS

S&P Global Ratings a business unit of Standard & Poor's Financial Services LLC ("S&P") and Fitch Ratings Service ("Fitch") have assigned underlying ratings of "A- (Negative Outlook)" and "A- (Negative Outlook)," respectively, to the Series 2021 Bonds.

S&P is expected to assign an insured rating of "AA (Stable Outlook)" to the Series 2021 Bonds based on the delivery of the Bond Insurance Policy by the Insurer at the time of issuance of the Series 2021 Bonds.

Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. The Authority furnished the rating agencies with certain information and materials concerning the Series 2021 Bonds and the Authority. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2021 Bonds.

LEGAL MATTERS

The validity of the Series 2021 Bonds and certain other legal matters are subject to the approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority. Copies of the forms of the Bond Counsel opinions are contained in APPENDIX F hereto. Certain matters will be passed upon for the Authority by its General Counsel, Gatzke, Dillon & Ballance, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel to the Authority, and for the Underwriter by its counsel, Nixon Peabody LLP.

FINANCIAL ADVISOR

The Authority has retained the services of CSG Advisors Incorporated of San Francisco, California as Financial Advisor in connection with the authorization and delivery of the Series 2021 Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

AIRPORT CONSULTANT

The Report of the Airport Consultant has been included herein in reliance upon the knowledge and expertise of the Airport Consultant. The Airport Consultant has provided its consent to include the Report of the Airport Consultant and references to such report in this Official Statement.

Any forecast is subject to uncertainties. Therefore, there may be differences between forecast and actual results, and those differences may be material. Furthermore, the findings and projections in the Report of the Airport Consultant are subject to a number of other assumptions that should be reviewed and considered by prospective investors. No assurances can be given that the findings and projections discussed in the Report of the Airport Consultant will be achieved. The Report of the Airport Consultant has not been and will not be updated to reflect the final pricing terms of the Series 2021 Bonds or other changes that may have occurred after the date of such report. Actual results may be materially adversely different from those described in such report. The Report of the Airport Consultant should be read in its entirety for an understanding of the forecasts, findings and projections, and the underlying assumptions.

AIR TRAFFIC FORECAST CONSULTANT

The Aviation Activity Forecast has been included herein in reliance upon the knowledge and expertise of the Air Traffic Forecast Consultant. The Air Traffic Forecast Consultant has provided its consent to include the Aviation Activity Forecast and references to such report in this Official Statement.

Any forecast is subject to uncertainties. Therefore, there may be differences between forecast and actual results, and those differences may be material. Furthermore, the findings and projections in the Aviation Activity Forecast are subject to a number of other assumptions that should be reviewed and considered by prospective investors. No assurances can be given that the findings and projections discussed in the Aviation Activity Forecast will be achieved. The Aviation Activity Forecast has not been and will not be updated to reflect the final pricing terms of the Series 2021 Bonds or other changes that may have occurred after the date of such report. Actual results may be materially adversely different from those described in such forecast. The Aviation Activity Forecast should be read in its entirety for an understanding of the forecasts, findings and projections, and the underlying assumptions.

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement and in the Appendices hereto, and in any other information provided by the Authority, that are not purely historical, are forward-looking statements, including statements regarding the Authority's expectations, hopes, intentions or strategies regarding the future. Prospective investors should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Authority on the date hereof, and the Authority assumes no obligation to update any such forward-looking statements. It is important to note that the Authority's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including airlines, customers, suppliers and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

FINANCIAL STATEMENTS

The audited financial statements of the Authority set forth in Appendix C in the Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2020 (the "2020 Financial Report") have been examined by Lance, Soll & Lunghard, LLP, independent certified public accountants, for the periods indicated and to the extent set forth in their report thereon and should be read in their entirety. Lance, Soll & Lunghard, LLP has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Lance, Soll & Lunghard, LLP also has not performed any procedures relating to this Official Statement.

CONTINUING DISCLOSURE

In connection with the issuance of the Series 2021 Bonds, and to enable the Underwriter to comply with the requirements of Rule 15c2-12(b)(5) adopted by the SEC (as amended, the "Rule"), the Authority will covenant to provide, or cause to be provided, to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System, certain annual financial information and operating data relating to the Authority and, in a timely manner, notice of certain enumerated events. See "APPENDIX H — FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The Authority entered into a disclosure undertaking in connection with the issuance of the Series 2016 Bonds. In connection with such disclosure undertaking the Authority filed annual reports in a timely manner. However, for Fiscal years 2016-17 and 2017-18, the Authority failed to include certain required information concerning historical cargo traffic. The Authority included the omitted information for such fiscal years in its annual report for Fiscal Year 2019-20, which was filed on March 26, 2021.

UNDERWRITING

Morgan Stanley & Co. LLC, as underwriter (the "Underwriter"), has agreed to purchase the Series 2021 Bonds from the Authority at a purchase price of $124,287,663.03 (consisting of the par amount, plus an original issue premium of $21,391,217.50 less $443,554.47 of underwriting discount), pursuant to the terms of a Purchase Contract for the Series 2021 Bonds between the Authority and the Underwriter (the "Purchase Contract"). The Purchase Contract provides that the obligations of the Underwriter are subject to certain conditions precedent and that the Underwriter will be obligated to purchase all of the Series 2021 Bonds offered under the Purchase Contract if any of the Series 2021 Bonds offered thereunder are purchased. The Series 2021 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2021 Bonds into investment trusts, accounts or funds) and others at prices lower than the initial public offering prices. After the initial public offering, the public offering prices of the Series 2021 Bonds may be changed from time to time by the Underwriter.

The Underwriter has provided the following paragraphs for inclusion in the Official Statement:

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, the underwriter of the Series 2021 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2021 Bonds.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Authority, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly stated, are set forth as such and not representations of fact. No representation is made that any of such opinions or estimates will be realized.

All references to the Joint Powers Agreement, the Indenture and agreements with any other parties herein and in the Appendices hereto are made subject to the detailed provisions of such documents, and reference is made to such documents and agreements for full and complete statements of the contents thereof. Copies of such documents are available for review at the offices of the Authority which are located at 303 East B Street, Ontario, CA 91764. This Official Statement is not to be construed as a contract or agreement between the Authority and the owners of any of the Series 2021 Bonds.

AUTHORIZATION

The Authority has authorized the distribution of this Official Statement. This Official Statement has been duly executed and delivered by the Chief Executive Officer on behalf of the Authority.

ONTARIO INTERNATIONAL AIRPORT AUTHORITY

By: /s/Mark Thorpe
Mark Thorpe
Chief Executive Officer

Appendix A
Report of the Airport Consultant

Ontario International Airport Authority
Airport Revenue Bonds
Series 2021A, Non-Alternative Minimum Tax
Series 2021B, Alternative Minimum Tax
Series 2021C, Taxable

March 26, 2021

Prepared by:

DKMG Consulting LLC

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DKMG Consulting LLC

March 26, 2021

Mr. Alan D. Wapner
President

Mr. Mark A. Thorpe
Chief Executive Officer

Ontario International Airport Authority
1923 E. Avion Avenue
Ontario CA 91761

RE: Appendix A: Report of the Airport Consultant
Ontario International Airport Authority
Ontario International Airport Revenue Bonds
Series 2021

Dear Mr. Wapner and Mr. Thorpe:

DKMG Consulting LLC (DKMG) is pleased to submit this Report of the Airport Consultant in connection with the proposed initial issuance by the Ontario International Airport Authority (the Authority) of its Airport Revenue Bonds Series 2021A (Non-AMT), its Airport Revenue Bonds Series 2021B (AMT), and its Airport Revenue Bonds Series 2021C (Taxable) (collectively, the Series 2021 Bonds). This report is intended for inclusion in the Official Statement for the Series 2021 Bonds as Appendix A: Report of the Airport Consultant (the Report).

Ontario International Airport Authority

The Ontario International Airport Authority (Authority) was organized on August 27, 2012, under a joint powers' agreement between the City of Ontario, CA (Ontario) and the County of San Bernardino, CA (San Bernardino) pursuant to California Government Code Section 6500 for the purpose of acquiring Ontario International Airport (ONT) from the City of Los Angeles department known as the Los Angeles World Airports (LAWA). The Authority acquired substantially all assets and liabilities of ONT on November 1, 2016 (the Transfer Date) pursuant to a Settlement Agreement executed on December 22, 2015 (Settlement Agreement). The Authority assumed the responsibility for the operation, maintenance, management, administration, development and marketing of ONT on the Transfer Date.

As a condition of the change in control of the operations of ONT, the Authority was required to obtain approval from the FAA in the form of a certificate authorizing the Authority to operate

ONT pursuant to Title 14, Code of Federal Regulations Part 139. The Authority successfully obtained its Part 139 Certification prior to the acquisition on the Transfer Date.

The Settlement Agreement provides for a schedule of payments by the Authority to LAWA as compensation for the transfer of ONT to the Authority, including from cash on hand and passenger facility charge (PFC) revenues received or to be received by the Authority. All amounts owed to LAWA under the Settlement Agreement have been paid by the Authority except approximately $24.8 million (as of September 2020), which is to be paid from the proceeds of the Series 2021 Bonds.

Ontario International Airport

ONT is classified as a medium hub airport and according to Airports Council International's (ACI) 2019 North American Traffic Report, ranked as the 12th busiest airport nationwide in terms of total cargo volume and the 62nd busiest airport nationwide in terms of total passengers. ONT is located approximately 35 miles east of downtown Los Angeles and occupies approximately 1,700 acres.

COVID-19

The worldwide outbreak of novel coronavirus SARS-CoV-2 (COVID-19) starting in late 2019 caused significant disruptions to domestic and international passenger travel as well as the conduct of day-to-day business of the Authority, the rest of the United States (U.S.), and the world. The numbers of flights and passengers on the passenger airlines serving ONT have been and continue to be substantially lower than they were during the same months in the previous year as a result of COVID-19.

As an indicator of the declines in airline passenger activity in the U.S. resulting from COVID-19, the Transportation Security Administration (TSA) reported that, beginning in March 2020, the number of people screened at all U.S. airports decreased relative to the same months in 2019, with the largest decrease to date of 95.3% occurring in April 2020. ONT's largest decrease to date of 93.3% also occurred in April 2020. ONT's total number of people screened from March 2020 through February 2021 decreased 64.8% over March 2019 through February 2020. However, ONT's recovery was better than the overall U.S. aviation system, which decreased 70.6%.

As the negative effects on airline travel at ONT, in the U.S., and internationally caused by COVID-19 became more apparent, the Authority took a series of operational, commercial, and financial actions to prioritize strong cash liquidity and maintain debt service coverage, and also assist airline and non-airline partners serving ONT. These actions include, but are not limited to reducing Maintenance and Operation (M&O) Expenses, deferring Signatory Airline, rental car companies, and terminal concessionaire payments, and deferring minimum annual guarantee (MAG) payments and providing MAG relief to the rental car companies and terminal concessionaires. All of the deferrals have been paid in full and no additional deferrals or MAG relief were assumed in the projection of revenues presented in Chapter 4 of this Report.

Despite the reductions in non-airline revenues, the Authority has not used nor does it currently expect to use any of its restricted cash reserves to pay M&O Expenses or Aggregate Annual Debt Service in response to COVID-19.

COVID-19 Relief Legislation

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law, which included, among other things, the award of certain grants to the operators of all U.S. airports, including ONT. Airport operators can use their awarded CARES Act grants for any purpose for which airport revenues can lawfully be used, including, but not limited to, the payment of M&O Expenses on or after January 20, 2020, and the payment of Annual Debt Service on or after March 27, 2020. CARES Act grants must be used within four years from the date on which the grant agreement between the airport operator and the FAA was executed, and airport operators using CARES Act grants must comply with certain other obligations, including, but not limited to, employing at least 90.0% of their staff as of March 27, 2020 through December 31, 2020.

On April 14, 2020, the FAA provided the CARES Act grant amounts by airport and ONT was awarded $22,184,140. The CARES Act grants are provided to the Authority on a reimbursement basis. The Authority used approximately $6.6 million of these funds to reimburse itself for M&O Expenses in FY 2020 and intends on using the remaining $15.6 million to reimburse itself for M&O Expenses in FY 2021.

On December 27, 2020, the Consolidated Appropriations Act 2021 (CAA) was signed into law providing airports with an additional $2 billion in general fund revenues as further economic relief to assist eligible airports as they continue to respond to COVID-19. A total of $1.75 billion is set aside for primary airports, which includes ONT, and certain cargo airports, for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments. The FAA will distribute the funds first using AIP passenger and cargo entitlement formulas and then based on CY 2019 enplanements. An additional $200 million is available to airports to provide rent or MAG relief to its on-airport concessionaires. As a condition of accepting these funds under the CAA, airports would be required to continue to retain at least 90% of the number of individuals employed as of March 27, 2020 through September 30, 2021. On February 12, 2021, the FAA established the Airport Coronavirus Response Grant Program (ACRGP) to distribute the CAA funds, of which $8,782,977 was allocated to ONT. The Authority has not yet received or determined the use of these funds, and therefore, they are not reflected in Chapter 4 of this Report.

On March 11, 2021, the $1.9 trillion American Rescue Plan Act of 2021 (ARPA) was signed into law providing airports an additional $8 billion in emergency relief as they continue to respond to COVID-19. Approximately $6.5 billion is set aside for primary airports, which includes ONT, and certain cargo airports, for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments. The FAA will distribute the funds based on CY 2019 enplanements. The FAA has not provided the ARPA grant amounts by airport as of the date of this Report; therefore, the amount ONT will receive is not yet known and is not reflected in Chapter 4 of this Report.

2021 Project

ONT's capital improvement program(CIP) through FY 2026 is estimated to be approximately $424.1 million, of which approximately $122.1 million is for the 2021 Project, representing approximately 28.8% of the total CIP. Since the CIP primarily consists of projects necessary to maintain and rehabilitate the existing facilities at ONT, the Authority did not reduce or delay any projects as a result of COVID-19. After the Transfer Date, the Authority began to review the best use of certain land on ONT property as well as determine the existing condition of its facilities. As a result, the Authority undertook the airfield pavement management plan, the IT security infrastructure study and planning efforts, and updated its 10-year old Airport Layout Plan (ALP). The 2021 Project is comprised of several projects being undertaken to implement the recommendations resulting from these studies and to maintain and rehabilitate existing facilities and includes various projects. The 2021 Project is anticipated to be funded $24.6 million with Airport Improvement Program (AIP) grants and $97.5 million with the Series 2021 Bonds.

Approximately $251.4 million of the future CIP is anticipated to be funded with future bonds. Of this amount, approximately $79.4 million is assumed to be issued in FY 2022, which is within the forecast period; and therefore, the corresponding Annual Debt Service is reflected in the financial analysis of this Report. The Authority may decide to do an interim borrowing or delay issuance depending on project status, COVID-19 impacts, financial market conditions, or other factors. The remaining $172.0 million is assumed to be issued in FY 2026, which is after the forecast period, and therefore, the corresponding Annual Debt Service is not reflected in this Report. The Authority anticipates an ongoing review of its CIP needs and may modify the amounts and timing of the projects included therein.

The Series 2021 Bonds

In September 2016, the FAA approved an amendment to PFC Application #16-05-C-00-ONT to include the collection and use of an additional $70 million of ONT PFCs for eligible projects at Los Angeles International Airport (LAX) on a pay-as-you-go basis, increasing the total approved PFC amount to approximately $117.3 million (PFC Application #16-05-C-01-ONT). As part of the transfer to the Authority, LAWA required assurance that the Authority would continue to use its PFCs to fund the $70 million of LAX projects, which needs to be paid by the 10^{th} anniversary date of the Transfer Date. As of September 2020, the Authority owes approximately $24.8 million of the $70 million to LAWA. As a condition of the Master Indenture as defined herein, the Authority can only issue Additional Bonds upon payment in full of the LAWA repayment and is prohibited under the Settlement Agreement from selling certain parcels of land without the sale proceeds being applied to the LAWA repayment obligation until the obligation is paid in full. The Authority intends on using a portion of the Series 2021 Bonds to fund the remainder of the LAWA repayment. By satisfying the LAWA repayment, the Authority is no longer committed to using any of its annual PFC revenues toward the LAWA repayment thus freeing up PFC cash flow for the eligible portions of the 2021 Project and is no longer restricted from issuing the Series 2021 Bonds on a senior lien basis.

On January 28, 2021, the Board authorized the issuance of the Series 2021 Bonds in a par amount not to exceed $150,000,000. For this analysis, the Series 2021 Bonds are estimated to be issued in a par amount of $118.2 million. The proceeds of the Series 2021 Bonds will be used to fund approximately $24.8 million of the LAWA repayment under the Settlement Agreement, retire all of the outstanding Subordinated Revenue Note, Series 2019 (Subordinated Series 2019 Note) that were issued to provide short-term financing for the 2021 Project of approximately $34.7 million, fund approximately $62.8 million in project costs and contingencies for the 2021 Project, capitalized interest, a debt service reserve account, and costs of issuance.

The Authority intends on using PFC revenues to pay the eligible portion of the Series 2021 Bond Annual Debt Service. All of the $24.8 million for the LAWA repayment and approximately $33.6 million of the 2021 Project is PFC-eligible. PFC-eligible debt service totals are estimated to be approximately $100.9 million through the term of the proposed Series 2021 Bonds, or 47.4% of the Series 2021 Bond Annual Debt Service. The remaining 52.6% or $112.2 million of the proposed Series 2021 Bonds is not PFC-eligible and is expected to be 100% recovered through airline rates and charges.

Indenture

The proposed Series 2021 Bonds will be issued under the Master Indenture dated November 1, 2016 (the Master Indenture), as supplemented and amended (collectively defined as the Indenture); and therefore, will be on parity with the Authority's Outstanding Bonds. The Authority's Airport Revenue Bonds, Series 2016 (the Series 2016 Bonds) are the only Outstanding Bonds, currently in the principal amount of $33,395,000. The term Bonds as used in this Report means Outstanding Bonds, the proposed Series 2021 Bonds, and any Additional Bonds hereafter issued under the Indenture. Except as otherwise defined, capitalized terms in this Report are used as defined in the Indenture.

The Outstanding Bonds and the Series 2021 Bonds are secured by a pledge of and first lien on Net Pledged Revenues, which equals Pledged Revenues less Maintenance and Operation (M&O) Expenses. Pledged Revenues are defined in the Master Indenture to include airline landing fees and terminal rentals, concession revenues, land rentals, and other income resulting from the operation of ONT. The Outstanding Bonds and the Series 2021 Bonds are also secured by amounts held in certain funds and accounts pursuant to the Indenture. Net Pledged Revenues are available for the equal and proportionate benefit of all Bonds. PFC and customer facility charge (CFC) revenues are excluded from Net Pledged Revenues under the Indenture, unless specifically so designated, and are not pledged to secure Bonds. Under the Master Indenture, funds such as the CARES Act grants, ACRGP funds, and ARPA funds are included in the definition of Net Pledged Revenues. Subordinated Obligations are bonds or other obligations with a lien or security interest in the Net Pledged Revenues subordinate to the Bonds.

Under *Section 5.04(a) Rate Covenant* of the Master Indenture, the Authority covenants that, while any of the Bonds remain outstanding, it shall establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with ONT and for services rendered in connection therewith, so that Pledged Revenues in each Fiscal Year will be at least equal to the required deposits and transfers. The Authority further covenants that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with ONT and for services rendered in connection therewith, so that during each Fiscal Year the Net Pledged Revenues will be equal to at least 125% of Aggregate Annual Debt Service for that Fiscal Year. In determining compliance with the foregoing covenant, the Authority may take into account the amount, if any, related to coverage paid in a prior Fiscal Year that is available in the current Fiscal Year not to exceed 25% of Aggregate Annual Debt Service.

The Additional Bonds Test included in the Indenture requires, among other things, that the estimated Net Pledged Revenues for each of the first three complete Fiscal Years immediately following the last Estimated Completion Date be at least equal to 125% of Maximum Aggregate Annual Debt Service calculated as if the proposed Series of Bonds and the full Authorized Amount of such proposed Program Bonds (as applicable) were then Outstanding. The first three complete Fiscal Years immediately following the last Estimated Completion Date of the 2021 Project would be FY 2023, FY 2024, and FY 2025. As a result, the forecast period for this Report is defined as fiscal year ending June 30 (FY) 2022 through FY 2025.

Summary of Report Findings

On the basis of the assumptions and analyses described in this Report, DKMG is of the opinion that Net Pledged Revenues during the forecast period will meet the Authority's Rate Covenant requirements set forth in the Master Indenture. Additional findings of these analyses include the following:

Economic Base

- The economic base of ONT's Air Trade Area (as defined in Chapter 1) was strong and diversified and capable of sustaining growth in the demand for air transportation services pre-COVID-19. The University of California Riverside Center for Economic Forecasting and Development (UC Riverside) projects that the LA Region's (as defined in Chapter 1) economy will recover to pre-COVID-19 levels but that the slow recovery of the labor market indicates recovery could be delayed until 2022 at the earliest.

- Population growth in the Air Trade Area has outpaced that of the LA Region, California and the U.S. between 2000 and 2018. Based on 2019 population estimates, the Air Trade Area ranks as the 13th most populous area in the U.S.

- The Air Trade Area's per capita personal income grew between 2010 and 2018 at the same rate as the U.S. The distribution of households in the higher income categories that spend up to five times as much on air travel has also grown between 2010 and 2018.

- The Air Trade Area's Gross Regional Product (GRP) grew at 3.8% during the period from 2010 to 2018, which was the same as the California GRP and higher than the LA Region's GRP and the U.S. Gross Domestic Product (GDP).

- In 2019, the unemployment rate for the Air Trade Area was 4.0%, which was the same as both the LA Region and California but slightly higher than the 3.7% for the U.S. As of December 2020, the unemployment rate for the Air Trade Area was 8.6% which was lower than the LA Region but higher than California and the U.S.

- The Air Trade Area's largest industry is trade, transportation, and utilities. This sector has benefitted during COVID-19 from a consumer shift to increased online spending.

Air Traffic

- Origin and destination (O&D) passenger traffic represented approximately 98% of the traffic at ONT in CY 2019. The O&D nature of ONT indicates that its traffic would generally be influenced more by local demand for air transportation of the Air Trade Area served rather than by individual airline network decisions in support of connecting activity.

- In 2020, the number of flights and passengers significantly decreased in the U.S. as a result of COVID-19; however, ONT's nonstop flight schedule had the second smallest decrease from February 2020 to February 2021 in the LA Region Airport System (as defined in Chapter 2 of this Report) and ONT's enplaned passenger recovery was better than the LA Region Airport System through calendar year 2020.

- As of February 2021, ONT had service provided by 11 all-cargo carriers, including FedEx Corporation (FedEx) and UPS Airlines (UPS), the world's leading all-cargo carriers by volume. UPS and FedEx accounted for approximately 47.9% of total landed weight at ONT for FY 2020.

- Total landed weight increased at a CAGR of 10.5% from FY 2017 to FY 2020, which is composed of a 3.6% increase in passenger landed weight and a 15.2% increase in all-cargo landed weight. Total landed weight also increased 5.3% from FY 2019 to FY 2020, which is composed of a 13.4% increase in all-cargo carrier landed weight and a 6.7% decrease in passenger carrier landed weight, primarily as a result of COVID-19. In addition, total landed weight for FY 2021 through February decreased 10.6% from 2020 levels for the same time period.

- As of February 2021, ONT had passenger service provided by six U.S. passenger carriers and one international carrier. Southwest Airlines (Southwest) had the highest market share in FY 2020 of 48.8% and American Airlines (American) had the next highest market share in FY 2020 of 17.9%, with the next four largest airlines having a combined market share of 26.8%.

- As of February 2020, which is prior to the travel restrictions due to COVID-19, ONT served 19 markets and a daily average of 68 nonstop flights. In February 2021, ONT served 17 markets and a daily average of 48 nonstop flights. Primary O&D markets with a significant number of daily nonstop flights include Seattle, Phoenix, Dallas, Denver, Salt Lake, Sacramento, Las Vegas, Oakland, and San Francisco.

- In FY 2020, all airlines reduced service at ONT due to COVID-19, however, recent announcements have been made by certain airlines to either resume or initiate service in FY 2021 to markets such as Charlotte, Chicago, Honolulu, Miami, New York, Sacramento, San Francisco, and Taipei.

- Enplaned passengers increased from 2.0 million enplaned passengers in FY 2014 to 2.6 million in FY 2019, or a CAGR of 5.6%. Primarily as a result of COVID-19, enplaned passengers at ONT decreased 17.6% from FY 2019 to FY 2020. For July 2020 through February 2021 (which is FY 2021), enplaned passengers decreased 61.5% compared to July 2019 through February 2020 (which is FY 2020)

- The Authority retained Campbell-Hill Aviation Group, LLC (Campbell-Hill), an aviation consulting group located in the Washington, DC, area, to prepare an independent passenger and all-cargo activity forecast for ONT through FY 2025. Chapter 2 of this Report presents a summary of Campbell-Hill's "low" activity forecasts for ONT. Campbell-Hill's complete report titled *Demand Forecast Methodology and Results* dated March 26, 2021 is intended for inclusion in the Official Statement for the Series 2021 Bonds as Appendix B (Appendix B). The financial projections in this Report are based on these forecasts, which have been included in this Report in reliance upon the knowledge and expertise of Campbell-Hill. Appendix B should be read in its entirety for a complete understanding of the underlying assumptions and methodologies used to develop the activity forecasts for ONT.

- As shown in Appendix B, enplaned passengers are assumed to return to FY 2019 pre-COVID-19 levels by FY 2024, which results in a CAGR of 7.1% from FY 2020 to FY 2024 or enplaned passengers of approximately 2.9 million in FY 2024. Enplaned passengers are forecast to increase 4.3% from FY 2024 to approximately 3.0 million in FY 2025.

- As also shown in Appendix B, total landed weight is projected by Campbell-Hill to increase from 7.6 million in FY 2020 to 9.6 million in FY 2025, a CAGR of 4.8%. All-cargo airlines are projected to grow slightly faster with a CAGR of 5.3%, while passenger carriers are projected to increase at a 3.8% CAGR through FY 2025.

- The "low" enplaned passenger forecast prepared by Campbell-Hill assumes ONT will return to FY 2019 levels by FY 2024. Due to the uncertainty in the recovery period resulting from, but not limited to, the slow recovery of business travel and the ability of the airlines to return to 2019 levels by 2024 due to airline employee furloughs and the temporary and permanent retirement of aircraft sooner than expected, a sensitivity test has been prepared where enplaned passengers do not recover to FY 2019 during the forecast period. A detailed discussion of this sensitivity test can be found in Chapter 4 of this Report.

Financial Analyses

- The Operating Use and Terminal Lease Agreements between the Authority and the Signatory Airlines expire on September 30, 2024 (Airline Agreements). Article V of the Airline Agreements describes the method for the calculation of the rents, fees, and charges of the Signatory Airlines for the use of the facilities, rights, licenses, and privileges to operate at ONT, which is a residual rate-setting methodology. The Signatory Airlines include nine passenger carriers (Alaska Airlines (Alaska), American, China Airlines, Delta Air Lines (Delta), Frontier Airlines (Frontier), JetBlue Airways (JetBlue), Southwest, United Airlines (United), and Volaris) and five all-cargo carriers (ABX Air, Air Transport International, Atlas Air, FedEx, and UPS). Although the Airline Agreements expire during the forecast period, the rate-setting methodologies outlined in the current Airline Agreements are assumed to be extended throughout the forecast period.

- Primarily as a result of COVID-19, M&O Expenses are budgeted to decrease approximately 11.0% in FY 2021 compared to FY 2020 actuals. M&O Expenses are forecast to increase from approximately $61.4 million in FY 2021 to approximately $75.6 million in FY 2025, reflecting a 5.3% CAGR. This growth reflects the recovery to FY 2019 enplaned passenger levels by FY 2024.

- Primarily as a result of COVID-19, total operating revenue is budgeted to decrease approximately 10.9% in FY 2021 compared to FY 2020 actuals. Operating revenues are forecast to increase from approximately $71.5 million in FY 2021 to approximately $89.8 million in FY 2025, reflecting a 5.9% CAGR. This growth reflects the recovery to FY 2019 enplaned passenger levels by FY 2024.

- The following table presents the Signatory Airline cost per enplanement (CPE), which is budgeted to be $15.40 per enplaned passenger in FY 2021 and is forecast to increase to a high of $16.18 per enplaned passenger in FY 2022, which reflects enplaned passengers that are lower than pre-COVID-19 levels and no federal relief grants. The actual FY 2022 CPE may be lower due to the administering of the COVID-19 vaccinations increasing the propensity to travel by air, the use of approximately $8.8 million of ACRGP funds, ARPA funds, and future federal relief. The Signatory Airline CPE decreases thereafter to $9.34 per enplaned passenger by FY 2025.

FY	CPE	FY	CPE
Historical		Forecast	
2018	$10.65	2021	$15.40
2019	$8.73	2022	$16.18
2020	$11.12	2023	$11.51
		2024	$10.09
		2025	$9.34

Source: Table 4-11

- The following table presents the historical and forecast debt service coverage ratio, which, in every year, exceeds the requirement of Net Pledged Revenues being equal to at least 125% of Aggregate Annual Debt Service. Since the Authority has a residual rate-setting methodology, the decrease in non-airline revenues due to COVID-19 are mitigated by an increase in airline revenues. Therefore, the reductions in non-airline revenues resulting from COVID-19 have no effect on the debt service coverage ratio.

	Net Pledged Revenues (in 000s)	Adjusted Annual Debt Service (in 000s)	Debt Service Coverage
Historical			
2018	$10,261	$5,381	190.7%
2019	$9,710	$5,414	179.4%
2020	$16,391	$5,423	302.2%
Forecast			
2021	$12,943	$5,794	223.4%
2022	$14,609	$7,748	188.6%
2023	$14,356	$8,049	178.3%
2024	$21,227	$13,013	163.1%
2025	$19,092	$13,035	146.5%

Source: Table 4-12

- ONT had approximately $35.0 million in unrestricted cash as of June 30, 2020, which is composed of approximately $7.9 million in the Surplus Revenue Fund, approximately $10.4 million in the Discretionary Account, and $16.7 million in the M&O Reserve Fund. This balance translates into 208 days cash on hand (unrestricted cash balance divided by M&O Expenses times 365 days), which is forecast to increase to 302 days cash on hand in FY 2025.

- Chapter 4 of this Report includes two sensitivity analyses. Sensitivity 1 assumes enplaned passengers do not recover to FY 2019 levels during the forecast period. In Sensitivity 1, the Signatory Airline CPE increases from the base case of $9.34 per enplaned passenger in FY

2025 to $20.74 per enplaned passenger and the debt service coverage remains the same, due to the residual nature of the airline agreement, as the base case. Sensitivity 2 assumes that PFCs are not used to fund the eligible portion of the Series 2021 Bond Annual Debt Service; and therefore, 100% of the Series 2021 Bond Annual Debt Service is included in the airline rate base. In Sensitivity 2, the Signatory Airline CPE increases from the base case of $9.34 per enplaned passenger in FY 2025 to $9.76 per enplaned passenger and the debt service coverage ratio decreases from the base case of 146.5% in FY 2025 to 143.7%.

The forecast is based on information and assumptions reflecting expected conditions and the course of action that management expects to take during the projection period. DKMG has relied upon Campbell-Hill for the activity forecast and the Authority for representations about its plans and expectations, and for disclosure of significant information that might affect the realization of projected results. Representatives of the Authority have reviewed the forecasts and assumptions and concur that they provide a reasonable and appropriate basis for the projections.

While this Report makes certain assumptions on the impacts of COVID-19 on the aviation activity and financial forecasts, the impacts of this on ONT are unknown at this time due to the uncertainty of future restrictions on the travel industry. Therefore, the assumptions and estimates underlying the forecasts are inherently subject to change and, though considered reasonable when taken as a whole as of the date of this Report, are subject to a wide variety of business, economic, and competitive risks and uncertainties that could cause actual results to vary materially from projected results. Accordingly, there can be no assurance that assumptions will be realized, that unanticipated events and circumstances will not occur, and that actual results will not be materially higher or lower than projected results. The activity forecasts have been included in this Report in reliance upon the knowledge and expertise of Campbell-Hill and Appendix B should be read in its entirety for a complete understanding of the underlying assumptions and methodologies.

The Report of the Airport Consultant should be read in its entirety for an understanding of the assumptions, limiting conditions, and rationale underlying the financial projections. DKMG has no responsibility to update this Report for events and circumstances occurring after the date of the Report.

Sincerely,

DKMG Consulting, LLC

DKMG Consulting LLC

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1. Economic Base for Air Transportation

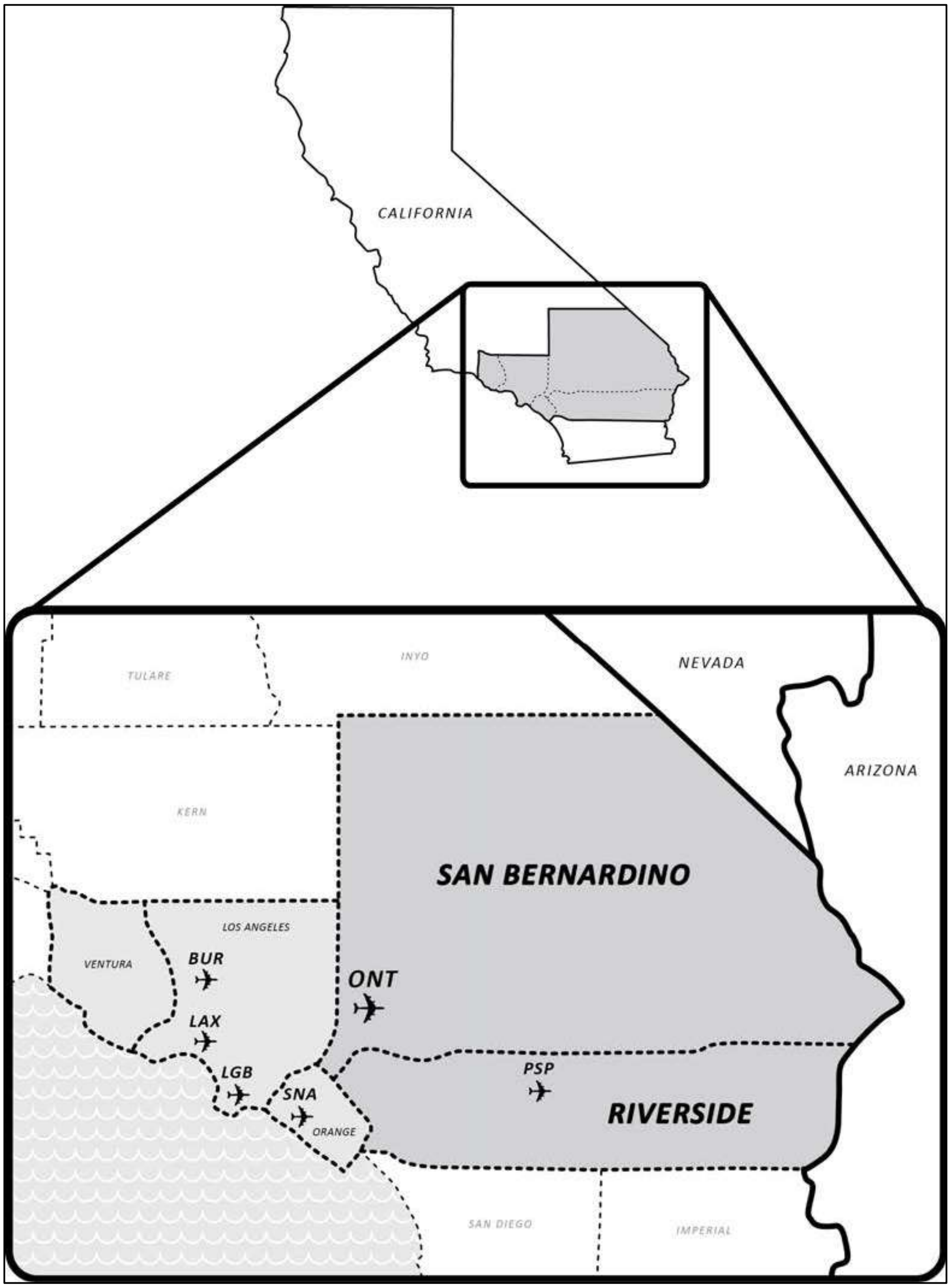
The demand for air transportation is, to a large degree, dependent upon the demographic and economic characteristics of the geographical area served by an airport (i.e., the airport's air trade area). This relationship is particularly true for the O&D portion of an airport's passenger traffic, which constituted approximately 98% of the traffic at ONT in CY 2019. This high O&D percentage indicates that the demand for air travel at ONT would generally be influenced more by local characteristics of the air trade area served than by individual airline decisions in support of connecting activity. This chapter presents a discussion of key economic and demographic elements that demonstrate that ONT's air trade area, which according to the University of California Riverside Center for Economic Forecasting and Development (UC Riverside), was a strong and diversified economic base capable of sustaining growth in the demand for air transportation services pre-COVID-19. UC Riverside now projects that the region's economy will recover to pre-COVID-19 levels but that the slow recovery of the labor market indicates recovery could be delayed until 2022 at the earliest.

Certain data provided in this chapter was provided by Woods & Poole Economics, Inc. (Woods & Poole) which takes into account specific local as well as national conditions based on historical data from 1970 to 2018. Woods & Poole did not include a 2020 estimate incorporating COVID-19 into its most recent data because a long-term impact could not be made reliably at the time the forecast was prepared. Woods & Poole did not adjust its forecast to reflect COVID-19 therefore no forecast data is provided in this chapter. In addition, the "low" activity forecast prepared by Campbell-Hill and presented in summary form in Chapter 2 of this Report does not utilize Woods & Poole data for its enplaned passenger and passenger landed weight forecast. Campbell-Hill does utilize the Woods & Poole forecast, which does not include the impacts of COVID-19, in developing its post-2022 all-cargo landed weight forecast. See Appendix B for the underlying assumptions and methodologies used to develop the activity forecast at ONT.

1.1 Air Trade Area

The borders of an air trade area are influenced by the location of nearby metropolitan areas and the commercial service airports located within those areas. For purposes of these analyses, ONT's primary air trade area (Air Trade Area) is defined as the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (MSA), which encompasses the counties of Riverside and San Bernardino. These two counties are located east of Los Angeles in the region commonly referred to as the Inland Empire and cover more than 27,000 square miles. The population and economic strength of the Air Trade Area provides the primary base for supporting air transportation demand at ONT. However, according to the Authority, approximately 22% of ONT's originating passengers live outside the Air Trade Area. Socioeconomic data for these counties were analyzed in conjunction with data for the LA Region, California, and the United States. **Figure 1-1** graphically presents the Air Trade Area.

Figure 1-1 – Air Trade Area



Source: Lauren Haddox Design

The Air Trade Area is included in the larger region of the Los Angeles-Long Beach, CA Combined Statistical Area (LA Region), which encompasses five counties: Los Angeles, Orange, and Ventura in addition to Riverside and San Bernardino. Based on 2019 population estimates prepared by the U.S. Census Bureau, the LA Region is the second most populous region in the U.S.

Alternative facilities located in the LA Region include Los Angeles International Airport (LAX), John Wayne Airport (SNA), Burbank Bob Hope Airport (BUR), and Long Beach Airport (LGB). Together with ONT, these airports comprise the LA Region Airport System. Palm Springs International Airport (PSP) is located in the Art Trade Area; however, it is 70 miles east of ONT. As a result of this distance and highly seasonal (winter) service, PSP is not included in the LA Region Airport System for purposes of this analysis. The LA Region and the alternative facilities to ONT are discussed in greater detail in Chapter 2 of this Report.

1.2 Demographic Analysis

This subsection presents an analysis of demographic data for the Air Trade Area and compares it to the LA Region, the state of California, and the United States, including items such as population, per capita personal income, and household income distribution.

1.2.1 Population

The historical population of the Air Trade Area, LA Region, California, and the United States is presented in **Table 1-1**. As shown, population in the Air Trade Area increased at a CAGR of approximately 1.9% between 2000 and 2018, which is higher than the 0.7% growth for the LA Region and 0.8% growth for California and the U.S. Based on 2019 population estimates, the Air Trade Area ranks as the 13th most populous MSA in the U.S.

San Bernardino, the county in which ONT is located, had 47% of the population of the Air Trade Area in 2018. The largest cities in the Air Trade Area are the City of Riverside, City of San Bernardino, Fontana, Moreno Valley, Rancho Cucamonga, Ontario, and Corona. The City of Riverside is the 12th largest city in California based on 2019 population estimates and the 58th largest city in the U.S. Ontario is the 25th largest city in California.

Table 1-1 – Historical Population (in 000s)

	Historical					CAGR
	2000	2005	2010	2015	2018(a)	2000-2018
Riverside	1,559	1,932	2,202	2,348	2,451	2.5%
San Bernardino	1,718	1,944	2,041	2,117	2,172	1.3%
Air Trade Area	**3,277**	**3,876**	**4,243**	**4,465**	**4,622**	**1.9%**
LA Region	**16,426**	**17,396**	**17,907**	**18,563**	**18,765**	**0.7%**
California	**33,988**	**35,828**	**37,321**	**38,953**	**39,557**	**0.8%**
United States	**282,162**	**295,517**	**309,326**	**320,745**	**327,168**	**0.8%**

(a) Last year of actual data in Woods & Poole database.

Source: Woods & Poole Economics, Inc., The 2020 Complete Economic and Demographic Data Source

Columns may not add to totals shown due to rounding.

Certain data provided in this chapter was provided by Woods & Poole Economics, Inc. (Woods & Poole) which takes into account specific local as well as national conditions based on historical data from 1970 to 2018. Woods & Poole did not include a 2020 estimate incorporating COVID-19 because the long-term impact could not be made reliably at the time the forecast was prepared. As a result, Woods & Poole did not adjust its forecast to reflect the impacts of COVID-19, therefore no forecast data is provided in this chapter.

1.2.2 Per Capita Personal Income

The demand for air travel tends to increase as income increases because consumers with higher income levels tend to travel by air more frequently. When comparing the various levels of income, the level of income in a particular area indicates the relative affluence of local residents. Changes in the level of income over time indicate changes in economic well-being and reflect local economic and employment trends. As a result, the PCPI was analyzed and is presented in **Table 1-2**. As shown, per capita income for the Air Trade Area increased at a CAGR of 2.2% between 2010 and 2018, which was the same as the U.S. and lower than the LA Region and California, which were 2.7% and 3.2% respectively.

Table 1-2 – Per Capita Personal Income (in 2012 dollars)

Calendar Year	Air Trade Area	% Change	LA Region	% Change	California	% Change	United States	% Change
2010	$31,506	--	$43,424	--	$45,592	--	$42,366	--
2011	$32,258	2.4%	$44,702	2.9%	$47,050	3.2%	$43,549	2.8%
2012	$32,257	0.0%	$46,408	3.8%	$48,798	3.7%	$44,599	2.4%
2013	$32,532	0.9%	$45,669	-1.6%	$48,623	-0.4%	$44,255	-0.8%
2014	$33,596	3.3%	$47,524	4.1%	$50,884	4.7%	$45,763	3.4%
2015	$35,407	5.4%	$50,358	6.0%	$54,110	6.3%	$47,530	3.9%
2016	$36,289	2.5%	$51,354	2.0%	$55,470	2.5%	$47,910	0.8%
2017	$36,648	1.0%	$52,142	1.5%	$56,789	2.4%	$48,980	2.2%
2018(a)	$37,438	2.2%	$53,672	2.9%	$58,771	3.5%	$50,346	2.8%
CAGR 2010-2018	**2.2%**		**2.7%**		**3.2%**		**2.2%**	

(a) Last year of actual data in Woods & Poole database.

Source: Woods & Poole Economics, Inc., The 2020 Complete Economic and Demographic Data Source

1.2.3 Household Income Distribution

An additional indicator of the market's potential for air transportation demand is the percentage of households in the higher income categories. An examination of this indicator is important because as personal income increases, the cost of air transportation becomes increasingly affordable; and therefore, is used more frequently. According to the 2019 Consumer Expenditure Survey from the U.S. Department of Labor, Bureau of Labor Statistics, the higher a household annual income, the more the household spends on travel. Households with an annual income of $100,000 or more spend up to five times as much on air travel as lower income levels.

Table 1-3 presents the distribution of households by income category for the Air Trade Area, LA Region, California, and the U.S. for 2010, 2015, and 2018. As shown, the distribution of households shifted from the lower income categories to the higher income categories from 2010 to 2018 in each of the areas examined.

Table 1-3 – Distribution of Households by Income Category (in 2009 dollars)

Income Category	Air Trade Area			LA Region			California			United States		
	2010	2015	2018(a)	2010	2015	2018(a)	2010	2015	2018(a)	2010	2015	2018(a)
Less than $20,000	15.9%	16.7%	15.8%	16.4%	16.6%	15.8%	16.2%	16.4%	15.6%	19.3%	19.0%	18.1%
$20,000 - $44,999	25.0%	25.1%	23.8%	23.4%	23.0%	21.9%	23.0%	22.6%	21.5%	26.0%	25.5%	24.3%
$45,000 - $74,999	23.5%	23.3%	23.5%	21.8%	21.7%	21.7%	21.5%	21.4%	21.2%	22.7%	22.7%	23.1%
$75,000 - $99,999	13.3%	13.6%	14.3%	12.5%	12.9%	13.6%	12.5%	12.7%	13.3%	12.0%	12.3%	12.9%
$100,000 or more	22.2%	21.4%	22.6%	25.9%	25.7%	27.0%	26.8%	26.9%	28.5%	20.0%	20.4%	21.5%
Total (b)	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

(a) Last year of actual data in Woods & Poole database.

(b) The projections of households by income bracket are based only on data from the 2010 American Community Survey. As a result, the income brackets for all years are in 2009 and not 2012 dollars.

Source: Woods & Poole Economics, Inc., The 2020 Complete Economic and Demographic Data Source

Columns may not add to totals shown due to rounding.

1.3 Economic Analysis

This subsection presents an analysis of economic data for the Air Trade Area and compares it to the LA Region, the state of California, and the United States, including items such as GRP and GDP, employment data, and housing trends. Key industries are also discussed in this section as well as tourism in the Air Trade Area.

1.3.1 State of the Economy

The GDP is a broad indicator of economic output, which measures the market value of all final goods and services produced in the United States in a given time period. GRP serves as a counterpart to GDP in smaller jurisdictions such as states or MSAs. **Table 1-4** presents a comparison of the Air Trade Area's GRP, LA Region's GRP, California's GRP, and the U.S. GDP, in 2012 dollars, for 2010 through 2018. From 2010 to 2018, the GRP in the Air Trade grew at a 3.8% CAGR which was the same as the California GRP. The LA Region's GRP and the U.S. GDP grew at a lower rate of 3.0% and 2.5%, respectively.

Table 1-4 – Historical GRP and GDP (in 2012 dollars)

Calendar Year	Air Trade Area	% Change	LA Region	% Change	California	% Change	United States	% Change
	(in millions)							
2010	$128,849	--	$941,515	--	$2,063,230	--	$15,556,281	--
2011	$131,203	1.8%	$947,633	0.6%	$2,089,102	1.3%	$15,725,298	1.1%
2012	$132,597	1.1%	$966,466	2.0%	$2,144,497	2.7%	$16,083,776	2.3%
2013	$138,463	4.4%	$996,323	3.1%	$2,232,719	4.1%	$16,450,116	2.3%
2014	$144,911	4.7%	$1,028,915	3.3%	$2,329,245	4.3%	$16,934,250	2.9%
2015	$156,058	7.7%	$1,093,165	6.2%	$2,478,308	6.4%	$17,577,651	3.8%
2016	$161,567	3.5%	$1,123,120	2.7%	$2,553,340	3.0%	$17,870,993	1.7%
2017	$167,151	3.5%	$1,160,938	3.4%	$2,661,321	4.2%	$18,319,763	2.5%
2018(a)	$173,020	3.5%	$1,196,935	3.1%	$2,772,008	4.2%	$18,922,590	3.3%
CAGR 2010-2018	**3.8%**		**3.0%**		**3.8%**		**2.5%**	

(a) Last year of actual data in Woods & Poole database.

Source: Woods & Poole Economics, Inc., The 2020 Complete Economic and Demographic Data Source

As shown on **Table 1-4**, the Air Trade Area grew at a rate of 3.5% in 2018 which was higher than both the LA Region and the United States but below the rate in California.

1.3.2 Civilian Labor Force and Unemployment Rates

Table 1-5 presents recent employment trends for the Air Trade Area, LA Region, California, and the U.S. As shown in the table, the Air Trade Area's civilian labor force, which is defined as both employed and unemployed civilians who are 16 years of age or older, grew by 205,000 people from 2010 to 2019. This increase represents a CAGR of 1.2% in the Air Trade Area's labor force during this period, compared to 0.6% for both the LA Region and California and 0.7% throughout the U.S.

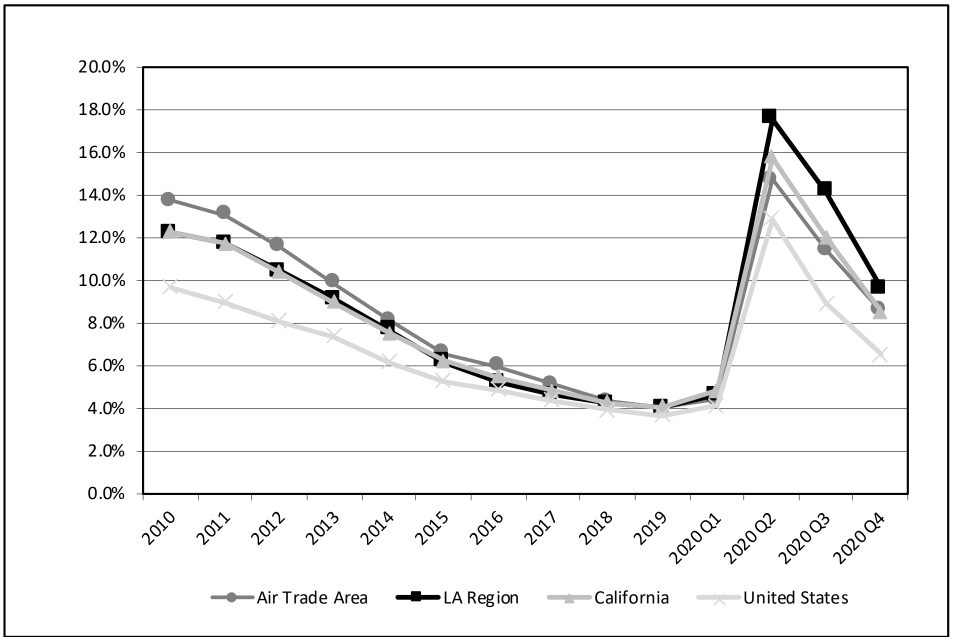
Table 1-5 – Historical Civilian Labor Force (in 000s)

Calendar Year	Air Trade Area	% Change	LA Region	% Change	California	% Change	United States	% Change
2010	1,867	--	8,751	--	18,336	--	153,889	--
2011	1,867	0.0%	8,774	0.3%	18,415	0.4%	153,617	-0.2%
2012	1,879	0.7%	8,791	0.2%	18,524	0.6%	154,975	0.9%
2013	1,893	0.7%	8,860	0.8%	18,625	0.5%	155,389	0.3%
2014	1,917	1.2%	8,908	0.5%	18,715	0.5%	155,922	0.3%
2015	1,952	1.9%	8,944	0.4%	18,829	0.6%	157,130	0.8%
2016	1,982	1.5%	9,035	1.0%	19,021	1.0%	159,187	1.3%
2017	2,015	1.7%	9,131	1.1%	19,176	0.8%	160,320	0.7%
2018	2,047	1.6%	9,184	0.6%	19,281	0.5%	162,075	1.1%
2019	2,072	1.2%	9,240	0.6%	19,412	0.7%	163,539	0.9%
CAGR 2010-2019	**1.2%**		**0.6%**		**0.6%**		**0.7%**	

Source: U.S. Department of Labor, Bureau of Labor Statistics

Figure 1-2 depicts the unemployment rates experienced in the Air Trade Area, LA Region, California, and the U.S. from 2000 through the fourth quarter 2020. Until the first quarter of 2020, unemployment rates in each of the areas examined steadily decreased. In 2019, the unemployment rate for the Air Trade Area was 4.0%, which was the same as both the LA Region and California and slightly higher than the 3.7% for the U.S. The unemployment rate in the Air Trade increased in the second quarter of 2020 to 14.7% due to impacts of COVID-19. This rate was still lower than the LA Region (17.5%) and California (15.7%) but higher than the U.S (12.9%). The unemployment rate has continued to improve to 8.6% in the fourth quarter, which was better than the LA Region (9.6%) and worse than California (8.5%) and the U.S (6.5%).

Figure 1-2 – Unemployment Rates



Source: U.S. Department of Labor, Bureau of Labor Statistics

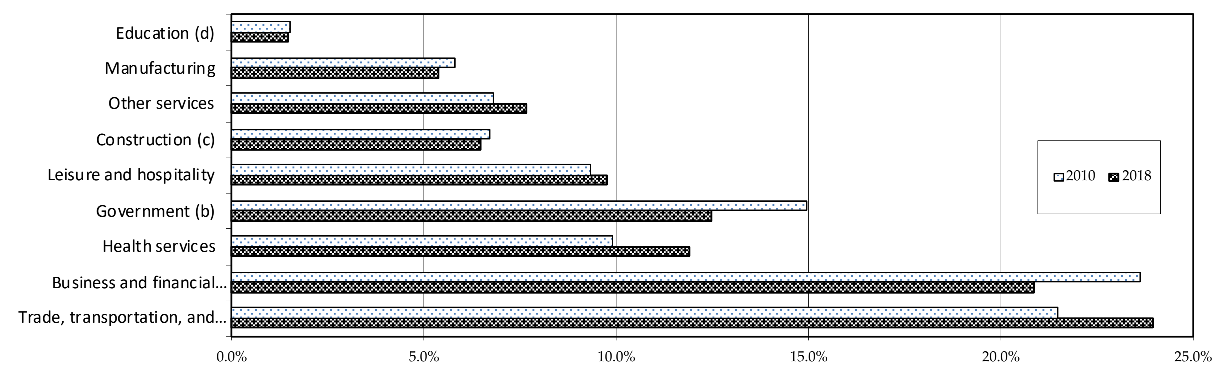
1.3.3 Employment by Industry Sector

Table 1-6 presents nonagricultural employment trends by major industry sector for the Air Trade Area, LA Region, California and the U.S. Trade, transportation, and utilities is the largest employment sector in the Air Trade Area and has grown more than the LA Region, California, or the U.S. Included in this sector are industries providing transportation of passengers and cargo and warehousing and storage for goods. According to UC Riverside, as of August 2020, nonfarm employment in the Air Trade Area was down year-over-year 8.6% which was slightly better than California which declined 9.1%. The LA Region saw greater losses due to larger concentrations of employment in the leisure and hospitality, and retail trade sectors.

Table 1-6 – Employment Trends by Major Industry Division (000s)

Industry	Air Trade Area 2010	Air Trade Area 2018	Air Trade Area CAGR	LA Region 2010	LA Region 2018	LA Region CAGR	California 2010	California 2018	California CAGR	United States 2010	United States 2018	United States CAGR
Trade, transportation, and utilities	344	502	4.8%	1,657	2,165	3.4%	3,233	4,212	3.4%	29,647	35,683	2.3%
Business and financial services (a)	378	436	1.8%	2,795	3,296	2.1%	5,655	6,805	2.3%	44,286	52,711	2.2%
Health services	158	250	5.8%	888	1,349	5.4%	1,869	2,721	4.8%	19,075	22,618	2.2%
Government (b)	240	261	1.1%	1,015	1,070	0.7%	2,454	2,598	0.7%	22,572	22,621	0.0%
Leisure and hospitality	149	205	4.0%	935	1,258	3.8%	1,909	2,518	3.5%	15,763	19,764	2.9%
Construction (c)	108	136	2.9%	594	740	2.8%	1,166	1,431	2.6%	9,746	11,259	1.8%
Other services	109	161	5.0%	434	584	3.8%	1,137	1,512	3.6%	10,888	13,290	2.5%
Manufacturing	93	113	2.5%	687	689	0.0%	1,323	1,434	1.0%	12,094	13,504	1.4%
Education (d)	24	31	3.2%	214	258	2.4%	440	544	2.7%	4,094	4,771	1.9%
Total	**1,603**	**2,094**	**3.4%**	**9,219**	**11,409**	**2.7%**	**19,186**	**23,776**	**2.7%**	**168,166**	**196,220**	**1.9%**

Air Trade Area's Employment by Industry Division



(a) Includes information and administrative, waste, professional, technical, and financial services employment.
(b) Excludes military employment. Includes employment at public schools, including colleges and universities.
(c) Includes mining employment in cases where data is not confidential.
(d) Excludes employment at public schools, including colleges and universities.

Source: Woods & Poole Economics, Inc., The 2020 Complete Economic and Demographic Data Source

Columns may not add to totals shown due to rounding.

The Air Trade Area has a diverse set of industries that will help the local economy recover from the current economic downtown. The largest of those industries are discussed below:

1.3.4 Trade, Transportation, and Utilities

As shown on Table 1-6, the Air Trade Area's largest industry is now the trade, transportation, and utilities. This sector grew by 4.8% from 2010 to 2018. According to the Milken Institute's Center for Regional Economics *Best Performing Cities Report* for 2020 (Milken Report), the Air Trade Area ranked 25th in a ranking of best-performing large cities in the U.S. The Air Trade Area continued to rank highly due to its low cost of commercial space, proximity to seaports, connection to transportation routes, and continued growth as the region's logistic hub. According to UC Riverside, *Second Quarter 2020 Regional Intelligence Report*, this sector has benefitted during COVID-19 from a consumer shift to increased online spending.

A study by Kidder Mathews, a commercial real estate company specializing in the west coast of the US, found that the vacancy rate for industrial space in the Air Trade Area was unchanged from 3rd Quarter 2019 to 3rd Quarter 2020 at 3.5%. Facilities for TJ Maxx, Skechers, Amazon, Nike, and Subaru of America were among the leases entered into in the Air Trade Area during the 3rd quarter of 2020. Several additional logistics centers are currently under construction around ONT totaling over three million square feet of additional logistics space.

In addition, UPS maintains its West Coast Region Air Hub at ONT, serving customers throughout the western U.S. and the Pacific Rim. A more detailed description of UPS is included in Chapter 2. Amazon also has a large presence in the Air Trade Area with nine fulfillment centers, three cross-dock locations, two sorting centers and an air facility. Collectively these facilities employ more than 20,000 workers. Amazon opened its latest fulfillment center in September 2020.

1.3.5 Business and Financial Services

The Business and Financial Services sector is the second largest industry in the Air Trade Area. This sector includes information and administrative, waste, professional, technical, and financial services employment. Chino Commercial Bank, N.A. and Citizens Business Bank are both headquartered in the Air Trade Area. UC Riverside, in a study of the impact of COVID-19 on small businesses, determined that this sector had some of the lowest levels of negative effects due to the designation of many financial workers as “essential” by California.

1.3.6 Health Services in the Air Trade Area

The Air Trade Area has several large health care services including Arrowhead Regional Medical Center, Kaiser Medical Center, Loma Linda University Medical Center, Riverside Community Hospital and Parkview Community Hospital. According to UC Riverside, while COVID-19 has had an impact on ambulatory services and residential care, hospitals have seen stability in the number of employees when comparing August 2020 to August 2019.

1.3.7 Government in the Air Trade Area

A number of government organizations are among the top employers in the Air Trade Area. The county governments of Riverside and San Bernardino, various school districts and University of California, Riverside are located in the Air Trade Area. Other public colleges and universities in the Air Trade Area include California State University - San Bernardino, Chaffey College, and Barstow Community College. The Air Trade Area is also home to many military bases, including March Air Reserve Base home to the 452nd Air Mobility Wing, which provides strategic capability worldwide with its C-17 and KC-135 Refueling Squadrons.

1.3.8 Leisure and Hospitality

Tourism has historically played an important role in the Air Trade Area's leisure and hospitality sector. However, many events that would have attracted tourists to the Air Trade Area were cancelled in 2020. According to UC Riverside, this has been the hardest hit segment. As of August 2020 this sector has lost over 55,000 jobs since the beginning of 2020, a 31.7% decline over 2019.

2. Air Traffic

As discussed in Chapter 1 of this Report, the economic base of ONT's Air Trade Area was strong and diversified prior to COVID-19 and should generate continued demand for air transportation services. This chapter presents information regarding the impacts of COVID-19 on ONT, the LA Region Airport System, the role of ONT within this airport system, historical trends in activity at ONT and factors affecting those trends, and the forecast of aviation activity at ONT through FY 2025 prepared by Campbell-Hill.

2.1 COVID-19

Historical patterns of passenger and cargo traffic at ONT were drastically disrupted by the emergence of COVID-19 in early 2020. By February 2020, the virus that causes COVID-19 had spread from China and southeast Asia to Europe, and the United States. In March 2020, COVID-19 was declared a global pandemic by the World Health Organization. Work-at-home requirements, mandated closures of offices and businesses, and other restrictions imposed to contain the pandemic have caused serious economic contraction, unemployment, and financial hardship. This economic dislocation, combined with travel restrictions, public health concerns about the contagion, and social distancing requirements resulted in drastic and unprecedented reductions in airline travel at ONT and most other U.S. airports beginning in March 2020.

Table 2-1 presents the decline in the number of people screened through TSA checkpoints that resulted from the travel restrictions related to COVID-19 from March 2020 through February 2021. As shown in the table, the TSA reported that, beginning in March 2020, the number of people screened at all U.S. airports decreased relative to the same months in 2019, with the largest decrease to date of 95.3% occurring in April 2020. ONT's largest decrease to date of 93.3% also occurred in April 2020. ONT's total number of people screened from March 2020 through February 2021 decreased 64.8% over March 2019 through February 2020. ONT's recovery was better than the overall U.S. aviation system, which decreased 70.6%.

Table 2-1 – Monthly Number of People Screened by TSA

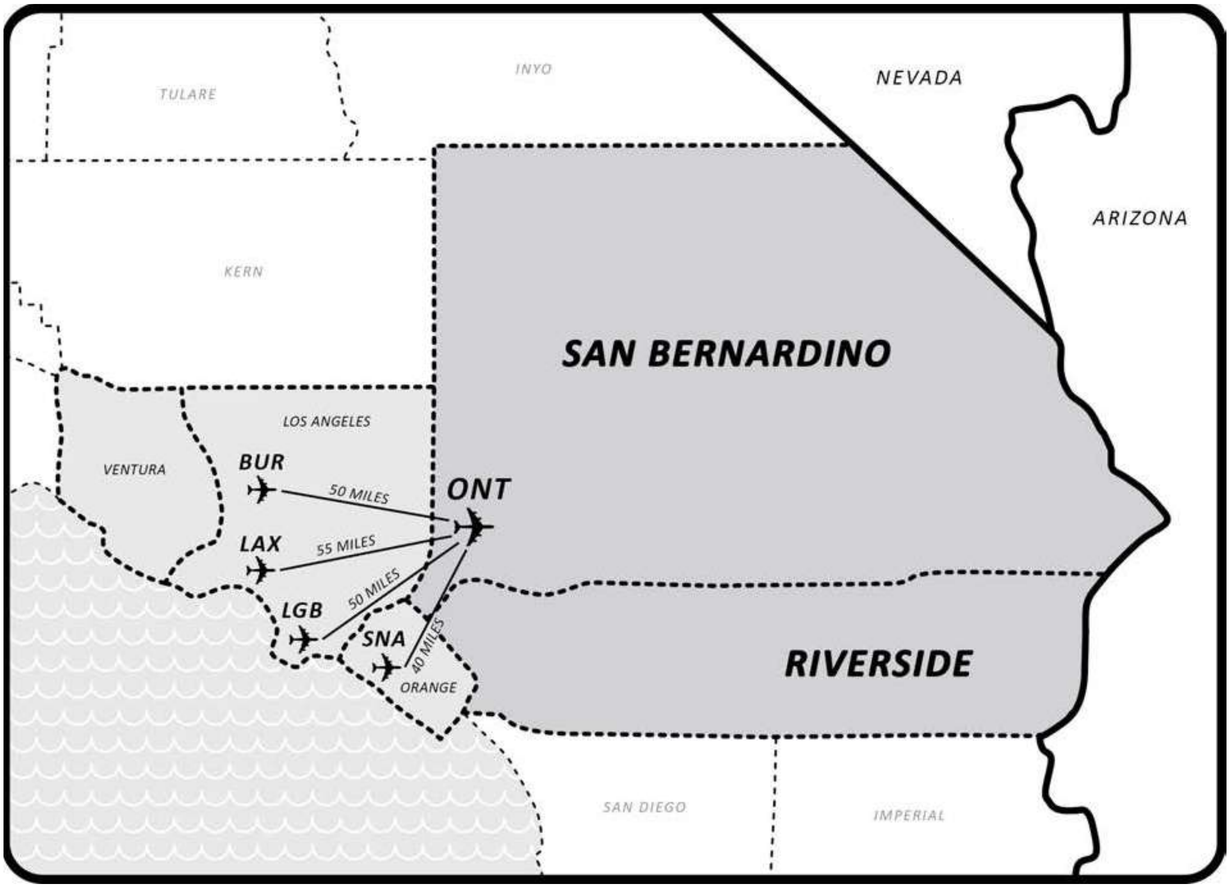
Month	U.S. Number of People Screened	U.S. % change over prior period	ONT Number of People Screened	ONT % change over prior period
Mar-19	72,680,065		232,607	
Apr-19	70,124,591		236,120	
May-19	74,499,253		249,031	
Jun-19	76,619,900		257,378	
Jul-19	79,511,968		264,659	
Aug-19	74,776,010		267,834	
Sep-19	66,531,258		252,009	
Oct-19	72,096,495		265,413	
Nov-19	68,787,654		262,962	
Dec-19	70,219,363		274,508	
Jan-20	61,930,286		238,311	
Feb-20	60,428,859		217,906	
Total pre-COVID-19	848,205,702		3,018,738	
Mar-20	35,139,502	-51.7%	125,305	-46.1%
Apr-20	3,287,008	-95.3%	15,903	-93.3%
May-20	7,165,829	-90.4%	39,199	-84.3%
Jun-20	14,481,802	-81.1%	76,626	-70.2%
Jul-20	20,740,781	-73.9%	95,787	-63.8%
Aug-20	21,708,071	-71.0%	106,678	-60.2%
Sep-20	21,488,263	-67.7%	105,764	-58.0%
Oct-20	25,636,496	-64.4%	118,695	-55.3%
Nov-20	25,512,987	-62.9%	113,909	-56.7%
Dec-20	26,391,765	-62.4%	101,031	-63.2%
Jan-21	23,598,230	-61.9%	83,452	-65.0%
Feb-21	24,446,345	-59.5%	80,399	-63.1%
Total post-COVID-19	249,597,079	-70.6%	1,062,748	-64.8%

Sources:
Transportation Security Administration
Authority records

2.2 LA Region Airport System

ONT is one of five commercial service airports included in the LA Region Airport System, which serves the air transportation needs of the highly populated five-county LA Region and is graphically presented in **Figure 2-1**. Since PSP is 70 miles east of ONT and has highly seasonal (winter) service, it is not included in the LA Region Airport System for purposes of this analysis.

Figure 2-1 – LA Region Airport System



Source: Lauren Haddox Design

Table 2-2 provides historical enplaned passenger activity for each of the airports in the LA Region Airport System between FY 2010 and FY 2020. As shown, each airport's enplaned passengers decreased in FY 2020 primarily due to COVID-19, with ONT's decrease being the lowest at 17.6%. As also shown in the table, ONT's share of enplaned passengers in the LA Region Airport System declined from 6.1% in FY 2010 to 4.1% in FY 2017 and then increased year over year to 5.4% in FY 2020.

Table 2-2 – Historical Enplaned Passenger Market Share and Number of Nonstop Markets Served in the LA Region Airport System

	Enplaned Passengers						Share of LA Region Airport System				
FY (a)	LAX	SNA	BUR	ONT	LGB	Total	LAX	SNA	BUR	ONT	LGB
2010	29,003,142	4,391,439	2,261,143	2,417,085	1,460,041	39,532,850	73.4%	11.1%	5.7%	6.1%	3.7%
2011	30,280,539	4,282,816	2,181,852	2,367,120	1,532,442	40,644,769	74.5%	10.5%	5.4%	5.8%	3.8%
2012	31,519,124	4,309,464	2,092,805	2,209,070	1,643,383	41,773,846	75.5%	10.3%	5.0%	5.3%	3.9%
2013	32,524,178	4,547,598	2,062,601	2,076,333	1,497,503	42,708,213	76.2%	10.6%	4.8%	4.9%	3.5%
2014	34,333,538	4,642,948	1,949,065	2,002,759	1,433,273	44,361,583	77.4%	10.5%	4.4%	4.5%	3.2%
2015	36,121,768	4,792,579	1,993,421	2,085,482	1,276,679	46,269,929	78.1%	10.4%	4.3%	4.5%	2.8%
2016	38,958,569	5,173,572	2,048,303	2,108,441	1,327,001	49,615,886	78.5%	10.4%	4.1%	4.2%	2.7%
2017	41,602,932	5,178,761	2,287,840	2,183,516	1,793,753	53,046,802	78.4%	9.8%	4.3%	4.1%	3.4%
2018	43,554,587	5,323,260	2,625,167	2,396,976	2,006,292	55,906,282	77.9%	9.5%	4.7%	4.3%	3.6%
2019	44,207,464	5,342,224	2,822,014	2,632,230	1,757,323	56,761,255	77.9%	9.4%	5.0%	4.6%	3.1%
2020	31,417,934	3,772,410	2,261,359	2,168,844	904,980	40,525,527	77.5%	9.3%	5.6%	5.4%	2.2%
CAGR											
2010 - 2019	4.8%	2.2%	2.5%	**1.0%**	2.1%	4.1%					
2019 - 2020	-28.9%	-29.4%	-19.9%	**-17.6%**	-48.5%	-28.6%					
February 2020											
Markets served	166	19	16	19	16						
Average daily nonstop flights	849	113	89	68	49						
February 2021											
Markets served	126	23	13	17	9						
Average daily nonstop flights	455	81	27	48	22						
% change											
Markets served	-24.1%	21.1%	-18.8%	-10.5%	-43.8%						
Average daily nonstop flights	-46.4%	-28.3%	-69.7%	-29.4%	-55.1%						

LGB's fiscal year ends September 30. The remaining airports' fiscal years end June 30.

urces:

AWA Comprehensive Annual Financial Reports, Series 2020BCD Bonds Official Statement, and LAX website (LAX)

eries 2009AB Bonds Official Statement and Continuing Disclosure documents and SNA website (SNA)

Series 2012AB Bonds Official Statement, Series 2015AB Bonds Official Statement, and airport website (BUR)

uthority records (ONT)

ity of Long Beach Consolidated Annual Financial Reports and LGB website (LGB)

fficial Airline Guide via PlaneStats.com

A brief discussion of the airports included in the LA Region Airport System is presented below listed in order of enplaned passenger share.

- **Los Angeles International Airport (LAX).** LAX, a large hub[1] airport, is located approximately 55 miles west of ONT and according to ACI's 2019 North American Traffic Report ranked as the second busiest airport nationwide and third busiest airport worldwide based on total passengers. In terms of enplaned passenger activity, LAX was the busiest airport in the LA Region Airport System with 31.4 million enplaned passengers in FY 2020, which represented 77.5% of total enplaned passengers for the LA Region Airport System. LAX handles the majority of the international traffic served by the LA Region Airport System. As of February 2020, which is prior to the travel restrictions due to COVID-19, LAX served 96 domestic markets, with a daily average of 690 nonstop flights, and 70 international markets, with a daily average of 159 nonstop flights. As of February 2021, LAX served 79 domestic markets, with a daily average of 406 nonstop flights, and 47 international markets, with a daily average of 49 nonstop flights.

- **John Wayne Airport (SNA).** SNA, a medium hub airport, is located approximately 40 miles south of ONT and according to ACI's 2019 North American Traffic Report, ranked as the 46th busiest airport nationwide based on total passengers. SNA in terms of enplaned passenger activity was the second-busiest airport in the LA Region Airport System with 3.8 million enplaned passengers in FY 2020, which represented 9.3% of total enplaned passengers for the LA Region Airport System. As of February 2020, which is prior to the travel restrictions due to COVID-19, SNA served 19 markets and a daily average of 113 nonstop flights. As of February 2021, SNA served 23 markets and a daily average of 81 nonstop flights.

- **Burbank Bob Hope Airport (BUR).** BUR, a medium hub airport, is located approximately 50 miles northwest of ONT and according to ACI's 2019 North American Traffic Report, BUR ranked as the 60th busiest airport nationwide based on total passengers. BUR in terms of enplaned passenger activity was the third-busiest airport in the LA Region Airport System, with 2.3 million enplaned passengers in FY 2020, which represented 5.6% of total enplaned passengers for the LA Region Airport System. As of February 2020, which is prior to the travel restrictions due to COVID-19, BUR served 16 markets and a daily average of 89 nonstop flights. As of February 2021, BUR served 13 markets and a daily average of 27 nonstop flights.

- **Ontario International Airport (ONT).** ONT is classified as a medium hub airport and according to ACI's 2019 North American Traffic Report, ranked as the 62nd busiest airport nationwide based on total passengers. In terms of enplaned passenger activity, ONT was the fourth-busiest airport in the LA Region Airport System, with 2.2 million enplaned passengers in FY 2020, which represented 5.4% of total enplaned passengers for the LA

[1] As defined by the FAA, a large hub primary airport enplanes more than 1% of nationwide enplanements during the latest calendar year. A medium hub primary airport enplanes at least 0.25% but less than 1% of nationwide enplanements during the latest calendar year. A small hub primary airport enplanes at least 0.05% but less than 0.25% of enplanements nationwide during the latest calendar year.

Region Airport System. As of February 2020, which is prior to the travel restrictions due to COVID-19, ONT served 19 markets and a daily average of 68 nonstop flights. As of February 2021, ONT served 17 markets and a daily average of 48 nonstop flights.

- **Long Beach Airport (LGB).** LGB, a small hub airport, is located approximately 50 miles southwest of ONT and according to ACI's 2019 North American Traffic Report, ranked as the 82nd busiest airport nationwide based on total number of passengers. LGB in terms of enplaned passenger activity was the fifth-busiest airport in the LA Region Airport System, with approximately 900,000 enplaned passengers in FY 2020, which represented 2.2% of total enplaned passengers for the LA Region Airport System. As of February 2020, which is prior to the travel restrictions due to COVID-19, LGB served 16 markets and a daily average of 49 nonstop flights. As of February 2021, LGB served nine markets and a daily average of 22 nonstop flights.

As shown in **Table 2-2**, every airport in the LA Region Airport System had a decrease in service due to COVID-19. SNA's nonstop flight schedule had the smallest decrease at 28.3% with ONT being the next smallest at 29.4%, indicating its strength in the LA Region.

Certain airports included in the LA Region Airport System must abide by local noise restrictions and, as such, cannot handle additional passenger demand, which can be accommodated at ONT. A description of these noise restrictions is as follows:

- SNA, located in Orange County, is currently restricted to a maximum of 11.8 million annual passengers (MAP). In CY 2019, SNA enplaned and deplaned 10.7 MAP, which is 1.1 MAP below the current cap.

- LGB, located in Los Angeles County, operates under a 1995 Airport Noise Compatibility Ordinance (Ordinance) that established a "noise budget" that LGB must comply with on an annual basis. The Ordinance established 41 permanent air carrier flight slots (defined as an arrival and departure) and provided for increases if air carrier operations were below the allowable noise budget. As of December 2019, LGB had awarded 12 supplemental air carrier flight slots for a total of 53 flight slots. In February 2020, LGB had a daily average of 49 nonstop flights, which decreased to 22 in February 2021.

- BUR, also located in Los Angeles County, has strict nighttime curfew restrictions and limited airside and groundside expansion capabilities.

- ONT is subject to a capacity limitation established by the State of California Air Resources Board in 1979, which limits aviation activity at ONT to a maximum of 12 MAP or 125,000 annual air carrier operations. In FY 2019, ONT served 5.6 MAP (46.5% of the 12 MAP limit) and had air carrier operations of 80,013 (64.0% of the 125,000 annual air carrier operations limit). According to the Campbell-Hill forecast presented in **Table 2-17** of this chapter, ONT is not forecast to exceed these limits through FY 2025.

In addition to providing commercial air passenger service in the LA Region, ONT is a major cargo distribution point. According to ACI's 2019 North American Traffic Report, LAX ranked 5th while ONT ranked 12th in terms of total cargo volume at airports nationwide. **Table 2-3** provides historical freight/mail tonnage for each of the airports in the LA Region Airport System between CY 2016 and CY 2020. As shown, ONT increased from an 18.1% market share in the LA Region Airport System in CY 2016 to a 25.3% market share in CY 2020. In addition, total freight/mail tonnage at ONT increased at a CAGR of 16.0%, which is the highest CAGR in the LA Region Airport System.

Table 2-3 – Historical Freight/Mail Tonnage Market Share in the LA Region Airport System

Airport	CY 2016	Market Share	CY 2017	Market Share	CY 2018	Market Share	CY 2019	Market Share	CY 2020	Market Share	CAGR
LAX	2,208,415	78.4%	2,389,474	76.0%	2,446,137	74.2%	2,313,247	72.5%	2,646,845	72.3%	4.6%
ONT	509,810	18.1%	654,378	20.8%	751,529	22.8%	781,993	24.5%	924,160	25.3%	16.0%
BUR	53,386	1.9%	54,453	1.7%	54,704	1.7%	53,024	1.7%	54,538	1.5%	0.5%
LGB	27,800	1.0%	25,335	0.8%	23,848	0.7%	23,281	0.7%	15,712	0.4%	-13.3%
SNA	17,955	0.6%	18,888	0.6%	19,543	0.6%	17,703	0.6%	18,203	0.5%	0.3%
Total	2,817,366	100.0%	3,142,528	100.0%	3,295,761	100.0%	3,189,248	100.0%	3,659,458	100.0%	6.8%

Sources:
LAX Specific Plan, Aviation Activity Analysis Report (CY 2016 to CY 2019)
Individual airport websites (CY 2020)

2.3 ONT's Role in the UPS Network

ONT's significance to UPS' operations is presented in **Table 2-4**. UPS' global air operations are centered at its Worldport hub in Louisville, Kentucky, with its U.S. region air hubs located in Dallas, Ontario, Philadelphia, and Rockford, Illinois. As shown in the table, UPS had 52 average daily nonstop flights at ONT as of February 2021. According to UPS, ONT is its West Coast Region Air hub and sorts and distributes the majority of UPS' packages destined for the Pacific Rim as well as Alaska, Arizona, California, Colorado, Hawaii, Idaho, Oregon, Nevada, New Mexico, Montana, Utah, Washington and Wyoming and portions of Kansas and Nebraska. As shown in the table, ONT is the fifth largest hub in UPS' worldwide network with an hourly sorting capacity of 67,000 documents and packages.

Table 2-4 – UPS Sorting and Handling Facilities

Hubs	Approximate Square Feet	Hourly Sorting Capacity (a)	Average Number of Daily Flights
Worldport			
Louisville, Kentucky	5,200,000	416,000	387
Region Air Hubs			
Philadelphia, Pennsylvania	681,000	95,000	41
Rockford, Illinois	586,000	89,000	66
Ontario, California	778,837	67,000	52
Dallas, Texas	323,000	46,000	32
International Air Hubs			
Europe-Cologne/Bonn, Germany	613,563	190,000	76
Asia/Pacific-Shenzhen, China	958,100	18,000	14
Asia/Pacific-Shanghai	1,000,000	17,000	8
Latin American-Miami, Florida	36,000	6,500	34
Canada-Hamilton, Ontario	31,382	6,000	21
Asia/Pacific-Hong Kong	44,089	4,800	10

(a) Documents and packages.

Source: UPS website

The UPS facility is located off-airport at the southeast corner of the airfield, which requires UPS to have access to pass through ONT's boundary from its private property to the airfield. UPS, through its wholly-owned subsidiary Valacal, entered into a 40-year ground lease with the Authority, expiring in December 2030, for approximately 17 acres of land to provide this access. **Table 2-5** presents UPS' share of cargo activity at ONT in FY 2020. As shown, UPS was 22.0% of total aircraft operations, 36.4% of total landed weight, and 58.3% of total freight/mail tonnage at ONT in FY 2020. As also shown, UPS paid the Authority approximately $5.5 million in landing fees in FY 2020, representing approximately 37.3% of total landing fees and approximately $838,000 in land rents, representing approximately 10.3% of total facility and land rents.

Table 2-5 – UPS' Activity at ONT – FY 2020

Activity	UPS	ONT Total	UPS Market Share
Aircraft Operations	17,330	78,928	22.0%
Landed Weight	2,770,349	7,602,552	36.4%
Freight/Mail Tonnage	495,165	849,875	58.3%
Landing Fee Revenue	$5,485,291	$14,713,779	37.3%
Facility and land rents	$837,848	$8,148,023	10.3%

Source: Authority records

2.4 Historical Activity at ONT

The following sections present the airlines currently serving ONT and historical activity trends in passengers, operations (take-offs and landings), and aircraft landed weight at ONT, as well as the major factors influencing these trends.

2.4.1 Air Service

As of February 2021, ONT had passenger service provided by six U.S. passenger carriers, one international carrier, and 11 all-cargo carriers, including FedEx and UPS, the world's leading all-cargo carriers by volume. **Table 2-6** lists the airlines serving ONT as of February 2021.

Table 2-6 – Airlines Serving ONT

Passenger	All-Cargo	
Signatory	Signatory	Non-Signatory
Alaska	ABX Air	Aloha Air
American	Air Transport International	Alpine
Delta	Atlas Air	AmeriFlight
Frontier	FedEx	Empire
Southwest	UPS	Southern Air
United		WestAir
Volaris		

The distribution of O&D markets is a function of air travel demand and available services and facilities. This is particularly true for ONT, as O&D passenger traffic constituted approximately 98% of ONT's passengers in FY 2019. **Table 2-7** presents the markets served by ONT as well as the number of average daily nonstop flights to those markets as of February 2020, which is prior to the travel restrictions due to COVID-19, and as of February 2021.

Table 2-7 – Nonstop Markets Served at ONT

Market	February 2020 Average Daily Nonstop Flights	February 2020 Airline	February 2021 Average Daily Nonstop Flights	February 2021 Airline
Seattle	3	Alaska	6	Alaska (4), Delta (2)
Phoenix	10	American (5), Southwest (5)	6	American (3), Frontier (1), Southwest (2)
Dallas	7	American (6), Southwest (1)	5	American (4), Southwest (1)
Denver	4	Frontier (1), Southwest (1), United (2)	5	Frontier (1), Southwest (3), United (1)
Salt Lake	3	Delta	4	Delta
Sacramento	7	Southwest	3	Southwest
Las Vegas	3	Southwest	3	Southwest
Oakland	6	Southwest	3	Southwest
San Francisco	9	United (4), Southwest (4)	3	United
San Jose	4	Southwest	2	Southwest
Atlanta	2	Delta	2	Delta
Houston	1	United	1	United
Chicago	1	Southwest	1	Southwest
Guadalajara	1	Volaris	1	Volaris
Mexico City	0		1	Volaris
Portland	3	Alaska (2), Southwest (1)	1	Alaska
Orlando	1	Frontier	1	Frontier
Austin	1	Frontier	0	
New York (a)	1	JetBlue	0	
Taipei (b)	1	China Air	0	
Total	68		48	
% change			-29.4%	
Markets served	19		17	
% change			-10.5%	

(a) JetBlue is anticipated to resume service in June 2021.
(b) China Airlines is anticipated to resume service in June 2021.

Source: Official Airline Guide via PlaneStats.com

As of February 2020, which is prior to the travel restrictions due to COVID-19, ONT served 19 markets and a daily average of 68 nonstop flights. In February 2021, ONT served 17 markets and a daily average of 48 nonstop flights. Primary O&D markets with a significant number of daily nonstop flights include Seattle, Phoenix, Dallas, Denver, Salt Lake, Sacramento, Las Vegas, Oakland, and San Francisco. Specific airline changes in service that could impact capacity at ONT in FY 2021 include:

- Frontier began new service to Sacramento and San Francisco in March 2021, with an increase in its frequency of flights to Phoenix to four per week also in March 2021. Frontier has announced that it will begin new service to Miami in April 2021 and Chicago in May 2021, with an increase in its frequency of flights to Sacramento and San Francisco to four per week beginning in May 2021. Frontier has also indicated that it plans on resuming service to Guatemala City, San Salvador, and Seattle sometime in FY 2021.

- Hawaiian Airlines began service to Honolulu in March 2021.

- JetBlue is anticipated to resume service to New York in June 2021.
- China Airlines is anticipated to resume service to Taipei in June 2021.
- American announced it will begin service to Charlotte in May 2021 and Chicago in August 2021.

2.4.2 Historical Enplaned Passengers

Based on ACI's 2019 North American Traffic Report, ONT ranked as the 62nd busiest airport nationwide with 5.6 million total passengers. **Table 2-8** presents enplaned passenger activity for ONT and the U.S. between FY 2010 and FY 2020.

Table 2-8 – Historical Enplaned Passengers

FY	ONT Enplaned Passengers	% Change	Load Factors	U.S. Domestic Enplaned Passengers (a)	% Change	Load Factors	ONT Share of U.S. Traffic
2010	2,417,085	--	71.9%	634,800,000	--	82.7%	0.381%
2011	2,367,120	-2.1%	76.4%	650,100,000	2.4%	83.6%	0.364%
2012	2,209,070	-6.7%	76.1%	653,800,000	0.6%	84.1%	0.338%
2013	2,076,333	-6.0%	76.4%	654,400,000	0.1%	84.2%	0.317%
2014	2,002,759	-3.5%	78.0%	669,000,000	2.2%	85.0%	0.299%
2015	2,085,482	4.1%	81.2%	696,300,000	4.1%	85.1%	0.300%
2016	2,108,441	1.1%	80.6%	726,200,000	4.3%	85.3%	0.290%
2017	2,183,516	3.6%	80.5%	743,900,000	2.4%	85.2%	0.294%
2018	2,396,976	9.8%	80.0%	780,800,000	5.0%	85.3%	0.307%
2019	2,632,230	9.8%	82.2%	813,300,000	4.2%	85.8%	0.324%
2020	2,168,844	-17.6%	72.9%	n/a	n/a	n/a	n/a
CAGR							
2010 - 2014	-4.6%		2.1%	1.3%		0.7%	
2014 - 2019	5.6%		1.1%	4.0%		0.2%	
2010 - 2019	1.0%		1.5%	2.8%		0.4%	
2010 - 2020	-1.1%						

(a) U.S. data is presented on a federal fiscal year (October through September) basis, as a result 2020 data is not yet available.

Sources:
Authority records
FAA Aerospace Forecasts (U.S.)

As shown, enplaned passengers at ONT decreased from 2.4 million in FY 2010 to 2.0 million in FY 2014 or a compound annual decrease of on average 4.6%. ONT's share of U.S. domestic enplaned passengers decreased accordingly from 0.381% in FY 2010 to 0.299% in FY 2014. Contributing to these significant decreases in passenger activity at ONT were record-high fuel costs and a worldwide recession, which prompted airlines to moderate service across their respective routes and control the number of seats in a given market. Total scheduled seats at ONT decreased from 6.8 million in FY 2010 to 5.2 million in FY 2014, a compound annual decrease of 6.6% during this period. During this same period, passenger load factors at ONT increased from 71.9% to 78.0%. Southwest, which provided approximately 60% of capacity at ONT in FY 2010, decreased its capacity at ONT from 4.0 million seats in FY 2010 to 3.2 million seats in FY 2014, while its passenger load factor increased from 65.1% to 73.8% during this same period. Prior to COVID-19, passenger activity at ONT had recovered to FY 2010 levels, increasing from 2.0 million enplaned passengers in FY 2014 to 2.6 million in FY 2019. This represented a CAGR of 5.6% from FY 2014 to FY 2019, compared to 4.0% projected nationwide by the FAA during this same period.

Primarily as a result of COVID-19, enplaned passengers at ONT and the U.S. declined in 2020. As shown in the table, ONT's enplaned passengers decreased 17.6% from FY 2019 to FY 2020. This decrease is further detailed in **Table 2-9**, which presents the monthly enplaned passengers at ONT for FY 2019, FY 2020, and through February for FY 2021.

Table 2-9 – Monthly Enplaned Passengers

	FY 2019		FY 2020			FY 2021			
Month	Enplaned Passengers	% Change	Enplaned Passengers	% Change	% Change from FY 2019	Enplaned Passengers	% Change	% Change from FY 2020	% Change from FY 2019
July	221,107	--	247,598	2.9%	12.0%	88,363	22.7%	-64.3%	-60.0%
August	226,336	2.4%	251,367	1.5%	11.1%	97,951	10.9%	-61.0%	-56.7%
September	211,306	-6.6%	236,929	-5.7%	12.1%	97,646	-0.3%	-58.8%	-53.8%
October	226,660	7.3%	251,749	6.3%	11.1%	108,763	11.4%	-56.8%	-52.0%
November	228,846	1.0%	250,491	-0.5%	9.5%	104,772	-3.7%	-58.2%	-54.2%
December	218,471	-4.5%	256,173	2.3%	17.3%	94,306	-10.0%	-63.2%	-56.8%
January	198,361	-9.2%	227,679	-11.1%	14.8%	75,414	-20.0%	-66.9%	-62.0%
February	180,983	-8.8%	208,377	-8.5%	15.1%	76,002	0.8%	-63.5%	-58.0%
March	218,266	20.6%	116,622	-44.0%	-46.6%	n/a	n/a	n/a	n/a
April	223,958	2.6%	14,494	-87.6%	-93.5%	n/a	n/a	n/a	n/a
May	237,323	6.0%	35,326	143.7%	-85.1%	n/a	n/a	n/a	n/a
June	240,613	1.4%	72,039	103.9%	-70.1%	n/a	n/a	n/a	n/a
Total	2,632,230		2,168,844		-17.6%				
July-February	1,712,070		1,930,363		12.8%	743,217		-61.5%	-56.6%
March-June	920,160		238,481		-74.1%				

Source: Authority records

Columns may not add to totals shown due to rounding.

As shown in the table, the 17.6% decrease from FY 2019 to FY 2020 is composed of a 12.8% increase in the first eight months year-over-year and a 74.1% decrease in the last four months, as a result of COVID-19 travel restrictions beginning in March 2020. For July 2020 through February 2021 (which is FY 2021), enplaned passengers decreased 61.5% compared to July

2019 through February 2020 (which is FY 2020). Enplaned passengers began to return to ONT in May 2020 as evidenced by the declining rate of the decrease in the May 2020 to June 2020 numbers over 2019, with this trend continuing through November 2020. In December 2020, enplaned passengers decreased 63.2% over December 2019 levels primarily due to a spike in COVID-19 cases in California in December prompting the imposition of stricter stay-at-home orders in California. As shown in **Table 2-10**, all of the airports in the LA Region Airport System experienced a downturn in enplaned passengers in December 2020 over December 2019; however, ONT had the lowest decrease in December 2020, calendar year 2020, and January 2021 compared to the LA Region Airport System.

Table 2-10 – LA Region Airport System Enplaned Passenger Recovery

LA Region Airport System	Enplaned Passengers								
	Dec-20	Dec-19	% Change	CY 2020	CY 2019	% Change	Jan-21	Jan-20	% Change
LAX	1,037,610	3,764,127	-72.4%	14,417,148	44,285,412	-67.4%	834,789	3,293,373	-74.7%
Domestic	839,055	2,666,043	-68.5%	11,197,174	31,370,325	-64.3%	697,304	2,304,382	-69.7%
International	198,555	1,098,084	-81.9%	3,219,974	12,915,087	-75.1%	137,485	988,991	-86.1%
SNA	115,738	440,669	-73.7%	1,893,027	5,318,287	-64.4%	96,799	402,291	-75.9%
BUR	48,917	272,771	-82.1%	996,712	2,987,495	-66.6%	32,763	241,826	-86.5%
ONT	94,306	256,173	-63.2%	1,266,338	2,793,811	-54.7%	75,414	227,679	-66.9%
LGB	23,603	159,174	-85.2%	520,297	1,791,451	-71.0%	20,060	144,226	-86.1%
Total	1,320,174	4,892,914	-73.0%	19,093,522	57,176,456	-66.6%	1,059,825	4,309,395	-75.4%

Sources:
Individual airport websites
Authority records (ONT)

Table 2-11 presents the historical share of enplanements by airline at ONT for FY 2017 through FY 2020. As shown, enplanements are distributed across a number of carriers. Southwest had the highest market share in FY 2020 of 48.8% and American had the next highest market share in FY 2020 of 17.9%, with the next four largest airlines having a combined market share of 26.8%.

Table 2-11 – Historical Enplaned Passengers by Airline

Airline	FY 2017 Enplaned Passengers	FY 2017 Market Share	FY 2018 Enplaned Passengers	FY 2018 Market Share	FY 2019 Enplaned Passengers	FY 2019 Market Share	FY 2020 Enplaned Passengers	FY 2020 Market Share	FY through February 2020 Enplaned Passengers	FY through February 2020 Market Share	FY through February 2021 Enplaned Passengers	FY through February 2021 Market Share
Southwest	1,242,232	56.9%	1,319,743	55.1%	1,376,503	52.3%	1,058,846	48.8%	943,768	48.9%	335,901	45.2%
American (a)	418,725	19.2%	438,617	18.3%	457,205	17.4%	387,391	17.9%	336,447	17.4%	165,179	22.2%
Alaska (a)	187,276	8.6%	190,910	8.0%	190,050	7.2%	169,363	7.8%	150,495	7.8%	59,585	8.0%
United (a)	106,729	4.9%	202,942	8.5%	205,193	7.8%	162,484	7.5%	149,458	7.7%	58,604	7.9%
Delta (a)	50,198	2.3%	82,080	3.4%	108,828	4.1%	147,053	6.8%	127,107	6.6%	85,426	11.5%
Frontier	0	0.0%	75,729	3.2%	116,354	4.4%	101,320	4.7%	89,873	4.7%	21,283	2.9%
China Air (b)	0	0.0%	20,655	0.9%	87,255	3.3%	66,852	3.1%	63,668	3.3%	0	0.0%
JetBlue (c)	0	0.0%	0	0.0%	39,631	1.5%	31,309	1.4%	29,409	1.5%	0	0.0%
All Others (d)	178,356	8.2%	66,300	2.8%	51,211	1.9%	44,226	2.0%	40,138	2.1%	17,239	2.3%
Total	**2,183,516**	**100.0%**	**2,396,976**	**100.0%**	**2,632,230**	**100.0%**	**2,168,844**	**100.0%**	**1,930,363**	**100.0%**	**743,217**	**100.0%**
Percent change		**3.6%**		**9.8%**		**9.8%**		**-17.6%**				**-61.5%**
CAGR from 2017				**9.8%**		**9.8%**		**-0.2%**				

(a) Includes regional affiliates.
(b) China Airlines is anticipated to resume service in June 2021.
(c) JetBlue is anticipated to resume service in June 2021.
(d) Consists of airlines with less than 0.1% market share, charter airlines, airlines providing seasonal service, and airlines no longer serving ONT.

Source: Authority records

Columns may not add to totals shown due to rounding.

2.4.3 Historical Aircraft Operations

Table 2-12 presents total aircraft operations at ONT between FY 2010 and FY 2020, which increased at a CAGR of 0.1% during this timeframe.

Table 2-12 – Historical Aircraft Operations

FY	All-Cargo	% Change	Passenger	% Change	Total Operations	% Change
2010	21,868	--	56,120	--	77,988	--
2011	20,683	-5.4%	51,432	-8.4%	72,115	-7.5%
2012	21,504	4.0%	46,785	-9.0%	68,289	-5.3%
2013	20,593	-4.2%	43,457	-7.1%	64,050	-6.2%
2014	21,243	3.2%	41,606	-4.3%	62,849	-1.9%
2015	22,279	4.9%	41,230	-0.9%	63,509	1.1%
2016	25,110	12.7%	42,212	2.4%	67,322	6.0%
2017	28,579	13.8%	42,094	-0.3%	70,673	5.0%
2018	33,336	16.6%	44,015	4.6%	77,351	9.4%
2019	35,662	7.0%	44,351	0.8%	80,013	3.4%
2020	37,146	4.2%	41,782	-5.8%	78,928	-1.4%
CAGR						
2010 - 2014	-0.7%		-7.2%		-5.3%	
2014 - 2019	10.9%		1.3%		4.9%	
2010 - 2019	5.6%		-2.6%		0.3%	
2010 - 2020	5.4%		-2.9%		0.1%	

Source: Authority records

Columns may not add to totals shown due to rounding.

As shown, all-cargo operations decreased 0.7% from FY 2010 to FY 2014 but have increased at a CAGR of 10.9% from FY 2014 through FY 2019. UPS comprised over 46% of ONT's all-cargo operations in FY 2020. As also shown, passenger airline operations decreased 7.2% from FY 2010 to FY 2014 but increased at a CAGR of 1.3% from FY 2014 through FY 2019.

2.4.4 Historical Landed Weight

Table 2-13 presents the shares of landed weight by all-cargo and passenger carriers at ONT from FY 2017 through FY 2020. As shown in the table, total landed weight increased at a CAGR of 10.5% from FY 2017 to FY 2020, which is composed of a 3.6% increase in passenger landed weight and a 15.2% increase in all-cargo landed weight. In contrast to enplaned passengers, total landed weight increased 5.3% in FY 2020 over FY 2019 due to the large all-cargo carrier presence at ONT. This is reflected in a 13.4% increase in all-cargo carrier landed weight in FY 2020 over FY 2019 but a 6.7% decrease in passenger carrier landed weight for the same period, primarily as a result of COVID-19.

UPS and FedEx accounted for approximately 47.9% of total landed weight in FY 2020. Southwest, ONT's largest passenger carrier in terms of enplaned passengers, has also maintained the largest share, among passenger airlines of landed weight with a market share of 18.5% in FY 2020.

Table 2-13 – Historical Landed Weight by Airline (in 000s of pounds)

	FY 2017		FY 2018		FY 2019		FY 2020		FY through February 2020		FY through February 2021	
	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share
All-Cargo												
UPS	2,089,231	37.0%	2,274,950	34.3%	2,492,607	34.5%	2,770,349	36.4%	1,886,406	34.7%	1,949,265	40.1%
FedEx	667,926	11.8%	767,548	11.6%	798,971	11.1%	872,527	11.5%	562,819	10.3%	735,260	15.1%
Air Transport	147,298	2.6%	363,350	5.5%	236,921	3.3%	456,512	6.0%	300,949	5.5%	147,664	3.0%
Atlas Air	95,468	1.7%	379,926	5.7%	561,698	7.8%	417,174	5.5%	254,986	4.7%	295,648	6.1%
ABX Air	161,165	2.9%	48,505	0.7%	147,390	2.0%	273,863	3.6%	177,560	3.3%	191,137	3.9%
Other (a)	34,501	0.6%	71,724	1.1%	69,302	1.0%	94,265	1.2%	44,465	0.8%	310,830	6.4%
Subtotal	3,195,589	56.6%	3,906,003	58.8%	4,306,889	59.7%	4,884,690	64.3%	3,227,185	59.3%	3,629,804	74.7%
Percent change				22.2%		10.3%		13.4%				12.5%
CAGR from 2017				22.2%		16.1%		15.2%				
Passenger												
Southwest	1,441,578	25.6%	1,554,136	23.4%	1,532,052	21.2%	1,409,664	18.5%	1,124,496	20.7%	609,968	12.5%
American (b)	435,712	7.7%	462,356	7.0%	476,200	6.6%	437,691	5.8%	354,153	6.5%	190,138	3.9%
Alaska (b)	195,663	3.5%	204,376	3.1%	199,622	2.8%	201,489	2.7%	161,811	3.0%	124,317	2.6%
United (b)	205,374	3.6%	214,983	3.2%	226,516	3.1%	185,036	2.4%	158,722	2.9%	89,123	1.8%
Delta (b)	94,003	1.7%	92,506	1.4%	118,726	1.6%	170,298	2.2%	133,748	2.5%	170,401	3.5%
Frontier	0	0.0%	74,456	1.1%	107,875	1.5%	96,679	1.3%	80,752	1.5%	24,600	0.5%
China Air (c)	0	0.0%	54,292	0.8%	152,147	2.1%	123,600	1.6%	114,312	2.1%	0	0.0%
JetBlue (d)	0	0.0%	0	0.0%	34,222	0.5%	39,050	0.5%	34,648	0.6%	0	0.0%
Other (a)	74,191	1.3%	77,664	1.2%	64,905	0.9%	54,355	0.7%	48,162	0.9%	23,452	0.5%
Subtotal	2,446,521	43.4%	2,734,769	41.2%	2,912,265	40.3%	2,717,862	35.7%	2,210,804	40.7%	1,231,999	25.3%
Percent change				11.8%		6.5%		-6.7%				-44.3%
CAGR from 2017				11.8%		9.1%		3.6%				
Total (e)	**5,642,110**	**100.0%**	**6,640,772**	**100.0%**	**7,219,154**	**100.0%**	**7,602,552**	**100.0%**	**5,437,990**	**100.0%**	**4,861,803**	**100.0%**
Percent change				**17.7%**		**8.7%**		**5.3%**				**-10.6%**
CAGR from 2017				**17.7%**		**13.1%**		**10.5%**				

(a) Consists of airlines with less than 0.1% market share, charter airlines, airlines providing seasonal service, and airlines no longer serving ONT.
(b) Includes regional affiliates.
(c) China Airlines is anticipated to resume service in June 2021.
(d) JetBlue is anticipated to resume service in June 2021.
(e) FY 2020 landed weight does not foot to the FY 2020 Audited Financial Statements due to final adjustments that vary from reported audited numbers.

Source: Authority records

Columns may not add to totals shown due to rounding.

Table 2-14 presents the monthly all-cargo carrier landed weight at ONT's for FY 2019, FY 2020, and through February for FY 2021. As shown, all-cargo carrier landed weight increased 13.4% from FY 2019 to FY 2020. In addition, FY to date 2021 all-cargo landed weight increased 12.5% from 2020 levels for the same time period showing the strength of cargo at ONT due in part to COVID-19.

Table 2-14 – Monthly Landed Weight – All-Cargo (in 000s of pounds)

	All-Cargo								
	FY 2019		FY 2020			FY 2021			
Month	Landed Weight	% Change	Landed Weight	% Change	% Change from FY 2019	Landed Weight	% Change	% Change from FY 2020	% Change from FY 2019
July	358,312	--	360,034	3.1%	0.5%	413,773	-0.4%	14.9%	15.5%
August	350,828	-2.1%	372,972	3.6%	6.3%	397,276	-4.0%	6.5%	13.2%
September	327,364	-6.7%	340,839	-8.6%	4.1%	419,302	5.5%	23.0%	28.1%
October	371,890	13.6%	405,372	18.9%	9.0%	446,549	6.5%	10.2%	20.1%
November	370,197	-0.5%	395,788	-2.4%	6.9%	449,421	0.6%	13.6%	21.4%
December	488,686	32.0%	580,397	46.6%	18.8%	661,433	47.2%	14.0%	35.3%
January	347,712	-28.8%	398,562	-31.3%	14.6%	436,660	-34.0%	9.6%	25.6%
February	280,650	-19.3%	373,219	-6.4%	33.0%	405,390	-7.2%	8.6%	44.4%
March	343,390	22.4%	401,714	7.6%	17.0%	n/a	n/a	n/a	n/a
April	344,400	0.3%	417,214	3.9%	21.1%	n/a	n/a	n/a	n/a
May	374,320	8.7%	422,955	1.4%	13.0%	n/a	n/a	n/a	n/a
June	349,140	-6.7%	415,622	-1.7%	19.0%	n/a	n/a	n/a	n/a
Total	4,306,889		4,884,690		13.4%				
July-February	2,895,639		3,227,185		11.4%	3,629,804		12.5%	25.4%
March-June	1,411,250		1,657,505		17.4%				

Source: Authority records

Columns may not add to totals shown due to rounding.

Table 2-15 presents the monthly passenger carrier landed weight at ONT's for FY 2019, FY 2020, and through February for FY 2021. As shown, the 6.7% decrease from FY 2019 to FY 2020 is composed of a 14.3% increase in the first eight months year-over-year and a 48.2% decrease in the last four months, as a result of COVID-19 travel restrictions beginning in March 2020. In addition, FY to date 2021 passenger carrier landed weight decreased 44.3% from 2020 levels for the same time period showing the continued impact of COVID-19.

Table 2-15 – Monthly Landed Weight – Passenger (in 000s of pounds)

Month	Passenger								
	FY 2019		FY 2020			FY 2021			
	Landed Weight	% Change	Landed Weight	% Change	% Change from FY 2019	Landed Weight	% Change	% Change from FY 2020	% Change from FY 2019
July	259,266	--	277,788	6.0%	7.1%	160,306	26.4%	-42.3%	-38.2%
August	264,261	1.9%	287,811	3.6%	8.9%	158,569	-1.1%	-44.9%	-40.0%
September	241,663	-8.6%	277,086	-3.7%	14.7%	140,401	-11.5%	-49.3%	-41.9%
October	249,195	3.1%	286,891	3.5%	15.1%	162,373	15.6%	-43.4%	-34.8%
November	241,941	-2.9%	273,445	-4.7%	13.0%	164,819	1.5%	-39.7%	-31.9%
December	244,620	1.1%	281,316	2.9%	15.0%	163,383	-0.9%	-41.9%	-33.2%
January	232,167	-5.1%	273,128	-2.9%	17.6%	152,378	-6.7%	-44.2%	-34.4%
February	200,404	-13.7%	253,340	-7.2%	26.4%	129,770	-14.8%	-48.8%	-35.2%
March	234,987	17.3%	225,740	-10.9%	-3.9%	n/a	n/a	n/a	n/a
April	240,983	2.6%	78,975	-65.0%	-67.2%	n/a	n/a	n/a	n/a
May	240,823	-0.1%	75,519	-4.4%	-68.6%	n/a	n/a	n/a	n/a
June	261,955	8.8%	126,823	67.9%	-51.6%	n/a	n/a	n/a	n/a
Total	2,912,265		2,717,862		-6.7%				
July-February	1,933,517		2,210,804		14.3%	1,231,999		-44.3%	-36.3%
March-June	978,748		507,057		-48.2%				

Source: Authority records

Columns may not add to totals shown due to rounding.

Table 2-16 presents the monthly total airline landed weight at ONT's for FY 2019, FY 2020, and through February for FY 2021. As shown, total landed weight increased 5.3% from FY 2019 to FY 2020, which is composed of a 12.6% increase in the first eight months year-over-year and a 9.4% decrease in the last four months. In addition, FY to date 2021 total landed weight decreased 10.6% from 2020 levels for the same time period.

Table 2-16 – Monthly Landed Weight – Total (in 000s of pounds)

	Total								
	FY 2019		FY 2020			FY 2021			
Month	Landed Weight	% Change	Landed Weight	% Change	% Change from FY 2019	Landed Weight	% Change	% Change from FY 2020	% Change from FY 2019
July	617,578	--	637,822	4.4%	3.3%	574,079	5.8%	-10.0%	-7.0%
August	615,089	-0.4%	660,783	3.6%	7.4%	555,845	-3.2%	-15.9%	-9.6%
September	569,027	-7.5%	617,925	-6.5%	8.6%	559,703	0.7%	-9.4%	-1.6%
October	621,085	9.1%	692,263	12.0%	11.5%	608,922	8.8%	-12.0%	-2.0%
November	612,138	-1.4%	669,234	-3.3%	9.3%	614,240	0.9%	-8.2%	0.3%
December	733,306	19.8%	861,713	28.8%	17.5%	824,816	34.3%	-4.3%	12.5%
January	579,879	-20.9%	671,690	-22.1%	15.8%	589,038	-28.6%	-12.3%	1.6%
February	481,054	-17.0%	626,559	-6.7%	30.2%	535,160	-9.1%	-14.6%	11.2%
March	578,377	20.2%	627,454	0.1%	8.5%	n/a	n/a	n/a	n/a
April	585,383	1.2%	496,188	-20.9%	-15.2%	n/a	n/a	n/a	n/a
May	615,143	5.1%	498,475	0.5%	-19.0%	n/a	n/a	n/a	n/a
June	611,095	-0.7%	542,445	8.8%	-11.2%	n/a	n/a	n/a	n/a
Total	7,219,154		7,602,552		5.3%				
July-February	4,829,156		5,437,990		12.6%	4,861,803		-10.6%	0.7%
March-June	2,389,998		2,164,562		-9.4%				

Source: Authority records

Columns may not add to totals shown due to rounding.

2.5 Forecasts of Aviation Activity

Campbell-Hill was hired by the Authority to prepare an independent passenger and all-cargo activity forecast for ONT through FY 2025. The following sections present a summary of Campbell-Hill's "low" activity forecasts for ONT. Campbell-Hill's complete report titled *Demand Forecast Methodology and Results* dated March 26, 2021 is intended for inclusion in the Official Statement for the Series 2021 Bonds as Appendix B (Appendix B). The activity forecasts have been included in this Report in reliance upon the knowledge and expertise of Campbell-Hill and Appendix B should be read in its entirety for a complete understanding of the underlying assumptions and methodologies used to develop the forecast for ONT. **Table 2-17** presents the "low" aviation activity forecast prepared by Campbell-Hill.

Table 2-17 – Aviation Activity Forecast

FY	Enplaned Passengers	% Change	Aircraft Operations: All-Cargo	Aircraft Operations: Passenger	Aircraft Operations: Total Operations	Aircraft Operations: % Change	Landed Weight (in 000s of pounds): All-Cargo	% Change	Passenger	% Change	Total	% Change
Historical												
2015	2,085,482	--	22,279	41,230	63,509	--	2,338,580	--	2,352,862	--	4,691,442	--
2016	2,108,441	1.1%	25,110	42,212	67,322	6.0%	2,698,776	15.4%	2,499,367	6.2%	5,198,143	10.8%
2017	2,183,516	3.6%	28,579	42,094	70,673	5.0%	3,195,589	18.4%	2,446,521	-2.1%	5,642,110	8.5%
2018	2,396,976	9.8%	33,336	44,015	77,351	9.4%	3,906,003	22.2%	2,734,769	11.8%	6,640,772	17.7%
2019	2,632,230	9.8%	35,662	44,351	80,013	3.4%	4,306,889	10.3%	2,912,265	6.5%	7,219,154	8.7%
2020	2,168,844	-17.6%	37,146	41,782	78,928	-1.4%	4,884,690	13.4%	2,717,862	-6.7%	7,602,552	5.3%
Forecast												
2021	1,328,166	-38.8%	41,201	32,457	73,658	-6.7%	5,809,794	18.9%	2,003,791	-26.3%	7,813,585	2.8%
2022	1,910,175	43.8%	42,094	41,611	83,705	13.6%	5,945,631	2.3%	2,569,521	28.2%	8,515,152	9.0%
2023	2,435,774	27.5%	43,067	47,807	90,874	8.6%	6,084,467	2.3%	2,983,552	16.1%	9,068,020	6.5%
2024	2,856,431	17.3%	43,973	50,047	94,020	3.5%	6,213,385	2.1%	3,172,975	6.3%	9,386,360	3.5%
2025	2,978,637	4.3%	44,802	51,318	96,120	2.2%	6,331,169	1.9%	3,267,972	3.0%	9,599,141	2.3%
CAGR												
2015 - 2019	6.0%		12.5%	1.8%	5.9%		16.5%		5.5%		11.4%	
2015 - 2020	0.8%		10.8%	0.3%	4.4%		15.9%		2.9%		10.1%	
2020 - 2024	7.1%		4.3%	4.6%	4.5%		6.2%		3.9%		5.4%	
2020 - 2025	6.6%		3.8%	4.2%	4.0%		5.3%		3.8%		4.8%	

Sources:
Authority records
Campbell-Hill (FY 2021 - FY 2025)

Columns may not add to totals shown due to rounding.

2.5.1 Enplaned Passenger Forecast

As shown in **Table 2-17**, Campbell-Hill is projecting total enplaned passengers at ONT to increase from 2.2 million in FY 2020 to 3.0 million in FY 2025, reflecting a CAGR of 6.6%. The forecast assumes enplaned passengers will return to FY 2019 levels by FY 2024, which results in a CAGR of 7.1% from FY 2020 to FY 2024 or enplaned passengers of approximately 2.9 million in FY 2024.

As discussed, the “low” enplaned passenger forecast prepared by Campbell-Hill assumes ONT will return to FY 2019 levels by FY 2024. Due to the uncertainty in the recovery period resulting from, but not limited to, the slow recovery of business travel and the ability of the airlines to return to 2019 levels by 2024 due to airline employee furloughs and the temporary and permanent retirement of aircraft sooner than expected, a sensitivity test has been prepared where enplaned passengers do not recover to FY 2019 during the forecast period. A detailed discussion of this sensitivity test can be found in Chapter 4 of this Report.

2.5.2 Aircraft Operations Forecast

Table 2-17 presents the aircraft operations forecasts prepared by Campbell-Hill for passenger and all-cargo aircraft. As shown in the table, all-cargo carrier operations at ONT are projected to increase at a CAGR of 3.8% From FY 2020 to FY 2025 and passenger carrier operations are projected to grow at a CAGR of 4.2% for the same period. The assumptions used to develop this forecast can be reviewed in more detail in Appendix B.

2.5.3 Landed Weight Forecast

As shown in **Table 2-17**, total landed weight is projected by Campbell-Hill to increase from 7.6 million in FY 2020 to 9.6 million in FY 2025, a CAGR of 4.8%. All-cargo airlines are projected to grow slightly faster with a CAGR of 5.3%, while passenger carriers are projected to increase at a 3.8% CAGR through FY 2025. Campbell-Hill assumes that the current operations will transition back to pre-COVID-19 levels by FY 2022 with FY 2021 levels equal to the midpoint between FY 2020 levels and FY 2019 levels. The assumptions used to develop this forecast can be reviewed in more detail in Appendix B.

3. Airport Facilities

This chapter contains a review of existing ONT facilities, a summary of ONT's CIP, of which the 2021 Project is a subset, and describes the funding sources for the 2021 Project.

3.1 Existing Airport Facilities

ONT is located approximately 35 miles east of downtown Los Angeles and occupies approximately 1,700 acres. Key existing facilities at ONT include:

- The airfield is equipped with two parallel runways (Runway 8R and 26L), with lengths of 10,200 feet and 12,200 feet.

- The two domestic terminals (Terminal 2 and Terminal 4) at ONT are approximately 570,000 square feet with a total of 26 passenger gates. The International Arrivals Terminal is located in a separate building and is approximately 40,000 square feet with nine aircraft parking positions. The terminals at ONT currently have an annual capacity of approximately 10 million passengers, which is not reached during the forecast period.

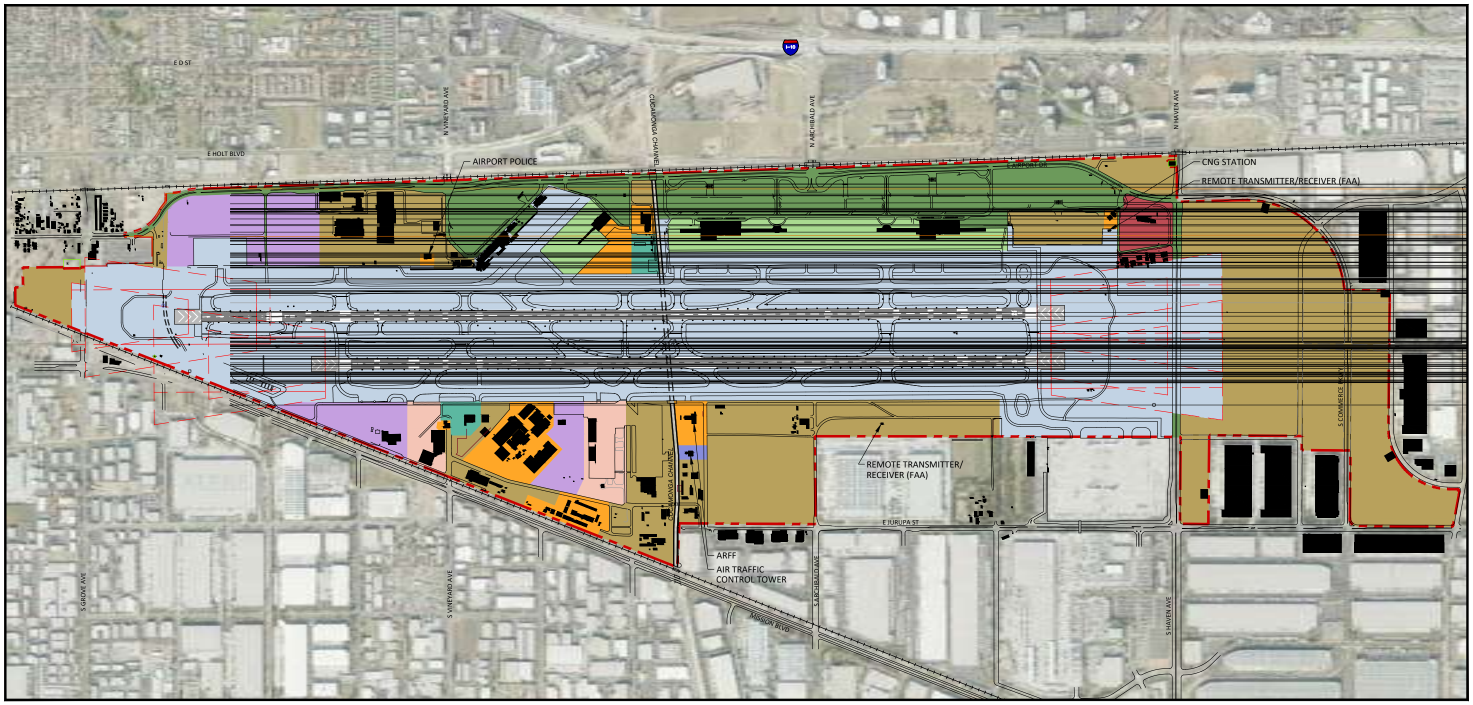
- ONT also has a terminal dedicated to air cargo operations. In addition, FedEx occupied a new 251,000 square-foot complex in November 2020 that includes a sorting facility capable of handling 12,000 packages per hour, nine wide-body aircraft gates, 14 feeder aircraft gates, and 18 truck docks.

- Ground transportation facilities include four passenger parking lots providing 6,904 surface parking spaces and a 15,000 square foot CONRAC.

- Other existing facilities at ONT include various airport and aircraft support services, as well as an Authority administration building. In addition, ONT has a fixed base operator with its own terminal building, hangar, and ramp area.

Figure 3-1 graphically depicts the existing facilities at ONT.

Figure 3-1 – Existing ONT Facilities



Airfield	Air cargo	Building
Passenger terminal	FAA facilities	Runway Protection Zone
Ground transportation / Parking	General aviation	Airport property line
Airport support	Rental car facility	Railroad
Airline support	Vacant	

N

0 2,000'

Figure 1.1
Existing Land Use
Ontario International Airport

Source (land use plan): LeighFisher, December 2020
Source (base map): HNTB, February 2019

3

3.2 Capital Improvement Program

Table 3-1 presents the estimated cost of ONT's CIP, which includes the 2021 Project and additional projects through FY 2026. In FY 2020, the Authority completed its ALP, which depicts existing facilities and future needs of ONT for the next five to 15 years. While most projects are demand-based, others are dictated by design standards, safety, federal requirements, or rehabilitation needs. There is a higher level of uncertainty as to the estimated cost and schedule of projects in the later years of the CIP, as compared to those scheduled to be undertaken within the next few years. Since the CIP primarily consists of projects necessary to maintain and rehabilitate the existing facilities at ONT, the Authority did not reduce or delay any projects as a result of COVID-19.

As shown in the table, ONT's CIP is estimated to be approximately $424.1 million, of which approximately $122.1 million is for the 2021 Project, representing approximately 28.8% of the total CIP. As shown in the table, approximately $251.4 million of the future CIP is anticipated to be funded with future bonds. Of this amount, approximately $79.4 million is assumed to be issued in FY 2022, which is within the forecast period; and therefore, the corresponding Annual Debt Service is reflected in the financial analysis of this Report. The Authority may decide to do an interim borrowing or delay issuance depending on project status, COVID-19 impacts, financial market conditions, or other factors. The remaining $172.0 million is assumed to be issued in FY 2026, which is after the forecast period, and therefore, the corresponding Annual Debt Service is not reflected in this Report. The Authority anticipates an ongoing review of its CIP needs and may modify the amounts and timing of the projects included therein.

A detailed description of the 2021 Project is included in the next section.

Table 3-1 – Capital Improvement Program (in 000s)

Project Description	Completion Date	Project Costs	AIP Grants	Series 2021 Bonds	Future 2022 Bonds (b)	Future Bonds (c)	Authority Funds	Total
			Funding Sources	Additional Bonds				
2021 Project (a)		$122,109	$24,647	$97,462	$0	$0	$0	$122,109
Future 2022 projects								
Perimeter Fence - Security	7/1/22	$10,000	$0	$0	$10,000	$0	$0	$10,000
Aircraft Hydrant Fueling	7/1/22	9,600	0	0	9,600	0	0	9,600
Remote Transmitter Receiver Relocation	11/5/23	3,899	0	0	3,899	0	0	3,899
Rehab of Rnwy 8R-26L & Connecting Txwys-Constr Ph 1	12/31/24	40,314	21,608	0	18,706	0	0	40,314
IT-related projects	2022-2025	44,663	0	0	37,214	0	7,449	44,663
Total Future 2022 projects		$108,476	$21,608	$0	$79,419	$0	$7,449	$108,476
Future projects								
Terminal 2 FIS Construction	2026	$150,000	$0	$0	$0	$150,000	$0	$150,000
Rehab of Rnwy 8R-26L & Connecting Txwys-Constr Ph 2	2026	43,563	21,608	0	0	21,955	0	43,563
Total Future 2022 projects		$193,563	$21,608	$0	$0	$171,955	$0	$193,563
Total CIP		**$424,148**	**$67,863**	**$97,462**	**$79,419**	**$171,955**	**$7,449**	**$424,148**
					$251,374			

(a) See Table 3-2 for detailed project list.

(b) Assumes a future bond issue in FY 2022, which is reflected in the Annual Debt Service in Chapter 4 of this Report.

(c) Since the completion date for these projects is after the forecast period, the Annual Debt Service associated with them is not included in Chapter 4 of this Report.

Source: Authority

Columns may not add to totals shown because of rounding.

3.3 The 2021 Project

After the Transfer Date, the Authority began to review the best use of certain land on ONT property as well as determine the existing condition of its facilities. As a result, the Authority undertook the airfield pavement management plan, the IT security infrastructure study and planning efforts, and updated its 10-year old ALP. The 2021 Project is being undertaken to implement the recommendations resulting from these studies and to maintain and rehabilitate existing facilities. **Table 3-2** presents the project cost of the 2021 Project sorted by projects that are completed, projects that are in progress, and projects that are in the planning phase. As shown in the table, the 2021 Project is estimated to cost approximately $122.1 million, of which approximately $54.4 million or 45% is complete.

Table 3-2 – The 2021 Project (in 000s)

Project Description	Cost Center	Completion Date	Project Costs
Completed projects			
Rehab Txwy S & W Intersection & Construct Txwy S5	Airfield	Sep-18	$8,471
MAG USA Terminal Lounges	Terminal	Mar-19	3,612
Terminal 1 Apron Rehabilitation	Airfield	Jul-19	4,069
Airfield Markings Project	Airfield	Jan-20	3,000
South Cargo Ramp Expansion	Airfield	Jan-20	2,291
Airfield Pavement Management System	Airfield	Mar-20	1,088
Airport Layout Plan	50/50 Split	May-20	1,117
Northwest Development	Airfield	Dec-20	23,220
Taxiway C	Airfield	Dec-20	3,644
ARFF Vehicles	50/50 Split	Jun-20	441
Modular Facility for Ontario Police	50/50 Split	Sep-20	1,410
Terminal 2 & 4 Escalator Replacement	Terminal	Dec-20	2,000
Subtotal			$54,363
Projects in progress			
Terminal 2 FIS Design	Terminal	Jun-21	$6,000
Install Runway 26R TDZ Lights	Airfield	Jun-21	2,964
Administration bathroom updates	50/50 Split	Jun-21	100
TSA Baggage Scanners	Terminal	Aug-21	4,185
Rehabilitate Taxiway S (Txwy F to Channel)	Airfield	Sep-21	6,510
Runway 26 R ILS Upgrade	Airfield	Jun-22	6,100
Subtotal			$25,859
Projects in the planning phase			
IT Security Infrastructure Study and Planning	50/50 Split	2021-2022	$8,337
Parking Lot Improvements	Terminal	Jun-21	9,000
Airport Drive Rehabilitation	50/50 Split	Jun-21	8,000
Rehab of Rnwy 8R-26L & Connecting Txwys - Environ & Design	Airfield	Jun-21	9,000
Terminal 2 & 4 Modernization and Refresh	Terminal	Jun-21	3,000
CUPPS/CUTE system	Terminal	Mar-21	2,550
Omni Channel Outlet Design & Constr - Ph 1	Terminal	Jun-21	2,000
Subtotal			$41,887
Total 2021 Project (a)			**$122,109**

(a) See Table 3-1.
Source: Authority
Columns may not add to totals shown because of rounding.

The following is a description of the components of the 2021 Project:

Completed Projects

- **Rehabilitation and Construction of Taxiway S and Taxiway W** – constructed a new bypass taxiway (Taxiway S5) connecting Taxiway S to Taxiway W and reconstructed the pavement at the intersection of Taxiway S and Taxiway W in accordance with FAA requirements.

- **MAG USA Terminal Lounges** – provided infrastructure to allow for the construction of common use passenger lounges in Terminals 2 and 4 by MAG USA, a private operator of passenger lounges.

- **Terminal 1 Apron Rehabilitation** – replaced the apron pavement for Gates 1 through 3 at Terminal 1, which is used for cargo operations.

- **Airfield Markings and Painting** – removed and replaced all markings on the airfield to make them compliant with FAA standards.

- **South Cargo Ramp Expansion** – rehabilitation of the south cargo ramp apron and construction of pavement to accommodate tugs for more efficient widebody aircraft parking, including Boeing 767 freighters.

- **Airfield Pavement Management System** – preparation of a report of the existing airside and landside pavement conditions at ONT and recommendations for future projects.

- **Airport Layout Plan (ALP)** – updated geographic information system mapping data, Exhibit A Airport Property Map, and ALP, which is necessary for FAA approval of future projects.

- **Northwest Development** – demolition of the abandoned facilities located on a 51-acre area in the northwest quadrant of ONT to allow for future air cargo development, including the costs associated with the relocation of the cargo carriers currently occupying the site, the compliance with National Environmental Policy Act (NEPA) and California Environmental Quality Act (CEQA), rehabilitation of Building 18, the relocation of trailers, and construction management.

- **Taxiway C** – design and construction of Taxiway C and the design and construction of the new parallel taxilane (Taxilane A) north of and parallel to Taxiway N to support air cargo operations in the northwest quadrant of ONT.

- **Aircraft Rescue and Firefighting (ARFF) Vehicles** –purchase of a new ARFF rapid intervention vehicle, a new passenger stairway truck, and a training vehicle.

- **Modular Facility for Ontario Police Department** – installed a modular building with supporting utility infrastructure and security fence for Ontario's Police Command Center on the north side of ONT.

- **Terminal 2 and 4 Escalator Replacement** –replace all escalator control systems and components including step chains and steps in Terminals 2 and 4. These escalators serve as the primary vertical circulation to get to/from the concourses to the arrivals/departures terminal building.

Projects in Progress

- **Terminal 2 FIS Design** – design of an expansion to Terminal 2 at ONT to accommodate a new International Arrivals/Federal Inspection Services (FIS) Facility, which would include three wide-body aircraft contact gates. This FIS facility would replace the existing International Arrivals Building.

- **Install Runway 26R TDZ Lights** – design and construction work for the installation of new landing lights for Runway 26R.

- **Administration Bathroom Updates** – bring the restrooms in the Authority's administration building up to current Americans with Disabilities Act (ADA) code requirements.

- **TSA Baggage Scanners** –modification of existing equipment to improve the screening of checked baggage.

- **Rehabilitation of Taxiway S (Taxiway F to Channel)** – consists of concrete panel replacements and concrete spall, crack, and joint repairs to extend the useful life of Taxiway S pavement.

- **Runway 26R Instrument Landing System (ILS) Upgrade** – upgrade to ground-based navigational facilities, equipment and infrastructure to support the Instrument Landing Category III approach operations for Runway 26R at ONT.

Projects in the Planning Phase

- **IT Security Infrastructure Study and Planning** – implementation of recommendations of the Airport Security Master Plan completed in 2019 and includes 33 projects related to safety and security, IT, infrastructure, and passenger systems.

- **Parking Lot Improvements** – rehabilitation of the existing surface parking lots located across from Terminal 2 and Terminal 4 and improve the ground transportation and terminal curbs.

- **Airport Drive Rehabilitation** –design and rehabilitation of Airport Drive, which is the north side public access road to the terminal loop. The rehabilitation will involve reconstruction, mill, overlay, and striping.

- **Rehabilitation of Runway 8R-26L and Connecting Taxiways - Environmental and Design** – environmental analysis and the design of the rehabilitation of Runway 8R-26L and the existing connecting taxiways.

- **Terminal 2 and 4 Modernization and Refresh** – install energy efficient lighting to replace the 20-year old lights, update the way finding signage, and provide charging stations in gate areas.

- **Common Use Passenger Processing System Equipment (CUPPS)/Common Use Terminal Equipment (CUTE) System** – installation of common use equipment in Terminal 2 to provide for shared use by multiple airlines of the ticket counters and four common use gates.

- **Omni Channel Outlet** – Design and construction of an omni-channel retail store and semi-permanent "pop up" stores in Terminal 4. This project also includes the relocation of the travelers' aid counter to accommodate the new store in Terminal 4.

3.4 Plan of Finance

The 2021 Project is estimated to cost approximately $122.1 million and is anticipated to be funded $24.6 million with AIP grants and $97.5 million with the Series 2021 Bonds. **Table 3-3** presents the anticipated plan of finance for the 2021 Project.

Table 3-3 – Plan of Finance for the 2021 Project (in 000s)

Project Description	Cost Center	Completion Date	Project Costs (a)	Funding Sources			
					Series 2021 Bonds (b)		
				AIP Grants	PFC-eligible	Non PFC	Total
Completed projects							
Rehab Txwy S & W Intersection & Construct Txwy S5	Airfield	Sep-18	$8,471	$6,757	$1,714	$0	$8,471
MAG USA Terminal Lounges	Terminal	Mar-19	3,612	0	0	3,612	3,612
Terminal 1 Apron Rehabilitation	Airfield	Jul-19	4,069	3,341	728	0	4,069
Airfield Markings Project	Airfield	Jan-20	3,000	0	0	3,000	3,000
South Cargo Ramp Expansion	Airfield	Jan-20	2,291	1,670	621	0	2,291
Airfield Pavement Management System	Airfield	Mar-20	1,088	710	378	0	1,088
Airport Layout Plan	50/50 Split	May-20	1,117	900	217	0	1,117
Northwest Development	Airfield	Dec-20	23,220	0	0	23,220	23,220
Taxiway C	Airfield	Dec-20	3,644	0	3,644	0	3,644
ARFF Vehicles	50/50 Split	Jun-20	441	0	441	0	441
Modular Facility for Ontario Police	50/50 Split	Sep-20	1,410	0	0	1,410	1,410
Terminal 2 & 4 Escalator Replacement	Terminal	Dec-20	2,000	0	0	2,000	2,000
Subtotal			$54,363	$13,378	$7,743	$33,242	$54,363
Projects in progress							
Terminal 2 FIS Design	Terminal	Jun-21	$6,000	$0	$6,000	$0	$6,000
Install Runway 26R TDZ Lights	Airfield	Jun-21	2,964	2,182	782	0	2,964
Administration bathroom updates	50/50 Split	Jun-21	100	0	0	100	100
TSA Baggage Scanners	Terminal	Aug-21	4,185	3,976	0	209	4,185
Rehabilitate Taxiway S (Txwy F to Channel)	Airfield	Sep-21	6,510	5,111	1,399	0	6,510
Runway 26 R ILS Upgrade	Airfield	Jun-22	6,100	0	6,100	0	6,100
Subtotal			$25,859	$11,269	$14,281	$309	$25,859
Projects in the planning phase							
IT Security Infrastructure Study and Planning	50/50 Split	2021-2022	$8,337	$0	$0	$8,337	$8,337
Parking Lot Improvements	Terminal	Jun-21	9,000	0	0	9,000	9,000
Airport Drive Rehabilitation	50/50 Split	Jun-21	8,000	0	0	8,000	8,000
Rehab of Rnwy 8R-26L & Connecting Txwys - Environ & Design	Airfield	Jun-21	9,000	0	9,000	0	9,000
Terminal 2 & 4 Modernization and Refresh	Terminal	Jun-21	3,000	0	0	3,000	3,000
CUPPS/CUTE system	Terminal	Mar-21	2,550	0	2,550	0	2,550
Omni Channel Outlet Design & Constr - Ph 1	Terminal	Jun-21	2,000	0	0	2,000	2,000
Subtotal			$41,887	$0	$11,550	$30,337	$41,887
Total 2021 Project (a)			**$122,109**	**$24,647**	**$33,574**	**$63,888**	**$122,109**
					$97,462		
Summary by cost center							
Airfield			$80,059		$24,695	$35,143	
Terminal			42,049		8,879	28,745	
Total by cost center			$122,109		$33,574	$63,888	
Allocation percentage for debt service							
Airfield					73.6%	55.0%	
Terminal					26.4%	45.0%	
Total					100.0%	100.0%	

(a) See Table 3-2.
(b) The $97.5 million in Series 2021 Bonds will retire $34.7 million of the Subordinated Series 2019 Note and $62.8 million of 2021 Project costs. See Table 4-2.
Source: Authority
Columns may not add to totals shown because of rounding.

The funding sources for the 2021 Project are described as follows:

3.4.1 AIP Grants

As shown in **Table 3-3**, the Authority anticipates that approximately $24.6 million in AIP grants will fund the 2021 Project, all of which are under grant contract. Grants administered by the FAA through the AIP are a critical capital funding source to implement the projects recommended in the CIP. Passenger entitlement grants are allocated to airports by a formula based on enplanements, cargo entitlement grants are allocated based on historical landed weight market share, and discretionary grants are allocated in accordance with FAA guidelines.

FAA grants are subject to annual Congressional appropriation. The AIP expires periodically and federal reauthorization is required to continue. In October 2018, Congress passed a five-year reauthorization bill for the FAA — the FAA Reauthorization Act of 2018. Despite the multi-year reauthorization, the FAA must receive annual appropriation approval from Congress. This occurred on December 27, 2020 when the CAA was signed into law fully funding the AIP at $3.35 billion, and providing an additional $400 million in general-fund revenue specifically for additional AIP discretionary grants available to all size airports. The CAA also includes a provision that requires the FAA to use the highest enplanement numbers of CY 2018, CY 2019, or the prior calendar year when calculating federal fiscal years 2022 and 2023 AIP entitlements, ensuring that airports do not see a significant drop in entitlements because of the decrease in enplaned passengers related to COVID-19.

The U.S. DOT classifies ONT as a medium-hub primary airport. Therefore, the AIP formula stipulates that ONT is entitled to receive 75% in federal funding for AIP-eligible projects. AIP funds can be used for many improvement needs, but not operating costs. AIP funds are typically not available for revenue-generating projects. The PFC legislation stipulates that a medium hub airport must forego 75% of its annual AIP entitlement funds if an airport collects $4.50 per enplaned passenger. Since ONT collects the $4.50 per enplaned passenger, its annual AIP funds are reduced. In federal fiscal year 2020, ONT was apportioned approximately $1.4 million in passenger entitlements, which was based on CY 2018 enplaned passengers.

ONT also receives cargo entitlement grants. In 2020, the FAA apportioned total entitlements of $3.2 billion, of which 3.5% is allotted for cargo entitlements, or $111 million. This amount is then allocated to airports on a pro-rata basis according to an airport’s share of total U.S. landed weight. In CY 2018, ONT’s landed weight was 2.41% of total U.S. landed weight, therefore, ONT was apportioned approximately $2.7 million in cargo entitlements in federal fiscal year 2020.

The Authority used approximately $6.6 million of its CARES Act grants to reimburse itself for M&O Expenses in FY 2020 and intends on using the remaining $15.6 million to reimburse itself for M&O Expenses in FY 2021, therefore, none of these funds are assumed to fund the 2021 Project.

3.4.2 Series 2021 Bonds

A portion of the proceeds of the Series 2021 Bonds will be used to fund approximately $24.8 million of the LAWA repayment and approximately $97.5 million in project costs and contingencies for the 2021 Project (see **Table 3-3**), which are discussed in greater detail in the following paragraphs.

3.4.2.1 LAWA Repayment

In September 2016, the FAA approved an amendment to PFC Application #16-05-C-00-ONT to include the collection and use of an additional $70 million of ONT PFCs for eligible projects at LAX on a pay-as-you-go basis, increasing the total approved PFC amount to approximately $117.3 million (PFC Application #16-05-C-01-ONT). As part of the transfer to the Authority, LAWA required assurance that the Authority would continue to use its PFCs to fund the $70 million of LAX projects, which needs to be paid by the 10^{th} anniversary date of the Transfer Date. As of September 2020, the Authority owes approximately $24.8 million of the $70 million to LAWA. As a condition of the Indenture, the Authority can only issue Additional Bonds upon payment in full of the LAWA repayment and is prohibited under the Settlement Agreement from selling certain parcels of land without the sale proceeds being applied to the LAWA repayment obligation until the obligation is paid in full. The Authority intends on using a portion of the Series 2021 Bonds to fund the remainder of the LAWA repayment. By satisfying the LAWA repayment, the Authority is no longer committed to using any of its annual PFC revenues toward the LAWA repayment thus freeing up PFC cash flow for the eligible portions of the 2021 Project and is no longer restricted from issuing the Series 2021 Bonds on a senior lien basis.

Since PFC Application #16-05-C-01-ONT was only for pay-as-you-go eligibility, an amendment was required to allow for the eligibility of the financing and interest costs related to the Series 2021 Bonds. In April 2020, the Authority submitted an amendment to the FAA for PFC Application #16-05-C-01-ONT, which was subsequently approved in May 2020. For future reference, this amendment is identified as PFC Application #16-05-C-02-ONT.

3.4.2.2 2021 Project Funding

In May 2019, the Authority issued the Subordinated Series 2019 Note to provide short-term financing for the 2021 Projects that were in progress at that time. A portion of the Series 2021 Bonds will be used to retire approximately $34.7 million outstanding on the Subordinated Series 2019 Note, as well as fund approximately $62.8 million of the remainder of the 2021 Project, for the funding of a total of $97.5 million of the 2021 Project.

As shown in **Table 3-3**, the Authority anticipates that approximately $33.6 million of the 2021 Project is PFC-eligible, requiring a new PFC application. On May 1, 2020, the Authority submitted PFC Application #20-06-C-00-ONT to the FAA to fund the PFC-eligible portions of the 2021 Project, including the financing and interest costs. On May 29, 2020, the Authority received notification from the FAA that the application was determined to be substantially incomplete. On June 2, 2020, the Authority notified the FAA of its intent to supplement PFC Application #20-06-C-00-ONT with the understanding that this notification will pause the requirement that the FAA issues an approval or disapproval of the application within the 120 days. The Authority intends on supplementing PFC Application #20-06-C-00-ONT in FY 2021, which would resume the 120 day approval or disapproval period by the FAA. Current PFC collections are not impacted by the approval of this application since PFC Application #16-05-C-02-ONT does not expire until September 30, 2028.

Chapter 4 includes a forecast of the potential PFC revenues at ONT, as well as the PFC-eligibility percentages of the Series 2021 Bond Annual Debt Service. The analysis assumes PFC Application #20-06-C-00-ONT will be approved, and therefore, only the non-PFC eligible portion of the Series 2021 Bond Annual Debt Service (or 52.6%) is included in the airlines' rate base. However, since the application is not yet approved, the financial analysis also presents a sensitivity test that includes 100% of the debt service related to the 2021 Project in the airline rate base.

3.5 Summary

This chapter presents the need and funding sources for the 2021 Project. The Annual Debt Service associated with the issuance of the Series 2021 Bonds is presented in Chapter 4 of this Report, including compliance with the Rate Covenant requirement established by the Master Indenture.

4. Financial Analysis

This chapter examines the financial structure of the Authority, as well as the projections of PFC revenues, M&O Expenses, operating revenues, and debt service. The reasonableness of the user fees, including Signatory Airline CPE, and estimates of Net Pledged Revenues, including compliance with the Rate Covenant requirement established by the Master Indenture, are also discussed.

The FY 2018 through FY 2020 numbers included in this chapter are as presented in the ONT Audited Financial Report for the corresponding years. The FY 2021 amounts are as presented in the FY 2021 annual budget for the Authority approved on August 5, 2020 (FY 2021 Budget). The forecast period for this analysis consists of FY 2022 through FY 2025. All financial tables are included at the end of this chapter.

4.1 The Authority

The Authority was organized on August 27, 2012, under a joint powers' agreement between the Ontario and the San Bernardino pursuant to California Government Code Section 6500 for the purpose of acquiring ONT from LAWA. The Authority acquired substantially all assets and liabilities of ONT on the Transfer Date pursuant to the Settlement Agreement. The Authority assumed the responsibility for the operation, maintenance, management, administration, development and marketing of ONT on the Transfer Date. The Settlement Agreement provides for a schedule of payments by the Authority to LAWA as compensation for the transfer of ONT to the Authority, including from cash on hand and PFC revenues received or to be received by the Authority. All amounts owed to LAWA under the Settlement Agreement have been paid by the Authority except approximately $24.8 million (as of September 2020), which is to be paid from the proceeds of the Series 2021 Bonds.

As a condition of the change in control of the operations of ONT, the Authority was required to obtain approval from the FAA in the form of a certificate authorizing the Authority to operate ONT pursuant to Title 14, Code of Federal Regulations Part 139. The Authority successfully obtained its Part 139 Certification prior to the acquisition on the Transfer Date.

The Authority is governed by a commission of five members, each serving in his or her individual capacity. Two members are appointed from the Ontario City Council, one member from the San Bernardino County with the remaining two members prominent citizens of the community-at-large. The member appointed by San Bernardino County must be the Supervisor of the San Bernardino County Board of Supervisors representing the supervisorial district in which ONT is located.

4.2 Indenture

The proposed Series 2021 Bonds will be issued under the Master Indenture, as supplemented and amended. The term Bonds as used in this Report means Outstanding Bonds, the proposed Series 2021 Bonds, and any Additional Bonds hereafter issued under the Indenture. The Outstanding Bonds and the proposed Series 2021 Bonds are secured by a pledge of and first lien on Net Pledged Revenues, which equals Pledged Revenues less M&O Expenses and are also secured by amounts held in certain funds and accounts pursuant to the Indenture. Pledged Revenues are defined in the Master Indenture to include airline landing fees and terminal rentals, concession revenues, land rentals, and other income resulting from the operation of ONT. Net Pledged Revenues are available for the equal and proportionate benefit of all Bonds. PFC and CFC revenues are excluded from Net Pledged Revenues under the Indenture, unless specifically so designated, and are not pledged to secure Bonds. Under the Master Indenture, funds such as the CARES Act grants, ACRGP funds, and ARPA funds are included in the definition of Net Pledged Revenues. Subordinated Obligations are bonds or other obligations with a lien or security interest in the Net Pledged Revenues subordinate to the Bonds.

Under Section 5.04(a) Rate Covenant of the Master Indenture, the Authority covenants that, while any of the Bonds remain outstanding it shall establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with ONT and for services rendered in connection therewith, so that Pledged Revenues in each Fiscal Year will be at least equal to the required deposits and transfers. The Authority further covenants that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with ONT and for services rendered in connection therewith, so that during each Fiscal Year the Net Pledged Revenues will be equal to at least 125% of Aggregate Annual Debt Service for that Fiscal Year. In determining compliance with the foregoing covenant, the Authority may take into account the amount, if any, related to coverage paid in a prior Fiscal Year that is available in the current Fiscal Year not to exceed 25% of Aggregate Annual Debt Service.

4.3 Airline Agreement

The Airline Agreements between the Authority and the Signatory Airlines expire on September 30, 2024. Article V of the Airline Agreements describes the method for the calculation of the rents, fees, and charges of the Signatory Airlines for the use of the facilities, rights, licenses, and privileges to operate at ONT, which is a residual rate-setting methodology. The Signatory Airlines include nine passenger carriers (Alaska, American, China Airlines, Delta, Frontier, JetBlue, Southwest, United, and Volaris) and five all-cargo carriers (ABX Air, Air Transport International, Atlas Air, FedEx, and UPS). The Non-signatory airlines pay a landing fee that is 1.25 times and a terminal rental rate that is 1.10 times the rates paid by Signatory Airlines. The smaller all-cargo carriers shown on Table 2-6 are the only Non-Signatory Airlines currently operating at ONT. Although the Airline Agreements expire during the forecast period, the rate-setting methodologies outlined in the current Airline Agreements are assumed to be extended throughout the forecast period.

According to Section 6.02 of the Airline Agreements, ONT is required to annually submit its capital projects to the Signatory Airlines for approval. Within 45 days of the submittal, the Signatory Airlines are required to notify ONT as to whether or not those projects requiring a Majority-In-Interest (MII) vote, have been approved. Each project shall be deemed approved unless written disapproval is evidenced by the Signatory Airlines. MII is defined in the Airline Agreements with respect to the airfield as any combination of the Signatory Airlines that together have landed more than 50% of the landed weight during the most recent six-month period and represent more than 50% in number of the Signatory Airlines, and with respect to the terminal any combination of the Signatory Airlines that account for more than 50% of the enplanements during the most recent six-month period and represent more than 50% in number of the Signatory Airlines with enplanements. After six months, ONT may resubmit any project not approved by the MII for consideration by the Signatory Airlines for response within 30 days. If the Signatory Airlines disapprove a project for the second time, ONT may undertake the project after waiting an additional six months.

According to Section 6.03 of the Airline Agreements, ONT may use any available funds in the Airport Discretionary Account to fund capital projects without MII. The Airport Discretionary Account is capped at $6 million subject to a Consumer Price Index (CPI) adjustment. As a result of the CPI adjustment, the maximum balance in the Airport Discretionary Account as of June 30, 2020 is approximately $10.4 million. If funds are used from this account for the CIP, the balance is required to be replenished pursuant to Section 5.05 and Section 5.06 of the Airline Agreements. According to these sections, the Signatory Airlines' rate base is increased by $1.5 million annually, allocated equally between the airfield and terminal, until the required balance has been reached. The Authority can also proceed with any capital project of $250,000 or less without any approval from the Signatory Airlines and include the cost in the calculation of the rates and charges.

The Terminal 2 and 4 modernization and refresh, parking lot improvements, and IT infrastructure and planning projects have not yet received MII approval. These projects total approximately $20.3 million or 16.7% of the 2021 Project costs. The Authority anticipates having MII approval for these projects by the third quarter FY 2021. This analysis assumes that such approval is received and the Annual Debt Service associated with these projects is funded through rates and charges. The Omni Channel design and construction does not have MII approval, however, the Authority is funding the Annual Debt Service associated with those projects from the Airport Discretionary Account. The Authority has attained all the required MII approvals for the remainder of the 2021 Project. If the Authority does not receive all necessary MII approvals for the 2021 Project, it may either fund the project using Airport Discretionary Account or through airline rates and charges pursuant to Section 6.02 of the Airline Agreement as described above; however, this analysis assumes that the Annual Debt Service associated with 2021 Project is funded through rates and charges.

4.4 Customer Facility Charges (CFCs)

In accordance with California Civil Code Section I936(m) et seq., the Authority imposes a CFC of $10.00 per rental car contract to finance the planning, design, and construction of a the CONRAC. Cash and receivables from such revenues are maintained as a separate reserve and are restricted for the CONRAC project. CFC revenues are used to fund the M&O expenses and Series 2016 Bond Annual Debt Service associated with the CONRAC.

In FY 2020, the Authority collected approximately $3.4 million in CFC revenue and maintained a balance in the CFC Account as of June 30, 2020 of approximately $4.8 million. Primarily as a result of COVID-19, CFC revenue is budgeted to decrease to approximately $1.9 million in FY 2021, which is sufficient to fund the budgeted CONRAC M&O expenses of $649,000 and the Series 2016 Bond Annual Debt Service of approximately $586,000. While future CFCs may be available to fund certain projects in the CIP, CFCs are not assumed as a funding source of the CIP.

4.5 COVID-19 Relief Legislation

On March 27, 2020, the CARES Act was signed into law, which included, among other things, the award of certain grants to the operators of all U.S. airports, including ONT, provided such airports continued to employ, through December 31, 2020, at least 90% of the number of individuals employed as of March 27, 2020. The CARES Act provided $10 billion to eligible U.S. airports to prevent, prepare for, and respond to the impacts of the COVID-19. The CARES Act divides the $10 billion into four separate groups:

- **Group 1** – at least $500 million to increase the Federal share to 100% for FY 2020 AIP and FY 2020 Supplemental Discretionary grants (note that this amount was not included in the grant amounts provided by FAA on April 14, 2020);

- **Group 2** – at least $7.4 billion to Commercial Service Airports based 50% on each airport's percentage of enplanements for all commercial service airport CY 2018 enplanements, 25% on airports' percentage of debt service for the combined debt service for all commercial service airports for FY 2018, and 25% on airports' ratio of FY2018 unrestricted reserves to its debt service;

- **Group 3** – up to $2 billion for Primary Commercial Airports based on entitlement grant formula; and

- **Group 4** – at least $100 million for General Aviation Airports.

On April 14, 2020, the FAA provided the Group 2 and Group 3 CARES Act grant amounts by airport and ONT was awarded $22,184,140. The Authority used approximately $6.6 million of these funds to reimburse itself for M&O Expenses in FY 2020 and intends on using the remaining $15.6 million to reimburse itself for M&O Expenses in FY 2021. The Authority is reserving all of its 2020 entitlement grants for future use; and therefore, did not qualify for Group 1 CARES Act funds.

On December 27, 2020, the CAA was signed into law providing airports with an additional $2 billion in general fund revenues as further economic relief to assist eligible airports as they continue to respond to COVID-19. As a condition of accepting these funds, airports would be required to continue to retain at least 90% of the number of individuals employed as of March 27, 2020 through September 30, 2021. The $2 billion is allotted as follows:

- **Primary Airports** – Not less than $1.75 billion is set aside for primary airports, which includes ONT, and certain cargo airports, for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments. The FAA will distribute the funds first using AIP passenger and cargo entitlement formulas and then based on CY 2019 enplanements.

- **General Aviation Airports** – Up to $45 million would be set aside for general aviation airports for costs related to operations, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments.

- **Concessions** – Not less than $200 million would be set aside for primary airports, which includes ONT, to provide rent and MAG relief to on-airport car rental, on-airport parking, and in-terminal airport concessions from the date of enactment.

On February 12, 2021, the FAA established the ACRGP to distribute the CAA funds, of which $8,782,977 was allocated to ONT. The Authority has not yet received or determined the use of these funds, and therefore, they are not reflected in this analysis.

On March 11, 2021, the ARPA was signed into law providing airports an additional $8 billion in emergency relief as they continue to respond to COVID-19. Approximately $6.5 billion is set aside for primary airports, which includes ONT, and certain cargo airports, for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments. The FAA will distribute the funds based on CY 2019 enplanements. The FAA has not provided the ARPA grant amounts by airport as of the date of this Report; therefore, the amount ONT will receive is not yet known and is not reflected in this analysis.

4.6 Aggregate Annual Debt Service

In November 2016, the Authority issued the Series 2016 Bonds to discharge the LAWA issued $83,720,000 Ontario International Airport Refunding Revenue Bonds, Series 2006A (Tax-Exempt) and $6,435,000 Ontario International Airport Refunding Revenue Bonds, Series 2006B (Taxable) (individually the Series 2006A Bonds and the Series 2006B Bonds, and collectively the Series 2006 Bonds). The Series 2006A Bonds were issued to refinance the construction of certain improvements at ONT including the construction of Terminals 2 and 4, a new circulation loop roadway system, three new parking lots, and a new major drainage system. The Series 2006B Bonds were issued to fund the CONRAC. **Table 4-1** presents Annual Debt Service for the Series 2016 Bonds, which are the only Outstanding Bonds of the Authority currently in the principal amount of $33,395,000. As shown in the table, the Series 2016 Bond Annual Debt Service averages approximately $6.1 million annually, of which approximately $5.5 million is funded through the Signatory Airlines' terminal rental rate and $588,000 with CFC revenue.

On January 28, 2021, the Board authorized the issuance of the Series 2021 Bonds in a par amount not to exceed$150,000,000. For this analysis, the Series 2021 Bonds are estimated to be issued in a par amount of $118.2 million. The proceeds of the Series 2021 Bonds will be used to fund:

- approximately $24.8 million for the remainder of the LAWA repayment under the Settlement Agreement;

- approximately $34.7 million to retire the outstanding Subordinated Series 2019 Note used to fund a portion of the 2021 Project, as well as fund approximately $62.8 million of the remainder of the 2021 Project, for the funding of a total of $97.5 million of the 2021 Project; and

- capitalized interest through a project's date of completion, a debt service reserve account, and costs of issuance.

The sources and uses of funds used to determine the Annual Debt Service associated with the issuance of the Series 2021 Bonds is presented in **Table 4-2**.

Table 4-3 presents the assumed Annual Debt Service for the Series 2021 Bonds. Forecast amounts for the Series 2021 Bonds were provided by the Authority's underwriter, Morgan Stanley & Co. LLC, which reflects an all-in true interest cost of 3.32% and a May 15, 2051 final maturity. As shown in the table, the proposed Series 2021 Bond Debt Service Requirement (net of capitalized interest) is estimated to be $678,000 in FY 2021, increasing to approximately $7.4 million by FY 2027.

As described in Chapter 3 of this Report, the Authority intends on using PFC revenues to pay the eligible portion of the Series 2021 Bond Annual Debt Service. All of the $24.8 million for the LAWA repayment and approximately $33.6 million of the 2021 Project is PFC eligible subject to approval of PFC Application #20-06-C-00-ONT. As shown in **Table 4-3**, PFC-eligible debt service totals approximately $100.9 million through the term of the proposed Series 2021 Bonds, or 47.4% of the Series 2021 Bond Annual Debt Service. **Table 4-4** presents the availability of PFC revenues to fund the eligible portions of the Series 2021 Bond Debt Service Requirement, assuming PFC Application #20-06-C-00-ONT is approved. As shown in the table, the Authority is forecast to collect the required $100.9 million in PFC revenues by November 2029, which is FY 2030.

The non-PFC portion, or approximately 52.6% of the Series 2021 Bond Annual Debt Service, is allocated to the Signatory Airlines' landing fee and terminal rental rate based on the location of the project, which is identified in **Table 3-3**. As shown in that table, 55% of the non-PFC portion of the Series 2021 Bond Annual Debt Service is expected to be paid through the landing fee and 45% through the terminal rental rate. Since PFC Application #20-06-C-00-ONT is not yet approved, a sensitivity test was prepared that includes 100% of the debt service related to the 2021 Project in the airline rate base. A detailed discussion of this sensitivity test can be found at the end of this chapter.

As shown in **Table 3-1**, approximately $251.4 million of the future CIP is anticipated to be funded with future bonds. Of this amount, approximately $79.4 million is assumed to be issued in FY 2022, which is within the forecast period; and therefore, the corresponding Annual Debt Service is reflected in the financial analysis of this Report. The remaining $172.0 million is assumed to be issued in FY 2026, which is after the forecast period, and therefore, the corresponding Annual Debt Service is not reflected in this Report. **Table 4-5** presents the assumed future Series 2022 Bond Debt Service. As shown in the table, the proposed Series 2022 Bond Annual Debt Service (net of capitalized interest) is estimated to be approximately $4.9 million annually beginning in FY 2024 allocated 85.3% to the airfield and 14.7% to the terminal.

4.7 Other Obligations

As part of its internal financing plan, the Authority utilizes notes payable to fund smaller capital items at ONT. **Table 4-6** presents the obligation associated with those notes payable. As shown in the table, the Authority currently has outstanding notes payable that funded its Workday Accounting Software, various parking infrastructure improvements, vehicle fleet, and the purchase of ARFF vehicles. Since the Series 2019 Note is being retired with the Series 2021 Bonds, it is not included on **Table 4-6.**

4.8 M&O Expenses

ONT is reported as an enterprise fund and maintains its records on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States as promulgated by the Governmental Accounting Standards Board. Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

ONT distinguishes between operating expenses and non-operating expenses. Operating expenses generally result from providing services, and producing and delivering goods in connection with ONT's principal ongoing operations. All expenses not meeting this definition are reported as non-operating expenses. ONT's major operating expenses include salaries and employee benefits, fees for contractual services related to security and parking management, and other expenses such as maintenance, insurance, and utilities. M&O Expenses are allocated approximately 35.5% to the airfield and 64.5% to the terminal. The airlines at ONT have created a consortium (ONT-TEC) that provides custodial, grounds keeping, and terminal maintenance at ONT. These costs are not included in the Authority's M&O Expense; and therefore, not included in the CPE.

Table 4-7 presents historical and projected M&O Expenses. As shown in the table, historical M&O Expenses were approximately $67.8 million in FY 2019 and $69.0 million in FY 2020 and are budgeted to decrease by 11.0% to approximately $61.4 million in FY 2021. This decrease is primarily the result of the Authority's response to the travel restrictions resulting from COVID-19. This response included, but is not limited to, a renegotiation with the Ontario police department to reduce staffing requirements and a reduction in staff and operations of the parking shuttle buses due to lower enplaned passengers. The Authority used approximately $6.6 million of the CARES Act grants to reimburse itself for M&O Expenses in FY 2020 and budgeted to use the remaining $15.6 million to reimburse itself for M&O Expenses in FY 2021. As activity returns to ONT, M&O Expenses are forecast to increase greater than inflation, which is assumed for this analysis to be 3%. As a result, M&O Expenses are estimated to be approximately $75.6 million in FY 2025, reflecting a 5.3% CAGR from FY 2021 to FY 2025.

4.9 Operating Revenues

ONT operating revenues are derived primarily from rentals, fees, and charges paid for the use and occupancy of ONT, including landing fees, terminal rents, and other charges payable by Signatory Airlines under the Airline Agreements, public parking revenues, rental car revenues, and fees paid by concessionaires.

The following table presents enplaned passengers and the largest non-airline revenue sources from March 2020 through December 2020. As shown, FY 2020 enplaned passengers were down 17.6% over FY 2019 primarily due to COVID-19; however, rental car, ground transportation, and gifts and news revenues were up over FY 2019 and parking and food and beverage were only down 1.9% and 1.5%, respectively. As also shown, all of the revenue sources shown are down in FY 2021 through December 2020 when compared to the prior period but at a lower rate than enplaned passengers, with the exception of ground transportation.

	in (000s)																							
Time Period	Enpl Pass-engers (a)	% change	% change over prior period	Parking	% change	% change over prior period	Rental Car	% change	% change over prior period	Ground Trans	% change	% change over prior period	Food & Beverage	% change	% change over prior period	Gifts & News	% change	% change over prior period
Mar-20	117	-44.0%		$1,122	-30.5%		$496	-29.3%		$85	-60.8%		$95	-19.8%		$60	-43.4%	
Apr-20	14	-87.6%		$140	-87.5%		$497	0.2%		$15	-82.6%		$91	-3.6%		$11	-81.6%	
May-20	35	143.7%		$266	89.9%		$499	0.4%		$46	211.5%		$94	2.4%		$29	157.8%	
Jun-20	72	103.9%		$544	104.5%		$517	3.6%		$82	76.4%		$94	0.6%		$56	94.7%	
FY 2020 (b)	2,169		-17.6%	$17,601		-1.9%	$7,383		0.1%	$2,095		37.9%	$1,384		-1.5%	$1,081		8.1%
FYTD 2021																		
Jul-20	88	22.7%	-64.3%	$845	55.3%	-54.2%	$517	-0.1%	-23.2%	$64	-22.2%	-68.9%	$93	-0.8%	-25.7%	$69	24.6%	-43.4%
Aug-20	98	10.9%	-61.0%	$782	-7.4%	-55.5%	$520	0.6%	-24.5%	$42	-34.0%	-82.6%	$94	0.8%	-28.9%	$74	6.9%	-40.3%
Sep-20	98	-0.3%	-58.8%	$950	21.4%	-46.6%	$512	-1.4%	-18.4%	$45	5.7%	-79.9%	$94	0.1%	-26.0%	$71	-4.2%	-39.7%
Oct-20	109	11.4%	-56.8%	$953	0.4%	-66.6%	$512	0.0%	-22.6%	$49	9.0%	-77.7%	$97	3.2%	-25.2%	$73	2.9%	-39.8%
Nov-20	105	-3.7%	-58.2%	$837	-12.2%	-53.4%	$413	-19.3%	-40.8%	$49	1.9%	-76.3%	$77	-21.3%	-41.2%	$65	-11.1%	-43.9%
Dec-20	94	-10.0%	-63.2%	$925	10.5%	-59.6%	$346	-16.3%	-46.5%	$44	-11.3%	-79.6%	$78	2.4%	-40.4%	TBP	TBP	TBP
6 month total	592		-60.4%	$5,291		-57.0%	$2,821		-29.4%	$292		-77.7%	$534		-31.3%	$352		-41.4%

(a) See Table 2-9.
(b) See Table 4-8.

Source: Authority records

Columns may not add to totals shown because of rounding.

Table 4-8 presents historical and forecast operating revenues for ONT. As shown in the table, total operating revenues were approximately $72.8 million in FY 2019 and $81.4 million in FY 2020 and are budgeted to decrease to approximately $71.5 million in FY 2021. This 12.2% decrease from FY 2020 to FY 2021 is primarily the result of the continued impact of COVID-19. Total operating revenues are forecast to increase to approximately $89.8 million in FY 2025, reflecting a CAGR rate of 5.9% from FY 2021 to FY 2025.

The following table presents the operating revenues for actual FY 2020. As shown, airline revenues represented approximately 41.2% of ONT's revenues in FY 2020 with non-airline revenue accounting for approximately 58.8%. A detailed discussion of the operating revenues at ONT is presented in the following subsections.

Revenue Type	Actual FY 2020 (in 000s)	% to Total	% of Total Non-airline Revenues
Airline			
Landing fees			
Cargo	$9,485	11.6%	
Passenger	4,803	5.9%	
Airline terminal rentals	15,913	19.5%	
FIS use fee	698	0.9%	
Gate use and jet bridge fee	2,606	3.2%	
Total airline revenue	**$33,505**	**41.2%**	
Non-airline			
Facility & land rents			
Non-airline facility & land rents			
FedEx	$1,270	1.6%	2.7%
TSA	1,045	1.3%	2.2%
UPS	838	1.0%	1.7%
FBO	746	0.9%	1.6%
Other	2,847	3.5%	5.9%
CONRAC facility & land rentals	1,402	1.7%	2.9%
Subtotal	$8,148	10.0%	17.0%
Parking	$17,601	21.6%	36.7%
Rental car	$7,383	9.1%	15.4%
Concession revenue			
Ground transportation	$2,095	2.6%	4.4%
Terminal concessions			
Food and beverage	1,384	1.7%	2.9%
Gifts and news	1,081	1.3%	2.3%
Advertising revenue	495	0.6%	1.0%
Other concession revenues	105	0.1%	0.2%
Total terminal concessions	$3,065	3.8%	6.4%
Subtotal	$5,161	6.3%	10.8%
Operating grants	$559	0.7%	1.2%
CARES Act Funds	$6,567	8.1%	13.7%
Other aeronautical revenues	$2,071	2.5%	4.3%
Non-signatory landing fees	$423	0.5%	0.9%
Total non-airline revenue	**$47,913**	**58.8%**	**100.0%**
Total operating revenues	**$81,418**	**100.0%**	

Source: Authority financial records

4.9.1 Airline Revenues

Landing fees and terminal rentals are charged to the airlines for the use of airfield and terminal facilities at ONT. According to Article V of the Airline Agreements, landing fees and terminal rentals charged to the Signatory Airlines are calculated based on a residual rate-setting methodology. Under this methodology, ONT sets the airlines' landing fees and terminal rental rates to provide the revenue needed to offset the difference between ONT's total operating and debt service expenses and the revenues collected from other sources, such as concession, parking and other rental revenue. The Airline Agreements also allow the Authority to include the amounts necessary to comply with the Rate Covenant. The Airline Agreements expire on September 30, 2024. The rate-setting methodologies outlined in the current Airline Agreements are assumed to be extended throughout the forecast period. Since the Authority has a residual rate-setting methodology, any decrease in non-airline revenues due to COVID-19 are mitigated by an increase in airline revenues.

In response to the significant decline in aviation activity resulting from COVID-19, the Authority used approximately $6.6 million of the CARES Act grants to reimburse itself for M&O Expenses in FY 2020 and budgeted to use the remaining $15.6 million to reimburse itself for M&O Expenses in FY 2021 instead of increasing airline rates and charges.

To further assist the airlines, the Authority deferred the March, April, and May 2020 landing fee and terminal rental rate payments for 90 days all of which have subsequently been paid. No other deferrals were granted to the Signatory Airlines and none are assumed in the projection of revenues.

Table 4-9 presents the landing fee calculation. As shown, the landing fee rate is budgeted to be $1.84 per 1,000 pounds of landed weight in FY 2021, which is budgeted to generate approximately $12.6 million in total landing fee revenue of which $8.6 million is from the Signatory all-cargo carriers, $3.6 million is from the Signatory passenger carriers, and $382,000 is from Non-Signatory carriers. The landing fee is forecast to increase to a maximum of $2.62 per 1,000 pounds of landed weight in FY 2024 primarily as a result of the estimated future Annual Debt Service and then decrease to $2.50 per 1,000 pounds of landed weight in FY 2025.

Table 4-10 presents terminal rental rate calculations. As shown, the terminal rental rate is budgeted to be $99.38 per square foot in FY 2021 and increases to $157.44 per square foot in FY 2022 primarily as a result of no additional federal relief grants to offset forecasted decreases in non-airline revenues resulting from enplaned passengers that are lower than pre-COVID-19 levels. The terminal rental rate decreases to a low of $116.92 per square foot in FY 2025 as concession revenues continue to recover to pre-COVID levels.

The airlines also pay a gate use/jet bridge fee and a FIS use fee at ONT. The gate use/jet bridge fee is assessed to airlines that utilize the common use gates in Terminal 2 and Terminal 4. The

FIS use fee is $10.00 per deplaning passenger assessed to the airlines using the International Arrivals Terminal.

Table 4-11 presents the detailed Signatory Airline CPE calculation for ONT. As shown in the following table, the Signatory Airline CPE is budgeted to be $15.40 per enplaned passenger in FY 2021 and is forecast to increase to a high of $16.18 per enplaned passenger in FY 2022, which reflects enplaned passengers that are lower than pre-COVID-19 levels and no federal relief grants. The actual FY 2022 CPE may be lower due to the administering of the COVID-19 vaccinations increasing the propensity to travel by air, the use of approximately $8.8 million of ACRGP funds, ARPA funds, and future federal relief. The Signatory Airline CPE decreases thereafter to $9.34 per enplaned passenger by FY 2025.

FY	CPE	FY	CPE
Historical		Forecast	
2018	$10.65	2021	$15.40
2019	$8.73	2022	$16.18
2020	$11.12	2023	$11.51
		2024	$10.09
		2025	$9.34

Source: Table 4-11

4.9.2 Non-airline Facility and Land Rents

Land rentals include rentals from FedEx, UPS, other all-cargo carriers, TSA, fixed base operator (FBO), rental cars, ONT-TEC, and other aviation related businesses. As shown in **Table 4-8**, non-airline facility and land rents were $8.1 million in FY 2020 and comprised 17.0% of the non-airline revenues, of which approximately 4.4% was from FedEx and UPS. In FY 2021, this amount was budgeted to be $7.8 million, increasing at a CAGR of 9.5% primarily due to the new FedEx agreement described below. Non-airline facility and land rents are described in greater detail as follows:

- In October 2019, the Authority negotiated a new 30-year ground lease with FedEx for 59.72 acres in the northwest quadrant of ONT. In accordance with this agreement, rental payments did not begin until substantial completion, which was November 2020. Under this new agreement, FedEx pays rental rates of $1.65 per square foot of unpaved land, $2.15 per square foot for paved auto spaces, and $2.70 per square foot for paved aircraft spaces, which translate into $4.3 million in annual revenue to the Authority. The base rents are adjusted annually with the consumer price index and every fifth year by a fair market value adjustment.

- UPS, through its wholly-owned subsidiary Valacal, entered into a 40-year ground lease on approximately 17 acres of ONT property adjacent to its off-airport private property. The

UPS ground lease provides access rights to UPS to pass through ONT's boundary from its private property to the airfield. According to the terms of this lease, rental rates are adjusted every five years, with the most recent adjustment occurring on May 1, 2016. The UPS ground lease will terminate in December 2030. In FY 2020, UPS paid approximately $838,000 in land rents.

- ONT has two lots (Lots D and F) that are used for the temporary parking of rental cars, all-cargo carrier trailers, and other types of vehicles at a per square foot rate adjusted every 12 months.

- The rental car companies operate out of the CONRAC facility at ONT. As part of their operating agreement with the Authority, the rental cars pay a monthly ground rent for exclusive and common premises at the CONRAC based upon the rental rate for unimproved land, as well as an M&O fee.

4.9.3 Parking

Parking revenues are the largest non-airline revenue source at ONT, representing 36.7% of total non-airline revenues in FY 2020. ONT has four passenger parking lots (Lots 2, 3, 4, and 5) providing 6,904 surface parking spaces. In April 2014, Parking Concepts, Inc. (PCI) was awarded the contract to provide parking facility management and operations services for the surface parking lots and their associated courtesy transportation services at ONT. The term of the agreement extends until April 3, 2022, with two one-year extension options, provided that the agreement may be terminated upon payment of a termination payment to PCI with respect to its unamortized investment at ONT. Under this agreement, PCI manages the parking lots, collects parking fees from users of the lots, and transfers such fees to the Authority, in exchange for receiving from the Authority a management fee, payment for its operational expenses, and certain other payments. The Authority is currently considering either continuing the existing parking agreement or issuing a new agreement by invoking the termination for convenience clause that would consolidate the shuttle bus services and online parking reservations within the overall parking management contract. In September 2020, the Authority issued a request for proposals (RFP) to manage the parking operations at ONT. Part of the requirements in the RFP is for the operator to reduce expenses, increase revenue, and improve the customer's experience. In February 2021, the Authority selected Parking Concepts as the successful proposer responding to the request for proposals. MAG USA, which was the third ranked bidder, filed a protest to the recommendation of Authority staff to award the parking contract to Parking Concepts. Authority staff has reviewed the bid protest and expects to recommend that the Authority's commission reject the protest for technical and substantive reasons at its meeting scheduled for March 25, 2021.

The Authority reviews the parking rate structure annually and in 2019 had an overall parking rate increase. The following are the parking rates currently being charged at ONT:

Lot	Daily Parking Rate
Lot 2 and Lot 4	
Premium	$27.00
General	$21.00
Up to 4 hours	$10.00
Up to 2 hours	$8.00
Up to 1 hour	$6.00
Up to 30 minutes	$3.00
Lot 3	$16.00
Lot 5	temporarily closed

Parking revenues were approximately $17.9 million in FY 2019 and decreased to approximately $17.6 million in FY 2020 and are budgeted to be $10.2 million in FY 2021, primarily as a result of COVID-19. Parking revenues are forecast to return to the FY 2019 levels by FY 2024, which is the assumed enplaned passenger recovery year. By FY 2025, parking revenues are forecast to be approximately $20.3 million, reflecting a CAGR rate of 18.8% from FY 2021 to FY 2025.

4.9.4 Rental Car

In FY 2020, rental car revenues were approximately 15.4% of total non-airline revenues. In reaction to the significant decline in aviation activity resulting from COVID-19, the Authority deferred the March, April, May, and June 2020 rental car MAG payments for 90 days all of which have subsequently been paid. The Authority further provided the rental car MAG relief for July 2020 through December 2020, consisting of waiving 50% of the difference between the MAG and the percentage of sale amounts due under each contract subject to a floor equal to 80% of current MAG requirements. No additional MAG relief was assumed in the projection of revenues.

There are three on-airport rental car concessionaires at ONT operating nine brands at the CONRAC. In addition, there is one off-airport operator located in a separate facility. The on-airport companies include Avis Budget Group, Inc. (operating Avis, Budget and Payless), Enterprise Holdings, Inc. (operating Enterprise, Alamo, and National brands). and The Hertz Corporation (operating Hertz, Dollar, and Thrifty brands). The on-airport rental car companies have a concession lease as well as a ground lease with the Authority. On February 3, 2015, the terms of the on-airport rental car concession agreements and ground leases were extended until February 28, 2019. Upon expiration, the rental car leases became month-to-month. In March 2020, the Authority began negotiating a new agreement with the rental car companies, however, due to COVID-19 these negotiations were suspended. The Authority intends on having a new rental car contract for tenant review by the end of FY 2021.

Under the terms of these agreements, the on-airport rental car companies pay the greater of 10% of their annual gross revenue or the MAG which is calculated at 90% of the 10% of each company's gross revenue for the prior year. However, the MAG is to be no less than $680,000 beginning in year two of the extension term until the end of the term.

Fox-Rent-A-Car (Fox) is the only off-airport rental car company at ONT. According to the terms of its agreement, Fox pays the Authority the greater of 9% of its annual gross revenue or its stated MAG of $36,000.

Rental car revenues were approximately $7.4 million in FY 2019 and FY 2020. Rental car revenues are budgeted to decrease to approximately $4.8 million in FY 2021, primarily as a result of COVID-19. Rental car revenues are forecast to return to the FY 2019 levels by FY 2024, which is the assumed enplaned passenger recovery year. By FY 2025, rental car revenues are forecast to be approximately $8.3 million, reflecting a CAGR rate of 14.9% from FY 2021 to FY 2025.

4.9.5 Concession Revenue

4.9.5.1 Ground Transportation

In FY 2020, ground transportation revenues were approximately 4.4% of total non-airline revenues. The ground transportation revenues includes revenue derived from transportation network companies(TNCs), taxis, limousines/private vehicles, and courtesy vehicles (i.e., hotel shuttles). Lyft, Inc. and Wingz are the TNCs that operate at ONT. The Authority charges the TNCs $4.00 per each pick up and each drop off. The Authority charges the taxis $3.00 per each pick up, the limousines/private vehicles $4.00 per each pick up and each drop off, and the courtesy vehicles an annual fee of $8,449.

Ground transportation revenues were approximately $1.5 million in FY 2019 and increased to $2.1 million in FY 2020. Ground transportation revenues are budgeted to decrease to approximately $851,000 in FY 2021, primarily as a result of COVID-19. Ground transportation revenues are forecast to return to the FY 2019 levels by FY 2024, which is the assumed enplaned passenger recovery year. By FY 2025, ground transportation revenues are forecast to be approximately $1.7 million, reflecting a CAGR rate of 19.2% from FY 2021 to FY 2025.

4.9.5.2 Terminal Concessions

Terminal concession revenues were 6.4% of non-airline revenues in FY 2020. In reaction to the significant decline in aviation activity resulting from COVID-19, the Authority deferred the March, April, May, and June 2020 terminal concession MAG payments for 90 days all of which have subsequently been paid. The Authority further provided the terminal concessions with MAG relief for July 2020 through December 2020, consisting of waiving 50% of the difference between the MAG and the percentage of sale amounts due under each contract subject to a floor equal to 80% of current MAG requirements. No additional MAG relief was assumed in the projection of revenues.

Terminal concession revenues were approximately $3.0 million in FY 2019 and increased to $3.1 million in FY 2020. Terminal concession revenues are budgeted to decrease to approximately $2.0 million in FY 2021, primarily as a result of COVID-19. Terminal concession revenues are forecast to return to the FY 2019 levels by FY 2024, which is the assumed enplaned passenger recovery year. By FY 2025, terminal concession revenues are forecast to be approximately $3.3 million, reflecting a CAGR rate of 13.2% from FY 2021 to FY 2025.

Terminal concessions are discussed in greater detail as follows:

- **Food and Beverage** – Delaware North (DNC) is the food and beverage concessionaire at ONT. DNC's concession agreement expires April 26, 2022 with option years that could potentially extend the agreement through April 26, 2027. Under the terms of the agreement, ONT receives 7% of all revenue in Terminal 2 and 10% of all revenue in Terminal 4 and DNG receives a $135,000 allowance for the refurbishment and rebranding of the food and beverage facilities.

  In FY 2021, Batter Boys, LLC (dba Dunkin) is expected to open a kiosk in Terminal 4. Dunkin's agreement is for five years with three one-year options and ONT receives 8% of gross revenues. If Dunkin's operating expenses are lower than budgeted, then ONT shares in the cost savings for a percentage rent total equal to no more than 11% of gross revenues.

- **Gifts and News** – World Duty Free Group North America LLC (WDFG) has the gift and news concessionaire at ONT, which expires on January 11, 2027. Under the terms of this contract, ONT receives 11% of all revenue in Terminal 2 and Terminal 4 and WDFG receives a $50,000 allowance for the refurbishment and rebranding of the news and gift facilities.

- **Advertising** – Lamar Advertising Co. (Lamar) currently has two advertising agreements at ONT: one for in-terminal advertising and another for billboards on or near airport property. In December 2020, the Authority terminated Lamar's in-terminal advertising agreement and is now managing those services in-house. The exterior billboard agreement is a 20-year agreement, expiring July 31, 2037, with compensation payable to the Authority in an amount equal to the greater of 25% of gross revenues or $100,000.

4.9.6 Operating Grant Revenue

Operating grant revenue includes revenues received from the TSA and County to fund M&O Expenses, as well as the CARES Act grants previously described.

4.9.7 Other Operating Revenue

Non-airline other operating revenue includes revenues generated from filming, utility reimbursements, and miscellaneous revenue.

4.10 Debt Service Coverage

Table 4-12 presents the historical and forecast debt service coverage ratio, which, in every year, exceeds the requirement of Net Pledged Revenues being equal to at least 125% of Aggregate Annual Debt Service. Since the Authority has a residual rate-setting methodology, the decrease in non-airline revenues due to COVID-19 are mitigated by an increase in airline revenues. Therefore, the reductions in non-airline revenues resulting from COVID-19 have no effect on the debt service coverage ratio. The following presents a summary of the historical and forecast debt service coverage:

	Net Pledged Revenues (in 000s)	Adjusted Annual Debt Service (in 000s)	Debt Service Coverage
Historical			
2018	$10,261	$5,381	190.7%
2019	$9,710	$5,414	179.4%
2020	$16,391	$5,423	302.2%
Forecast			
2021	$12,943	$5,794	223.4%
2022	$14,609	$7,748	188.6%
2023	$14,356	$8,049	178.3%
2024	$21,227	$13,013	163.1%
2025	$19,092	$13,035	146.5%

Source: Table 4-12

Even though the airline agreement is residual in nature, debt service coverage is higher than 1.25x. This is the result of certain rate-base items that are not included in the definition of Net Pledged Revenues such as capital equipment, amortization of capital projects funded by ONT, future CIP costs, M&O Reserve, and deposits to the Airport Discretionary Account.

4.11 Required Fund Deposits

Table 4-13 presents the required fund deposits and the cash reserves of ONT. Amounts in the Debt Service Fund are pledged to Bondholders and may only be used to pay debt service on Bonds. Amounts in the M&O Fund are not pledged to Bondholders and may only be used to pay M&O Expenses. Amounts in the M&O Reserve Fund are not pledged to Bondholders and may only be used to fund M&O Expenses. The amounts in the Surplus Revenue Fund are available for any lawful purpose. As shown in the table, ONT had approximately $35.0 million in unrestricted cash as of June 30, 2020, which is composed of approximately $7.9 million in the Surplus Revenue Fund, approximately $10.4 million in the Discretionary Account (of which approximately $2 million is planned to be used to fund a portion of the 2021 Project), and $16.7 million in the M&O Reserve Fund. This balance translates into 208 days of cash on hand when divided by FY 2021 M&O Expenses of approximately $61.4 million and multiplied by 365 days; the days cash on hand is forecast to increase to 302 days by FY 2025.

Despite the reductions in non-airline revenues, the Authority has not used nor does it currently expect to use any of its restricted cash reserves (to pay M&O Expenses or Aggregate Annual Debt Service in response to COVID-19. However, certain funds in the Discretionary Account are planned to be used to provide funding for the Omni Channel design and construction project, which is included in the 2021 Project. These funds would be replenished via provisions of the Airline Agreement.

4.12 Sensitivity Test

The assumptions and estimates underlying the forecasts are inherently subject to change and, though considered reasonable when taken as a whole as of this date, are subject to a wide variety of business, economic, and competitive risks and uncertainties that could cause actual results to vary materially from projected results. Accordingly, there can be no assurance that assumptions will be realized, that unanticipated events and circumstances will not occur, and that actual results will not be materially higher or lower than projected results. Therefore, two sensitivity tests were prepared to determine the impacts of certain potential negative events, the results of which are presented in **Table 4-14** and. The base case as well as the sensitivity tests are defined as follows:

- **Base Case** – The Base Case represents the results as determined in **Table 4-1** through **Table 4-13** of this Report.

- **Table 4-14 Sensitivity Test 1: Enplaned Passenger Recovery** – The Campbell-Hill "low" activity forecast presented in the base case assumes ONT will return to FY 2019 levels by FY 2024. However, due to the uncertainty in the recovery period resulting from, but not limited to, the slow recovery of business travel and the ability of the airlines to return to 2019 levels by 2024 due to airline employee furloughs and the temporary and permanent retirement of aircraft sooner than expected, a sensitivity test has been prepared where enplaned passengers do not recover to FY 2019 levels during the forecast period. For this sensitivity, enplaned passenger are assumed to recover to FY 2019 levels in 10 years or FY 2030. This results in lower PFC revenues, as well as lower concession revenues than the base case. However, due to the residual nature of the Airline Agreements, the lower concession revenues are offset by higher Signatory Airline revenues, which results in the same debt service coverage ratio in FY 2025 as in the base case. As shown in the table, the Signatory Airline CPE increases from the base case of $9.34 per enplaned passenger in FY 2025 to $20.74 per enplaned passenger. However, even with the decrease in enplaned passenger growth, it is forecast in this sensitivity test that the PFC revenues will be sufficient to fund the PFC-eligible portion of the Series 2021 Bond Annual Debt Service of $100.9 million, however the expiration date would need to be extended from November 2029 to November 2032, assuming PFC Application #20-06-C-00-ONT is approved.

- **Table 4-15 Sensitivity Test 2: PFC Application #20-06-C-00-ONT is Not Approved** – This chapter includes a forecast of the potential PFC revenues at ONT, as well as the PFC-eligibility percentages of the Series 2021 Bond Annual Debt Service. This assumes that PFC Application #20-06-C-00-ONT is approved, and therefore, only the non-PFC eligible portion of the Series 2021 Bond Annual Debt Service (or 52.6%) is included in the airlines' rate base. However, since the application is not yet approved, a sensitivity test was prepared including 100% of the debt service related to the 2021 Project in the airline rate base, which results in a higher Signatory Airline CPE and lower debt service coverage ratio in FY 2025. As shown in the table, the Signatory Airline CPE increases from the base case of $9.34 per enplaned passenger in FY 2025 to $9.76 per enplaned passenger and the debt service coverage ratio decreases from the base case of 146.5% in FY 2025 to 143.7%.

Table 4-1 – Series 2016 Bond Debt Service (in 000s)

Fiscal Year	2016A Terminal	2016B CONRAC	Total
2018	$5,381	$587	$5,969
2019	$5,414	$585	$5,999
2020	$5,423	$586	$6,010
2021	$5,454	$586	$6,040
2022	$5,483	$590	$6,073
2023	$5,514	$592	$6,106
2024	$5,559	$593	$6,153
2025	$5,582	$588	$6,170
2026	$5,634	$587	$6,221

Source: Authority records

Columns may not add to totals shown because of rounding.

Table 4-2 –Assumed Sources and Uses of Funds for Series 2021 Bonds (in 000s)

	PFC-eligible				
	LAWA Repayment	2021 Project	Total PFC-eligible	Total Non PFC	Total Series 2021 Bonds
Sources of funds					
Principal amount	$23,750	$32,705	$56,455	$61,780	$118,235
Original issue premium (discount)	2,840	3,952	6,791	7,386	14,178
Total sources	**$26,590**	**$36,657**	**$63,246**	**$69,166**	**$132,413**
Uses of funds					
Project Fund					
LAWA Repayment	$24,800	$0	$24,800	$0	$24,800
2021 Project (a)					
Retire Subordinated Series 2019 Note	$0	$8,523	$8,523	$26,201	$34,724
Construction Fund	0	25,051	25,051	37,687	62,738
	$0	$33,574	$33,574	$63,888	$97,462
Construction Interest Fund	0	628	628	628	1,256
Reserve Fund	1,498	2,063	3,560	3,896	7,457
Costs of issuance	292	391	683	754	1,438
Total uses	**$26,590**	**$36,657**	**$63,246**	**$69,166**	**$132,413**

(a) See Table 3-3.

Source: Morgan Stanley dated December 17, 2020

Table 4-3 –Assumed Series 2021 Bond Debt Service (in 000s)

Fiscal Year	Annual Debt Service - Series 2021 Bonds					Allocate Non PFC to Cost Centers		
	PFC-eligible					Airfield 55.0% (a)	Terminal 45.0% (a)	Total
	LAWA Repayment	2021 Project	Total PFC-eligible	Total Non PFC	Total			
2020	$0	$0	$0	$0	$0	$0	$0	$0
2021	$244	$94	$338	$340	$678	$187	$153	$340
2022	$987	$1,030	$2,016	$2,265	$4,281	$1,246	$1,019	$2,265
2023	$987	$1,913	$2,900	$2,535	$5,435	$1,395	$1,141	$2,535
2024	$987	$1,946	$2,933	$2,567	$5,500	$1,412	$1,155	$2,567
2025	$987	$1,947	$2,933	$2,567	$5,500	$1,412	$1,155	$2,567
2026	$987	$1,945	$2,932	$2,567	$5,499	$1,412	$1,155	$2,567
2027	$1,527	$1,948	$3,474	$3,972	$7,446	$2,185	$1,787	$3,972
2028	$1,530	$1,943	$3,473	$3,977	$7,449	$2,187	$1,789	$3,977
2029	$1,526	$1,947	$3,473	$3,973	$7,446	$2,185	$1,787	$3,973
2030	$1,527	$1,949	$3,476	$3,975	$7,451	$2,187	$1,789	$3,975
2031	$1,530	$1,949	$3,479	$3,974	$7,453	$2,186	$1,788	$3,974
2032	$1,527	$1,947	$3,474	$3,973	$7,447	$2,186	$1,788	$3,973
2033	$1,528	$1,948	$3,476	$3,973	$7,449	$2,186	$1,788	$3,973
2034	$1,529	$1,946	$3,475	$3,973	$7,448	$2,185	$1,788	$3,973
2035	$1,529	$1,948	$3,476	$3,975	$7,451	$2,186	$1,788	$3,975
2036	$1,527	$1,948	$3,475	$3,973	$7,448	$2,185	$1,788	$3,973
2037	$1,530	$1,946	$3,476	$3,973	$7,449	$2,186	$1,788	$3,973
2038	$1,526	$1,948	$3,473	$3,980	$7,453	$2,189	$1,791	$3,980
2039	$1,530	$1,948	$3,478	$3,973	$7,451	$2,185	$1,788	$3,973
2040	$1,529	$1,946	$3,475	$3,978	$7,452	$2,188	$1,790	$3,978
2041	$1,530	$1,947	$3,478	$3,978	$7,456	$2,188	$1,790	$3,978
2042	$1,526	$1,947	$3,472	$3,975	$7,447	$2,186	$1,788	$3,975
2043	$1,529	$1,949	$3,479	$3,977	$7,456	$2,188	$1,790	$3,977
2044	$1,526	$1,944	$3,471	$3,976	$7,446	$2,187	$1,789	$3,976
2045	$1,527	$1,948	$3,474	$3,974	$7,449	$2,186	$1,788	$3,974
2046	$1,525	$1,948	$3,474	$3,974	$7,447	$2,186	$1,788	$3,974
2047	$1,527	$1,947	$3,474	$3,973	$7,447	$2,185	$1,788	$3,973
2048	$1,527	$1,948	$3,475	$3,977	$7,452	$2,188	$1,790	$3,977
2049	$1,530	$1,946	$3,476	$3,976	$7,452	$2,187	$1,789	$3,976
2050	$1,530	$1,947	$3,477	$3,975	$7,452	$2,187	$1,788	$3,975
2051	$1,529	$1,950	$3,479	$3,978	$7,457	$2,188	$1,790	$3,978
Total	$43,379	$57,555	$100,934	$112,216	$213,150	$61,727	$50,488	$112,216
Principal (b)	$23,750	$32,705	$56,455	$61,780	$118,235			
Interest	19,629	24,850	44,479	50,436	94,915			
Total	**$43,379**	**$57,555**	**$100,934**	**$112,216**	**$213,150**			
% to total			**47.4%**	**52.6%**	**100.0%**			

(a) See Table 3-3.
(b) See Table 4-2.

Source: Morgan Stanley dated December 17, 2020

Columns may not add to totals shown because of rounding.

Table 4-4 – Application of PFC Revenues (in 000s)

Fiscal Year	Enplaned Passengers (b)	% PFC Revenue	Net PFC Charge (c)	Estimated PFC Revenues	Cumulative	LAWA Repayment 16-05-C-02-ONT (d)	2021 Project PFC-eligible (e)	Total	Cumulative	Net PFC Revenues
	Calculation of PFC Revenues					Less: PFC-eligible Annual Debt Service (a)				
2021	1,328	90.0%	$4.39	$5,200	$5,200	($244)	($94)	($338)	($338)	$4,862
2022	1,910	90.0%	$4.39	$7,500	$12,700	($987)	($1,030)	($2,016)	($2,355)	$10,345
2023	2,436	90.0%	$4.39	$9,600	$22,300	($987)	($1,913)	($2,900)	($5,254)	$17,046
2024	2,856	90.0%	$4.39	$11,300	$33,600	($987)	($1,946)	($2,933)	($8,187)	$25,413
2025	2,979	90.0%	$4.39	$11,800	$45,400	($987)	($1,947)	($2,933)	($11,121)	$34,279
2026	3,059	90.0%	$4.39	$12,100	$57,500	($987)	($1,945)	($2,932)	($14,053)	$43,447
2027	3,141	90.0%	$4.39	$12,400	$69,900	($1,527)	($1,948)	($3,474)	($17,527)	$52,373
2028	3,224	90.0%	$4.39	$12,700	$82,600	($1,530)	($1,943)	($3,473)	($21,000)	$61,600
2029	3,308	90.0%	$4.39	$13,100	$95,700	($1,526)	($1,947)	($3,473)	($24,473)	$71,227
2030 (f)	3,393	90.0%	$4.39	$5,234	$100,934	($1,527)	($1,949)	($3,476)	($27,949)	$72,986
2031						($1,530)	($1,949)	($3,479)	($31,428)	$69,507
2032						($1,527)	($1,947)	($3,474)	($34,902)	$66,032
2033						($1,528)	($1,948)	($3,476)	($38,378)	$62,556
2034						($1,529)	($1,946)	($3,475)	($41,853)	$59,082
2035						($1,529)	($1,948)	($3,476)	($45,329)	$55,605
2036						($1,527)	($1,948)	($3,475)	($48,804)	$52,131
2037						($1,530)	($1,946)	($3,476)	($52,279)	$48,655
2038						($1,526)	($1,948)	($3,473)	($55,753)	$45,182
2039						($1,530)	($1,948)	($3,478)	($59,231)	$41,703
2040						($1,529)	($1,946)	($3,475)	($62,706)	$38,229
2041						($1,530)	($1,947)	($3,478)	($66,183)	$34,751
2042						($1,526)	($1,947)	($3,472)	($69,656)	$31,279
2043						($1,529)	($1,949)	($3,479)	($73,134)	$27,800
2044						($1,526)	($1,944)	($3,471)	($76,605)	$24,329
2045						($1,527)	($1,948)	($3,474)	($80,080)	$20,855
2046						($1,525)	($1,948)	($3,474)	($83,553)	$17,381
2047						($1,527)	($1,947)	($3,474)	($87,027)	$13,907
2048						($1,527)	($1,948)	($3,475)	($90,502)	$10,432
2049						($1,530)	($1,946)	($3,476)	($93,978)	$6,956
2050						($1,530)	($1,947)	($3,477)	($97,456)	$3,479
2051						($1,529)	($1,950)	($3,479)	($100,934)	$0
Total				$100,934		($43,379)	($57,555)	($100,934)		
						($100,934)				

(a) See Table 4-3.

(b) See Table 2-17 for FY 2022 through FY 2025. FY 2026 through FY 2030 assumes a 2.6% CAGR.

(c) PFC of $4.50 less airline collection fee of $0.11.

(d) Current PFC collections are not impacted by the approval of the new application since PFC Application #16-05-C-02-ONT does not expire until September 30, 2028.

(e) Subject to approval of PFC Application #20-06-C-00-ONT.

(f) Calculates to an estimated expiration date of November 2029 for the new application, which is FY 2030.

Columns may not add to totals shown because of rounding.

Table 4-5 –Assumed Future 2022 Bond Debt Service (in 000s)

Fiscal Year	Annual Debt Service	Allocate to Cost Centers Airfield 85.3%	Terminal 14.7%	Total
2020	$0	$0	$0	$0
2021	$0	$0	$0	$0
2022	$0	$0	$0	$0
2023	$0	$0	$0	$0
2024	$4,887	$4,169	$718	$4,887
2025	$4,886	$4,169	$718	$4,886
2026	$4,887	$4,170	$718	$4,887
2027	$4,890	$4,172	$718	$4,890
2028	$4,888	$4,170	$718	$4,888
2029	$4,887	$4,169	$718	$4,887
2030	$4,887	$4,169	$718	$4,887
2031	$4,888	$4,170	$718	$4,888
2032	$4,888	$4,170	$718	$4,888
2033	$4,889	$4,171	$718	$4,889
2034	$4,890	$4,172	$718	$4,890
2035	$4,885	$4,167	$717	$4,885
2036	$4,888	$4,170	$718	$4,888
2037	$4,888	$4,170	$718	$4,888
2038	$4,888	$4,170	$718	$4,888
2039	$4,885	$4,167	$717	$4,885
2040	$4,887	$4,169	$718	$4,887
2041	$4,890	$4,172	$718	$4,890
2042	$4,887	$4,170	$718	$4,887
2043	$4,885	$4,168	$717	$4,885
2044	$4,888	$4,170	$718	$4,888
2045	$4,886	$4,168	$718	$4,886
2046	$4,888	$4,170	$718	$4,888
2047	$4,885	$4,167	$717	$4,885
2048	$4,885	$4,168	$717	$4,885
2049	$4,885	$4,167	$717	$4,885
2050	$4,888	$4,170	$718	$4,888
2051	$4,889	$4,171	$718	$4,889
2052	$4,888	$4,170	$718	$4,888
Total	$141,731	$120,917	$20,815	$141,731

Principal	$81,910
Interest	59,821
Total	**$141,731**

Source: Morgan Stanley dated December 28, 2020

Columns may not add to totals shown because of rounding.

Table 4-6 – Other Obligations (in 000s)

Fiscal Year	IBM Notes Payable (a)	PCI Capital Improvements (b)	Vehicles (c)	ARFF Financing (d)	Total	Allocation to Cost Centers: Airfield	Terminal	Total
2018	$115	$0	$0	$0	$115	$58	$58	$115
2019	$553	$185	$31	$0	$769	$308	$461	$769
2020	$647	$314	$215	$471	$1,648	$539	$1,110	$1,648
2021	$647	$386	$250	$471	$1,755	$250	$1,504	$1,755
2022	$647	$386	$240	$471	$1,744	$1,035	$709	$1,744
2023	$396	$383	$113	$471	$1,363	$782	$581	$1,363
2024	$72	$160	$58	$471	$761	$566	$196	$761
2025	$0	$71	$0	$471	$543	$471	$71	$543

(a) Notes payable issued to fund the Workday Software.
(b) Notes payable issued to fund parking infrastructure improvements.
(c) Notes payable issued to fund the Authority's vehicle fleet.
(d) Notes payable associated with the purchase of ARFF vehicles.

Source: Authority records

Columns may not add to totals shown because of rounding.

Table 4-7 – M&O Expense Forecast (in 000s)

	Actual			Budget	Forecast (a)			
	2018	2019	2020	2021	2022	2023	2024	2025
M&O Expense by Line Item								
LAWA staffing (b)	$19,548	$0	$0	$0	$0	$0	$0	$0
Personnel (c)	5,468	5,430	7,116	7,045	7,257	7,474	7,699	7,930
Public safety (b)(d)	16,142	22,424	22,377	16,474	18,300	20,300	22,500	23,175
Contractual services (b)	19,687	25,366	25,560	25,138	25,892	26,669	27,469	28,293
Materials and supplies (e)	3,031	1,848	3,232	2,065	2,223	2,390	2,594	2,672
Utilities & administration (f)	4,440	4,891	4,361	5,457	5,621	5,789	5,963	6,142
Other operating expenses (g)	3,763	7,792	6,376	5,266	5,818	6,403	7,133	7,347
Total M&O Expenses	**$72,078**	**$67,750**	**$69,023**	**$61,446**	**$65,111**	**$69,026**	**$73,358**	**$75,558**
% Change		**-6.0%**	**1.9%**	**-11.0%**	**6.0%**	**6.0%**	**6.3%**	**3.0%**
CAGR from 2021								**5.3%**

Summary by cost center								
Airfield				$21,807	$23,126	$24,507	$26,173	$26,958
Terminal				39,638	41,985	44,520	47,185	48,600
Total M&O Expenses				**$61,446**	**$65,111**	**$69,026**	**$73,358**	**$75,558**

(a) Inflation is assumed at 3%. As activity returns to ONT, M&O Expenses are forecast to increase greater than inflation.
(b) FY 2018 total operating expenses include LAWA staff expenses. In FY 2019, certain functions previously performed by LAWA staff were contracted and included in public safety and contractual services.
(c) Personnel expenses increased in FY 2020 as a result of new positions required after the LAWA transition.
(d) FY 2021 public safety expenses are budgeted to decrease due to a renegotiation with the Ontario police department to reduce staffing requirements and a reduction in staff and operations of the parking shuttle buses due to lower enplaned passengers.
(e) In FY 2019, safety and security supplies were decreased and then increased back to 2018 levels in FY 2020. Elevator and escalator supplies were increased in FY 2020 to correspond with the project included in the 2021 Project. These were a "one time" expense and are not included in the FY 2021 budget.
(f) Utilities are conservatively budgeted to be higher than actual to account for unanticipated rate increases.
(g) In FY 2019, the Authority increased its advertising and promotional expenses to attract additional air service at ONT. These expenses were decreased in FY 2021 budget as a result of COVID-19.

Sources:
Authority records, FY 2018 through FY 2021
DKMG Consulting LLC, FY 2022 through FY 2025

Columns may not add to totals shown because of rounding.

Table 4-8 – Operating Revenue Forecast (in 000s)
(Page 1 of 2)

	Actual			Budget	Forecast			
	2018	2019	2020	2021	2022	2023	2024	2025
Landing fees								
Cargo	$8,685	$8,518	$9,485	$8,636	$11,705	$12,069	$16,299	$15,812
Passenger	5,982	5,373	4,803	3,553	5,059	5,918	8,323	8,162
Non-Signatory	0	247	423	382	382	382	382	382
Subtotal	**$14,668**	**$14,139**	**$14,711**	**$12,570**	**$17,145**	**$18,369**	**$25,004**	**$24,356**
% change		**-3.6%**	**4.0%**	**-14.6%**	**36.4%**	**7.1%**	**36.1%**	**-2.6%**
Facility & land rents								
Airline terminal rentals	$16,897	$15,181	$15,913	$15,297	$24,234	$20,472	$18,859	$17,998
FIS use fee (a)	0	0	698	683	689	696	703	710
Non-airline facility & land rents								
FedEx (b)	1,354	1,169	1,270	1,268	4,300	4,343	4,386	4,430
TSA	1,073	1,009	1,045	1,054	1,065	1,075	1,086	1,097
UPS (c)	609	2,820	838	1,205	1,217	1,229	1,242	1,254
FBO	584	668	746	781	789	797	805	813
Other	2,215	2,549	2,847	2,287	2,310	2,333	2,356	2,380
CONRAC facility & land rentals	820	400	1,402	1,205	1,217	1,229	1,241	1,254
Subtotal	$6,654	$8,616	$8,148	$7,800	$10,898	$11,007	$11,117	$11,228
Subtotal	**$23,550**	**$23,797**	**$24,760**	**$23,780**	**$35,821**	**$32,175**	**$30,679**	**$29,936**
% change		**1.0%**	**4.0%**	**-4.0%**	**50.6%**	**-10.2%**	**-4.6%**	**-2.4%**
Parking	**$18,076**	**$17,938**	**$17,601**	**$10,191**	**$13,017**	**$16,599**	**$19,466**	**$20,299**
% change		**-0.8%**	**-1.9%**	**-42.1%**	**27.7%**	**27.5%**	**17.3%**	**4.3%**
Rental car	**$7,580**	**$7,378**	**$7,383**	**$4,784**	**$5,354**	**$6,827**	**$8,007**	**$8,349**
% change		**-2.7%**	**0.1%**	**-35.2%**	**11.9%**	**27.5%**	**17.3%**	**4.3%**

Table 4-8 – Operating Revenue Forecast (in 000s) (Page 2 of 2)

	Actual			Budget	Forecast			
	2018	2019	2020	2021	2022	2023	2024	2025
Concession revenue								
Ground transportation	$1,027	$1,519	$2,095	$851	$1,102	$1,406	$1,648	$1,719
Terminal concessions								
Food and beverage	954	1,404	1,384	881	1,019	1,300	1,524	1,589
Gifts and news	774	1,000	1,081	706	726	926	1,085	1,132
Advertising revenue	437	446	495	362	323	412	484	504
Other concession revenues	92	108	105	90	78	100	117	122
Total terminal concessions	$2,257	$2,958	$3,065	$2,039	$2,147	$2,737	$3,210	$3,348
Subtotal	**$3,283**	**$4,477**	**$5,161**	**$2,891**	**$3,249**	**$4,143**	**$4,859**	**$5,066**
% change		**36.4%**	**15.3%**	**-44.0%**	**12.4%**	**27.5%**	**17.3%**	**4.3%**
Operating grants								
CARES Act Funds (d)	$0	$0	$6,567	$15,584	$0	$0	$0	$0
Operating grants	415	663	559	204	204	204	204	204
Subtotal	**$415**	**$663**	**$7,127**	**$15,788**	**$204**	**$204**	**$204**	**$204**
% change		**0.0%**	**974.8%**	**121.5%**	**-98.7%**	**0.0%**	**0.0%**	**0.0%**
Other operating revenues								
Gate use and jet bridge fee	$1,496	$2,289	$2,606	$919	$928	$938	$947	$956
Other aeronautical revenues (e)								
Airfield	446	451	369	367	371	374	378	382
Terminal	1,493	1,648	1,703	211	213	215	217	219
Subtotal	**$3,435**	**$4,388**	**$4,677**	**$1,497**	**$1,512**	**$1,527**	**$1,542**	**$1,558**
% change		**27.7%**	**6.6%**	**-68.0%**	**1.0%**	**1.0%**	**1.0%**	**1.0%**
Total operating revenues	**$71,008**	**$72,781**	**$81,418**	**$71,501**	**$76,302**	**$79,845**	**$89,760**	**$89,767**
% Change		**2.5%**	**11.9%**	**-12.2%**	**6.7%**	**4.6%**	**12.4%**	**0.01%**
CAGR from 2021								**5.9%**

(a) The FIS charge began in July 2019.

(b) In October 2019, the Authority negotiated a new 30-year ground lease with FedEx for 59.72 acres in the northwest quadrant of ONT. In accordance with this agreement, rental payments begin November 2020. Since the terms of the agreement were not completed prior to the approval of the FY 2021 budget, FY 2021 land rentals do not include the additional revenue. As a result, FY 2022 land rentals are increased to reflect the terms of the new agreement.

(c) FY 2019 UPS land rentals include approximately $1.2 million in prior year rentals for the use of ONT facilities that were not part of its lease agreement.

(d) The FAA allocated $22.2 million in CARES Act funds to ONT, of which $6.6 million was used in FY 2020. The remaining $15.6 million is included in the Authority's FY 2021 budget.

(e) Other aeronautical revenues include fuel flowage fees, other contract services, utility reimbursements, filming revenue, and other miscellaneous revenues. Filming revenues are not budgeted in FY 2021 due to COVID-19 restrictions.

Sources:

Authority records, FY 2018 through FY 2021

DKMG Consulting LLC, FY 2022 through FY 2025

Columns may not add to totals shown because of rounding.

Table 4-9 – Landing Fee Calculation (in 000s)

	Source Table	Budget 2021	Forecast 2022	2023	2024	2025
M&O Expenses	4-7	$21,807	$23,126	$24,507	$26,173	$26,958
M&O Reserve (a)		(553)	458	489	541	275
Discretionary Account CPI adjustment (b)		140	144	147	151	156
Annual Debt Service						
Series 2021 Bonds - Non PFC (c)	4-3	1,121	1,246	1,395	1,412	1,412
Future 2022 Bonds	4-5	0	0	0	4,169	4,169
Deposit to Airport Revenue Fund for DSC		718	31	37	1,047	(0)
Other obligations	4-6	250	1,035	782	566	471
Subordinated Series 2019 Note (d)		293	0	0	0	0
Depreciation (e)		498	376	375	402	466
Total Requirement		$24,275	$26,416	$27,732	$34,461	$33,907
Less: operating revenues						
Non-Signatory Landing fees	4-8	($382)	($382)	($382)	($382)	($382)
Non-airline facility & land rents	4-8	(5,541)	(8,616)	(8,702)	(8,789)	(8,877)
Other aeronautical revenues	4-8	(367)	(371)	(374)	(378)	(382)
CARES Act (f)	4-8	(5,531)	0	0	0	0
Less: interest income		(281)	(284)	(287)	(289)	(292)
Total credit		($12,102)	($9,652)	($9,745)	($9,838)	($9,933)
Net Requirement		$12,173	$16,764	$17,988	$24,622	$23,974
Landed Weight (g)	2-17	6,624	8,515	9,068	9,386	9,599
Landing Fee		**$1.84**	**$1.97**	**$1.98**	**$2.62**	**$2.50**

(a) The M&O Reserve is equal to three months of M&O Expenses. The rate base contains the amount necessary to maintain this fund, which is allocated equally to the airfield and terminal.
(b) According to the Airline Agreements, the Discretionary Account is increased annually with CPI.
(c) The FY 2021 rates and charges were prepared prior to the issuance of the Series 2021 Bonds. As a result, the FY 2021 amount is estimated and does not equal the debt service included in Table 4-3.
(d) Estimated amount owed on Subordinated Series 2019 Note before it is retired with the Series 2021 Bonds.
(e) Smaller capital projects are not bond financed and are recovered in the airlines' rate base through depreciation.
(f) The CARES Act funds are allocated to the landing fee based on the percentage of direct expenses to total expenses.
(g) The FY 2021 landed weight represents the Authority's budgeted amount; and therefore, does not equal Table 2-17.

Columns may not add to totals shown because of rounding.

Table 4-10 – Terminal Rental Rate Calculation (in 000s)

	Source Table	Budget 2021	Forecast 2022	2023	2024	2025
M&O Expenses	4-7	$39,638	$41,985	$44,520	$47,185	$48,600
M&O Reserve (a)		(553)	458	489	541	275
Discretionary Account CPI adjustment (b)		140	144	147	151	156
Annual Debt Service						
Series 2016 debt service	4-1	6,040	6,073	6,106	6,153	6,170
Series 2021 Bonds - Non PFC (c)	4-3	129	1,019	1,141	1,155	1,155
Future 2022 Bonds	4-5	0	0	0	718	718
Deposit to Airport Revenue Fund for DSC		718	231	39	195	4
Other obligations	4-6	1,504	709	581	196	71
Subordinated Series 2019 Note (d)		36	0	0	0	0
Depreciation (e)		1,583	1,339	1,206	1,170	924
Total Requirement		$49,237	$51,958	$54,230	$57,464	$58,073
Less: operating revenues						
Non-airline facility & land rents	4-8	($1,054)	($1,065)	($1,075)	($1,086)	($1,097)
Parking	4-8	(10,191)	(13,017)	(16,599)	(19,466)	(20,299)
Rental car	4-8	(4,784)	(5,354)	(6,827)	(8,007)	(8,349)
Concession revenue	4-8	(2,891)	(3,249)	(4,143)	(4,859)	(5,066)
CONRAC facility & land rentals (d)	4-8	(1,205)	(1,217)	(1,229)	(1,241)	(1,254)
FIS Charge	4-8	(683)	(689)	(696)	(703)	(710)
Gate use and jet bridge fee	4-8	(919)	(928)	(938)	(947)	(956)
Operating grants	4-8	(204)	(204)	(204)	(204)	(204)
Other aeronautical revenues	4-8	(211)	(213)	(215)	(217)	(219)
CARES Act (f)	4-8	(10,053)	0	0	0	0
Less: interest income		(511)	(516)	(521)	(526)	(531)
Less: CFC needed to fund M&O and debt		(1,235)	(1,272)	(1,310)	(1,349)	(1,390)
Total credit		($33,939)	($27,724)	($33,757)	($38,605)	($40,076)
Net Requirement		$15,297	$24,234	$20,472	$18,859	$17,998
Airline Space		154	154	154	154	154
Terminal Rental Rate		**$99.38**	**$157.44**	**$133.00**	**$122.52**	**$116.92**

(a) The M&O Reserve is equal to three months of M&O Expenses. The rate base contains the amount necessary to maintain this fund, which is allocated equally to the airfield and terminal.

(b) According to the Airline Agreements, the Discretionary Account is increased annually with CPI.

(c) The FY 2021 rates and charges were prepared prior to the issuance of the Series 2021 Bonds. As a result, the FY 2021 amount is estimated and does not equal the debt service included in Table 4-3.

(d) Estimated amount owed on Subordinated Series 2019 Note before it is retired with the Series 2021 Bonds.

(e) Smaller capital projects are not bond financed and are recovered in the airlines' rate base through depreciation.

(f) The CARES Act funds are allocated to the terminal rental rate based on the percentage of direct expenses to total expenses.

Columns may not add to totals shown because of rounding.

Table 4-11 – Signatory Airline Cost per Enplaned Passenger (in 000s)

	Source Table	Budget 2021	Forecast 2022	2023	2024	2025
Landing fees - passenger	4-8	$3,553	$5,059	$5,918	$8,323	$8,162
Terminal rentals	4-8	15,297	24,234	20,472	18,859	17,998
FIS Charge	4-8	683	689	696	703	710
Gate use and jet bridge fee	4-8	919	928	938	947	956
Total passenger airline revenue		$20,451	$30,910	$28,024	$28,833	$27,826
Signatory enplaned passengers	2-17	1,328	1,910	2,436	2,856	2,979
Signatory airline CPE (a)		**$15.40**	**$16.18**	**$11.51**	**$10.09**	**$9.34**

(a) The airlines at ONT have created a consortium (ONT-TEC) that provides custodial, grounds keeping, and terminal maintenance at ONT. These costs are not included in the Authority's M&O Expense; and therefore, not included in the CPE.

Columns may not add to totals shown because of rounding.

Table 4-12 – Debt Service Coverage Ratio (in 000s)

	Source	Actual			Budget	Forecast			
	Table	2018	2019	2020	2021	2022	2023	2024	2025
Pledged Revenues									
Operating revenue	4-8	$71,008	$72,781	$81,418	$71,501	$76,302	$79,845	$89,760	$89,767
Interest income on unrestricted funds		658	1,238	771	791	799	807	815	824
Less: operating grants (a)		(415)	0	0	0	0	0	0	0
Plus: 25% of adjusted Annual Debt Service (b)		1,492	1,500	1,502	1,449	1,937	2,012	3,253	3,259
Total Pledged Revenues		$72,743	$75,519	$83,691	$73,740	$79,038	$82,664	$93,828	$93,849
M&O Expenses									
M&O Expenses	4-7	$72,078	$67,750	$69,023	$61,446	$65,111	$69,026	$73,358	$75,558
Less: M&O Expenses funded with prior year revenues		(7,606)	0	0	0	0	0	0	0
Less: M&O Expenses funded with CFCs (c)		(1,991)	(1,942)	(1,723)	(649)	(682)	(718)	(756)	(802)
Adjusted M&O Expenses		$62,482	$65,809	$67,300	$60,797	$64,429	$68,309	$72,602	$74,757
Net Pledged Revenues		$10,261	$9,710	$16,391	$12,943	$14,609	$14,356	$21,227	$19,092
Annual Debt Service									
Series 2016 Bonds	4-1	$5,969	$5,999	$6,010	$6,040	$6,073	$6,106	$6,153	$6,170
Series 2021 Bonds									
Series 2021 Bonds - LAWA Repayment	4-3	0	0	0	244	987	987	987	987
Series 2021 Bonds - PFC-eligible 2021 Project	4-3	0	0	0	94	1,030	1,913	1,946	1,947
Non PFC 2021 Project	4-3	0	0	0	340	2,265	2,535	2,567	2,567
Future 2022 Bonds	4-5	0	0	0	0	0	0	4,887	4,886
Total Annual Debt Service		$5,969	$5,999	$6,010	$6,718	$10,354	$11,542	$16,539	$16,556
Less: PFC revenues used to fund Annual Debt Service									
Series 2021 Bonds - LAWA Repayment	4-3	$0	$0	$0	$244	$987	$987	$987	$987
Series 2021 Bonds - PFC-eligible 2021 Project	4-3	0	0	0	94	1,030	1,913	1,946	1,947
Less: CFC revenues used to fund Annual Debt Service									
Series 2016B Bond Annual Debt Service	4-1	587	585	586	586	590	592	593	588
Subtotal of PFCs and CFCs		$587	$585	$586	$924	$2,606	$3,492	$3,526	$3,521
Adjusted Annual Debt Service		$5,381	$5,414	$5,423	$5,794	$7,748	$8,049	$13,013	$13,035
Debt Service Coverage (d)		**190.7%**	**179.4%**	**302.2%**	**223.4%**	**188.6%**	**178.3%**	**163.1%**	**146.5%**

(a) In FY 2018, operating grants were excluded from Pledged Revenues, and therefore, excluded from the debt service coverage amount included in the Audited Financial Statements.

(b) Per the Master Indenture, Pledged Revenues are increased by 25% of Aggregate Annual Debt Service for the calculation of debt service coverage.

(c) This represents the M&O Expenses the Authority pays for shuttle services to and from the CONRAC.

(d) The Authority's FY 2020 Audited Financial Statement presents the FY 2018 debt service coverage amount as 190.1%, which should have read 190.7% as calculated in this table.

Columns may not add to totals shown because of rounding.

Table 4-13 – Required Fund Deposits (in 000s)

	Source Table	Budget 2021	Forecast 2022	2023	2024	2025
Required fund deposits						
Pledged Revenues	4-8	$73,740	$79,038	$82,664	$93,828	$93,849
Plus: CFC revenues for CONRAC		1,896	2,726	3,477	4,077	4,252
Plus: PFC revenues		338	2,016	2,900	2,933	2,933
Airport Revenue Fund deposit		$75,974	$83,781	$89,041	$100,839	$101,034
Required M&O Fund deposits						
M&O	4-7	($61,446)	($65,111)	($69,026)	($73,358)	($75,558)
Other obligations	4-6	(1,755)	(1,744)	(1,363)	(761)	(543)
Subordinated Series 2019 Note	4-9 & 4-10	329	0	0	0	0
Required Debt Service Fund deposits	4-12	(6,718)	(10,354)	(11,542)	(16,539)	(16,556)
Required Debt Service Reserve Fund deposits		0	0	0	0	0
Required M&O Reserve Fund deposits		1,333	(916)	(979)	(1,083)	(550)
Net surplus/(deficit)		**$7,718**	**$5,656**	**$6,131**	**$9,097**	**$7,826**
Surplus Revenue Fund						
Beginning balance (a)		$34,992	$42,430	$47,799	$53,635	$62,429
Plus: deposit from Airport Revenue Fund		7,718	5,656	6,131	9,097	7,826
Less: transfer to Airport Discretionary Account						
CPI adjustment per Section 6.02 of the Airline Agreements		(280)	(287)	(295)	(303)	(311)
Required deposit per Article V of the Airline Agreements		0	0	0	0	0
Less: Section 6.02 funded projects per the Airline Agreements						
Direct expensed		0	0	0	0	0
Amortized in the rate base		0	0	0	0	0
Ending balance		$42,430	$47,799	$53,635	$62,429	$69,944
Days cash on hand						
Beginning balance Surplus Revenue Fund (a)		$34,992	$42,430	$47,799	$53,635	$62,429
Total M&O Expenses		$61,446	$65,111	$69,026	$73,358	$75,558
Ratio		0.57	0.65	0.69	0.73	0.83
Number of days		365	365	365	366	365
Days cash on hand		**208**	**238**	**253**	**268**	**302**

(a) FY 2021 beginning balance reflects the Authority's ending cash balance as of June 30, 2020 for the Surplus Revenue Fund ($7.9 million), Discretionry Account ($10.4 million), and M&O Reserve Fund ($16.7 million).

Columns may not add to totals shown because of rounding.

Table 4-14 – Sensitivity Test 1 Results (in 000s)

	Source Table	Budget 2021	Forecast 2022	2023	2024	2025
Base Case						
Enplaned passengers per Appendix B	2-17	1,328	1,910	2,436	2,856	2,979
Landed weight per Appendix B	2-17	6,624	8,515	9,068	9,386	9,599
PFC Revenues	4-4	$5,200	$7,500	$9,600	$11,300	$11,800
M&O Expenses	4-7	$61,446	$65,111	$69,026	$73,358	$75,558
Parking revenues	4-8	$10,191	$13,017	$16,599	$19,466	$20,299
Rental car revenues	4-8	$4,784	$5,354	$6,827	$8,007	$8,349
Concession revenues	4-8	$2,891	$3,249	$4,143	$4,859	$5,066
Operating revenues	4-8	$71,501	$76,302	$79,845	$89,760	$89,767
Landing fee	4-9	$1.84	$1.97	$1.98	$2.62	$2.50
Terminal rental rate	4-10	$99.38	$157.44	$133.00	$122.52	$116.92
Passenger airline revenue	4-11	$20,451	$30,910	$28,024	$28,833	$27,826
Signatory airline CPE	4-11	$15.40	$16.18	$11.51	$10.09	$9.34
Net Pledged Revenues	4-12	$12,943	$14,609	$14,356	$21,227	$19,092
Adjusted Annual Debt Service	4-12	$5,794	$7,748	$8,049	$13,013	$13,035
Debt service coverage	4-12	223.4%	188.6%	178.3%	163.1%	146.5%
Days cash on hand	4-13	208	238	253	268	302
Sensitivity Test 1: Enplaned Passenger Recovery						
Enplaned passengers recovery by FY 2030		1,328	1,433	1,546	1,668	1,800
Landed weight per Appendix B		6,624	8,515	9,068	9,386	9,599
PFC Revenues		$5,200	$5,700	$6,100	$6,600	$7,100
M&O Expenses		$61,446	$65,111	$69,026	$73,358	$75,558
Parking revenues		$10,191	$10,996	$11,865	$12,802	$13,812
Rental car revenues		$4,784	$5,162	$5,569	$6,009	$6,483
Concession revenues		$2,891	$3,119	$3,365	$3,631	$3,918
Operating revenues		$71,501	$76,302	$79,845	$89,760	$89,767
Landing fee		$1.84	$1.97	$1.98	$2.62	$2.50
Terminal rental rate		$99.38	$172.66	$176.99	$186.77	$178.65
Passenger airline revenue		$20,451	$33,254	$34,795	$38,722	$37,327
Signatory airline CPE		$15.40	$23.20	$22.50	$23.21	$20.74
Net Pledged Revenues		$12,943	$14,609	$14,356	$21,227	$19,092
Adjusted Annual Debt Service		$5,794	$7,748	$8,049	$13,013	$13,035
Debt service coverage		223.4%	188.6%	178.3%	163.1%	146.5%
Days cash on hand		208	238	249	258	284
Variance						
Enplaned passengers		0	(477)	(890)	(1,188)	(1,179)
Landed weight		0	0	0	0	0
PFC Revenues		$0	($1,800)	($3,500)	($4,700)	($4,700)
M&O Expenses		$0	$0	$0	$0	$0
Parking revenues		$0	($2,021)	($4,735)	($6,664)	($6,486)
Rental car revenues		$0	($193)	($1,258)	($1,998)	($1,866)
Concession revenues		$0	($130)	($778)	($1,228)	($1,149)
Operating revenues		$0	$0	$0	$0	$0
Landing fee		$0.00	$0.00	$0.00	$0.00	$0.00
Terminal rental rate		$0.00	$15.23	$43.99	$64.25	$61.72
Passenger airline revenue		$0	$2,344	$6,771	$9,890	$9,501
Signatory airline CPE		$0.00	$7.02	$11.00	$13.12	$11.39
Net Pledged Revenues		$0	$0	$0	$0	$0
Adjusted Annual Debt Service		$0	$0	$0	$0	$0
Debt service coverage		0.0%	0.0%	0.0%	0.0%	0.0%
Days cash on hand		0	0	(4)	(10)	(18)

Table 4-15 – Sensitivity Test 2 Results (in 000s)

	Source Table	Budget 2021	Forecast 2022	2023	2024	2025
Base Case						
Enplaned passengers per Appendix B	2-17	1,328	1,910	2,436	2,856	2,979
Landed weight per Appendix B	2-17	6,624	8,515	9,068	9,386	9,599
PFC Revenues	4-4	$5,200	$7,500	$9,600	$11,300	$11,800
M&O Expenses	4-7	$61,446	$65,111	$69,026	$73,358	$75,558
Parking revenues	4-8	$10,191	$13,017	$16,599	$19,466	$20,299
Rental car revenues	4-8	$4,784	$5,354	$6,827	$8,007	$8,349
Concession revenues	4-8	$2,891	$3,249	$4,143	$4,859	$5,066
Operating revenues	4-8	$71,501	$76,302	$79,845	$89,760	$89,767
Landing fee	4-9	$1.84	$1.97	$1.98	$2.62	$2.50
Terminal rental rate	4-10	$99.38	$157.44	$133.00	$122.52	$116.92
Passenger airline revenue	4-11	$20,451	$30,910	$28,024	$28,833	$27,826
Signatory airline CPE	4-11	$15.40	$16.18	$11.51	$10.09	$9.34
Net Pledged Revenues	4-12	$12,943	$14,609	$14,356	$21,227	$19,092
Adjusted Annual Debt Service	4-12	$5,794	$7,748	$8,049	$13,013	$13,035
Debt service coverage	4-12	223.4%	188.6%	178.3%	163.1%	146.5%
Days cash on hand	4-13	208	238	253	268	302
Sensitivity Test 2: PFC Application #20-06-C-00-ONT is Not Approved						
Enplaned passengers per Appendix B		1,328	1,910	2,436	2,856	2,979
Landed weight per Appendix B		6,624	8,515	9,068	9,386	9,599
PFC Revenues		$5,200	$7,500	$9,600	$11,300	$9,779
M&O Expenses		$61,446	$65,111	$69,026	$73,358	$75,558
Parking revenues		$10,191	$13,017	$16,599	$19,466	$20,299
Rental car revenues		$4,784	$5,354	$6,827	$8,007	$8,349
Concession revenues		$2,891	$3,249	$4,143	$4,859	$5,066
Operating revenues		$71,501	$77,589	$81,978	$91,714	$91,713
Landing fee		$1.84	$2.05	$2.11	$2.74	$2.61
Terminal rental rate		$99.38	$161.20	$139.24	$128.23	$122.61
Passenger airline revenue		$20,451	$31,702	$29,370	$30,075	$29,066
Signatory airline CPE		$15.40	$16.60	$12.06	$10.53	$9.76
Net Pledged Revenues		$12,967	$16,154	$16,968	$23,668	$21,525
Adjusted Annual Debt Service		$5,888	$8,777	$9,962	$14,959	$14,981
Debt service coverage		220.2%	184.0%	170.3%	158.2%	143.7%
Days cash on hand		208	237	255	273	309
Variance						
Enplaned passengers		0	0	0	0	0
Landed weight		0	0	0	0	0
PFC Revenues		$0	$0	$0	$0	($2,021)
M&O Expenses		$0	$0	$0	$0	$0
Parking revenues		$0	$0	$0	$0	$0
Rental car revenues		$0	$0	$0	$0	$0
Concession revenues		$0	$0	$0	$0	$0
Operating revenues		$0	$1,287	$2,134	$1,955	$1,947
Landing fee		$0.00	$0.08	$0.13	$0.11	$0.11
Terminal rental rate		$0.00	$3.76	$6.24	$5.71	$5.69
Passenger airline revenue		$0	$793	$1,346	$1,243	$1,240
Signatory airline CPE		$0.00	$0.41	$0.55	$0.44	$0.42
Net Pledged Revenues		$24	$1,544	$2,612	$2,441	$2,433
Adjusted Annual Debt Service		$94	$1,030	$1,913	$1,946	$1,947
Debt service coverage		-3.2%	-4.5%	-8.0%	-4.9%	-2.8%
Days cash on hand		0	(0)	2	6	8

APPENDIX B

DEMAND FORECAST METHODOLOGY AND RESULTS

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ONTARIO INTERNATIONAL AIRPORT

DEMAND FORECAST METHODOLOGY AND RESULTS

Eric Ford

Rex Edwards

March 26, 2021

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1.0 EXECUTIVE SUMMARY

Campbell-Hill Aviation Group, LLC ("Campbell-Hill") has been retained to develop a passenger, operation and landed weight forecast for Ontario International Airport (ONT) through FY 2025. The forecast analysis is developed from publicly available data and interviews with the Airport.

1.1 BACKGROUND

The Los Angeles Combined Statistical Area (CSA) has the second largest population in the U.S.[1] and ranked fourth in terms of number of flight departures and second in terms of seat-departures (a measure of airline capacity) in 2019, the last full calendar year before the COVID-19 pandemic[2]. ONT is one of six commercial passenger service airports serving the Los Angeles CSA.

Similar to all of the top ten CSA's in the United States, the Los Angeles region has multiple airports serving the area[3]. Los Angeles International Airport (LAX) ranked second in the U.S. in 2019 in terms of passenger enplanements[4], John Wayne Airport, Orange County (SNA) ranked 42nd, Bob Hope Airport (BUR) ranked 56th, ONT ranked 57th, Long Beach Airport (LGB) ranked 76th and Palm Springs International Airport (PSP) ranked 85th.

The COVID-19 pandemic has dramatically impacted industry demand and supply, unlike any other previous shock to the aviation system and likely will continue to have an impact for at least several more years. Airlines for America (A4A), an advocate for the American airline industry, does not expect a return to CY 2019 U.S. airline industry passenger levels before 2023-2024[5]. The International Air Transport Association (IATA) does not expect a return to CY 2019 global revenue passenger kilometers (RPKs) until CY 2024 with The Americas domestic RPKs returning earlier than international RPKs[6]. Boeing forecasts a return to CY 2019 RPKs by CY 2023[7]. Domestic traffic is projected by these industry experts to return faster than international traffic, and with ONT primarily serving domestic markets, Campbell-Hill expects that ONT will see a quicker traffic return than other airports with more international service (such as LAX). When comparing to the ONT forecast, the 6-month offset of these CY forecasts with the ONT fiscal year forecast should be recognized. The ONT fiscal year runs ahead of the calendar year by six months – for example, ONT's 2021 fiscal year ends in June 2021, six months before the end of the calendar year 2021.

Prior to the pandemic, ONT had significant potential to grow its passenger share of the Los Angeles region based on constraints on traffic growth at several of the region's other airports (SNA and LGB), growing congestion at the largest airport in the region (LAX) and the continued focus of the Airport's management attracting air service to the airport. Campbell-Hill believes that ONT will continue to have significant

[1] Woods & Poole Economics, Inc. population estimate for 2020.
[2] Comparisons in this section will be to full year 2019, the last quarterly period prior to the pandemic.
[3] The five airports in the region include Los Angeles International Airport, John Wayne Airport, Ontario International Airport, Bob Hope Airport and Long Beach Airport.
[4] Ranking based on 2019 FAA Passenger Boarding (Enplanement) and All-Cargo Data for U.S. Airports.
[5] Airlines for America presentation "New Year, Same Demand?", updated February 18, 2021.
[6] IATA presentation "Industry Outlook and Challenges for 2021, The Americas", February 9, 2021. IATA defines The Americas region as North America, Latin America and the Caribbean.
[7] Boeing Executive Aviation Roundtable on February 23-24, 2021.

potential for growth of its share of the region as the region's passenger volumes return to those seen prior to the pandemic.

Prior to the pandemic, the region's largest airport, LAX, had over 88 million passengers in 2019 which put tremendous pressure on its already heavily constrained facilities. A rising Cost Per Enplaned Passenger (CPE) at LAX had made secondary airports in the region relatively more attractive for airlines to utilize, however, several of these airports were also constrained.

The region's second largest airport, SNA, had nearly 10.7 million passengers in 2019 and was near the passenger limitation of 10.8 million capping any further growth at this airport through 2020 (the cap rises to 11.8 million in 2021). At LGB, noise limitations limit the number of large commercial aircraft at the airport. BUR is limited to 14 gates both in the current terminal and the new replacement terminal. Over the next few pandemic impacted years, these constraints may not be problematic, but by 2024 when commercial traffic is projected to return to pre-pandemic levels, these issues are expected to return.

The dominant passenger airline at ONT is Southwest Airlines, which was the largest airline in the U.S. based on domestic O&D passengers for the year ended Q4 2019 (the last full four quarters prior to the pandemic). In 2019, Southwest Airlines carried over 50% of the total passengers at ONT, American Airlines carried the second most with 17%, United Airlines and Alaska Airlines both carried between 7 and 8 percent of ONT passengers[8].

The growth in industry seat-departures at ONT between FY 2017 and FY 2019 were beginning to show the potential the Airport had for growing its capacity share of the region. ONT seat-departures grew 16%, while LAX grew 4%, SNA grew 2% and LGB grew 1%[9]. Between FY 2017 and FY 2019, ONT passenger enplanements grew over 20% and total landed weights grew nearly 32%. As a result of the pandemic, FY 2020 passenger enplanements fell nearly 18% year-over-year while commercial passenger landed weights fell 7%.

ONT has experienced strong growth in all-cargo operations in recent years due to an expanding role in the distribution of express shipments and e-commerce. FedEx and UPS connect the local metro area with their worldwide networks at ONT and also transfer cargo to and from smaller in-state markets. UPS operates its West Coast regional hub at ONT which connects major markets in the region. Amazon uses ONT to connect distribution and fulfillment centers located throughout the Los Angeles region with its domestic air network. Between FY 2017 and FY 2019, all-cargo revenue landings increased 24% while all-cargo landed weight increased 40% and air freight tonnage grew 26% at ONT. In CY 2019, ONT was the 10th largest cargo airport in the U.S. based on landed weights[10]. Growth continued in FY 2020 as revenue landings grew 8%, freight tonnage grew 13% and all-cargo landed weight increased 12% over FY 2019.

For FY 2020, total landed weights (commercial passenger service and all-cargo service), driven by increased freighter activity, increased over 4% year-over-year.

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[8] Airport traffic reports for CY 2019.
[9] Cirium schedule data.
10 FAA CY 2019 All-Cargo Airports by Landed Weight.

1.2 FORECAST

The forecast has its foundation in actual airline schedules filed with industry data providers by each carrier through March 2021. At the time of this writing, several carrier schedules reflecting service after March 2021 have not been reduced from pre-pandemic service levels, and do not reflect the current demand environment. Overall, it is forecast that U.S. airline capacity will continue to be slow in recovering back to 2019 levels. Capacity to international destinations is forecast to be slower to return than to domestic destinations. Capacity to domestic business destinations is forecast to be slower to return than to domestic leisure destinations. Legacy carriers, who cater more to business travelers, are forecast to be slower to return to 2019 capacity levels than Low-Cost Carriers (LCC) and Ultra Low-Cost Carriers (ULCC), who cater more to leisure or VFR (visiting friends or relatives) travelers.

Overall U.S. capacity levels are not forecast to return to 2019 levels until at least 2023. Growth in passenger demand is assumed to lag growth in capacity and is dependent on many different variables including government (U.S. and foreign) imposed restrictions/quarantines, reductions in the infection rate of COVID-19, and the widespread availability and acceptance of the vaccine. Demand is forecast to be very slow to recover during the first half of 2021, with growth accelerating in late 2021 in to 2022. ONT's reported year-over-year traffic numbers for January and February 2021 are consistent with December 2020[11] as well as the assumptions behind the forecast for the first half of 2021. A return to FY 2019 capacity and demand levels is not forecast until at least FY 2023.

For the forecast, ONT schedules have been built through FY 2025. Resumption of pre-pandemic service levels are assumed by FY 2024. Several new service opportunities that are reasonably likely to occur between FY 2021 and FY 2025 are also incorporated in to the forecast. Some of these opportunities have already been announced and have started service including Delta Air Lines twice daily nonstops to Seattle (SEA) which started on October 1, 2020, Southwest Airlines once daily nonstop to Houston (HOU) which started on November 5, 2020, and Volaris twice weekly nonstop to Mexico City (MEX) which started on November 10, 2020. Additionally, Alaska Airlines has added a fourth daily nonstop to Seattle (was three nonstops daily pre-pandemic) and Delta has added a fourth daily nonstop to Salt Lake City (SLC – which was also three nonstops daily pre-pandemic).

The forecast includes routes that were not being operated in early 2019 (so having had little-to-no influence on FY 2019 numbers), that are already operating such as Delta's two daily nonstops to Atlanta (ATL) and United's daily nonstop to Houston (IAH). Recently announced expansion by Frontier Airlines and Hawaiian Airlines had been assumed as new service opportunities and are in the forecast. New daily domestic service by a new entrant carrier by FY 2024 was also assumed in one of the forecasts. Avianca Airlines February announcement of less-than-daily nonstop service to San Salvador starting in May 2021, and American Airlines March announcement of twice-daily nonstop service to Chicago starting in August 2021, and seasonal nonstop service to Charlotte (CLT) starting in May are not in the forecast.

Key forecast assumptions include:

- Schedules through FY 2025
- Average seats per departure

[11] ONT's December 2020 year-over-year total passengers were down 63%, YTD February 2021 year-over-year total passengers were down 65% (2020 was a leap year and had one extra day in February).

- Percentage of seats filled (seat factor)

The forecast assumes that growth in passenger demand will lag growth in seat capacity, resulting in a gradual growth in the percentage of seats filled ratio until a return to pre-pandemic passenger volumes.

Besides the significant supply and demand reductions as a result of the pandemic, no other demand disruptions, such as a recession, are built in to the forecast through FY 2025. The all-cargo forecast methodology is based on assumptions about the extent to which the short-term effects of COVID-19 will continue (and for how long) and when longer term trends will apply. ONT's reported January and February 2021 cargo numbers of double-digit YOY growth[12] show that the short-term COVID-19 effects are continuing. The forecasts for FedEx, UPS and Amazon assume annual growth will return to pre-COVID patterns in the near-term and then transition to growth based on the local and regional economies through the end of the period. The minor level of other all-cargo charter activity is projected to return to pre-COVID levels by FY 2022 and grow with the local Ontario economy thereafter.

In the "low" forecast ONT commercial passenger levels are forecast to reach 2.98 million enplanements and total[13] landed weights are forecast to reach 9.6 billion pounds by FY 2025. Freight aircraft types are forecast to account for 66% of the total landed weight. The "low" forecast assumes the return of most of the services that were operating or previously announced pre-pandemic by FY 2024. Passenger enplanements are forecast to recover to FY 2019 levels by FY 2024.

The Report of the Airport Consultant (ROAC) will be using the results from the "low" forecast.

The "moderate" forecast projection of 3.61 million enplanements by FY 2025 is based on a slightly quicker return of pre-pandemic lost services and the ability to attract a number of new routes by incumbent and new carriers by FY 2025. Total landed weights are forecast to reach 10.3 billion pounds, with 62% of the weight forecast to be accounted for by freight aircraft types. Passenger enplanements are forecast to recover to FY 2019 levels by FY 2023.

The findings and projections in this forecast are subject to a number of assumptions that should be reviewed and considered. Passenger enplanements are based on assumptions about schedule, seats and seat factor. Actual results may differ from the forecasts in this report and such differences may be material and adverse. No assurances can be given that the projections and expectations discussed in the forecast will be achieved.

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[12] ONT's YTD February 2021 total freight and mail carried in tons was up 17% year-over-year.

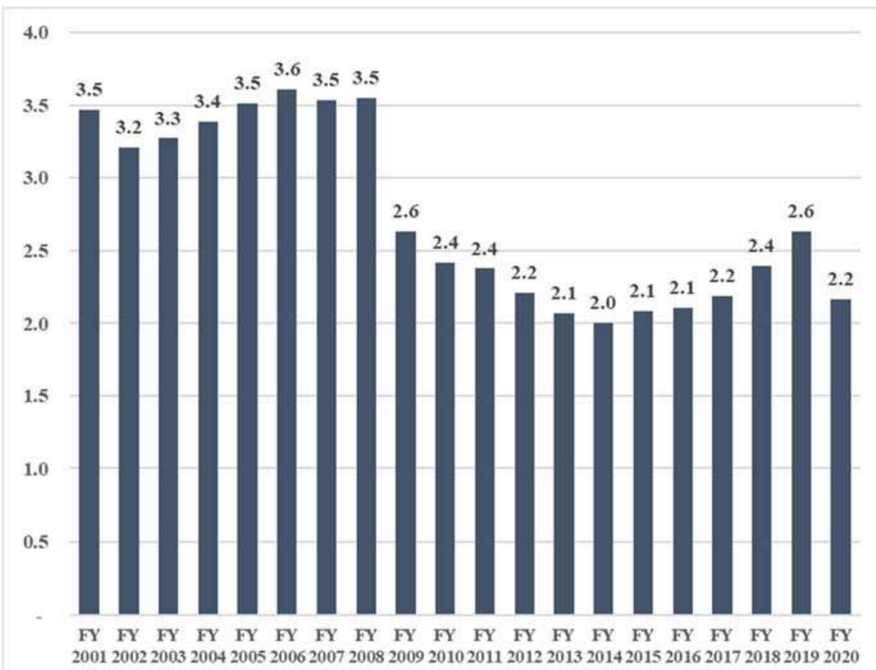
[13] Total includes commercial passenger and freight aircraft types.

2.0 ONTARIO INTERNATIONAL AIRPORT

2.1 ENPLANEMENTS

ONT handled an average of approximately 3.5 million enplanements annually between FY 2001 and FY 2008. Enplanements dropped starting in late 2008 due to the economic recession, falling to a low of 2.0 million for FY 2014. Prior to the pandemic, enplanements started rebounding steadily following transfer of the airport to the Authority and as the economy recovered, but remained significantly below their previous highs. Had the pandemic not occurred, Campbell-Hill believes ONT's FY 2020 enplanements would have been significantly higher than the FY 2019 enplanements. For the 8 months ending February 2020 (months that fall within the FY 2020 period but prior to the pandemic), passenger enplanements were up 12.7% year-over-year.

Figure 1: Enplaned Passengers at ONT (in Millions)



Source: ONT Airport Statistics

2.2 ENPLANEMENT MIX

ONT's mix of enplanement traffic is predominantly domestic U.S. In FY 2011, 97% of all enplanements at the airport were domestic enplanements[14]. By FY 2019, the percentage of enplanements that were domestic U.S. fell to 91% as a result of new nonstop international service by Volaris which started in April 2014 and new nonstop service by China Airlines which started in March 2018.

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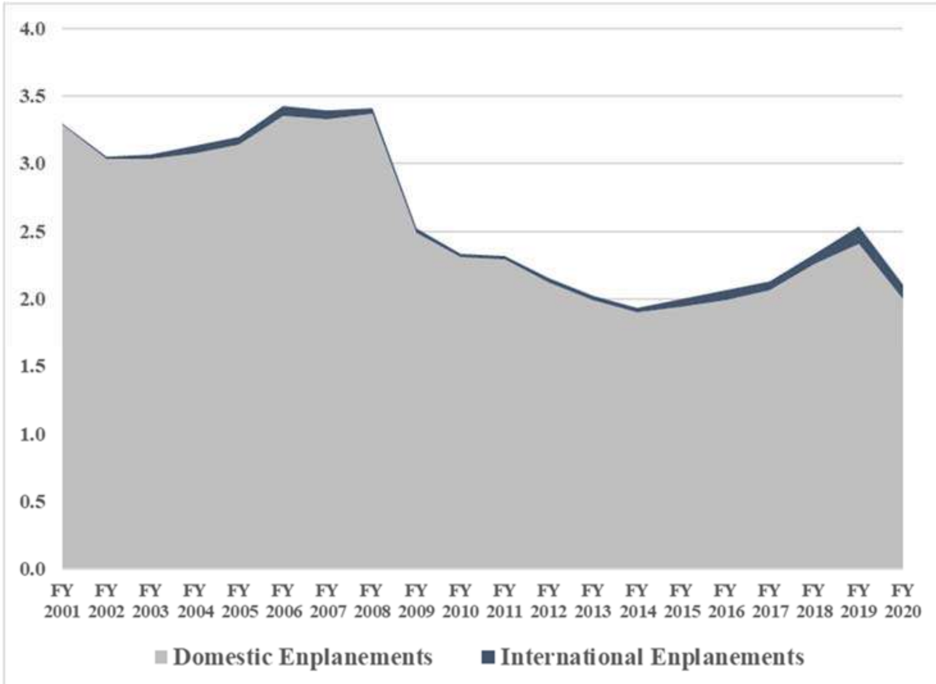
[14] A domestic or international enplanement is defined by the nonstop destination of the operation out of ONT. If the nonstop destination out of ONT is to a point in the U.S., then all passengers onboard are considered domestic enplanements (even if the passenger connects later to an international destination). If the nonstop destination out of ONT is to a point outside the U.S., then all passengers onboard are considered international enplanements.

Figure 2: Historical ONT Enplanements by Type (in Millions)



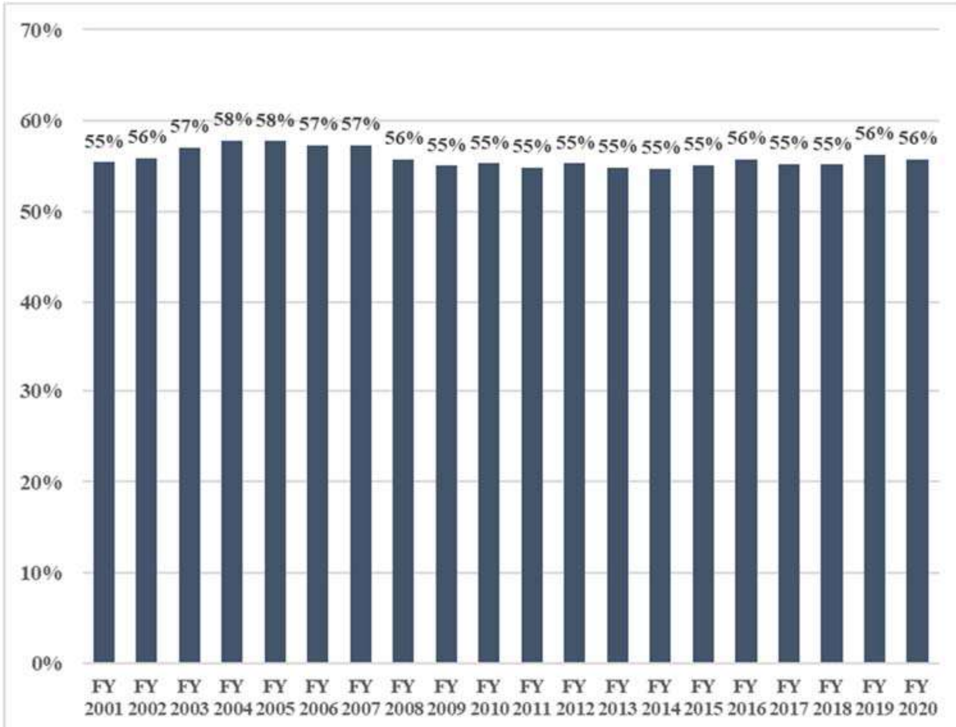
Source: ONT Airport Statistics

2.3 RESIDENT/VISITOR MIX

The split between resident (people who live in the Los Angeles region) and visitor (people traveling to the region) domestic O&D traffic[15] has remained relatively stable over the last 20 years, varying between 55% and 58% resident traffic. In FY 2020, the mix of resident traffic was 55.7%, in-line with historical trends.

[15] 92% of ONT O&D passenger traffic is domestic O&D traffic. O&D passengers are a measure of the final destination of a passenger on a journey and are different than enplaned passengers.

Figure 3: Resident % Share of Historical Domestic ONT O&D Traffic



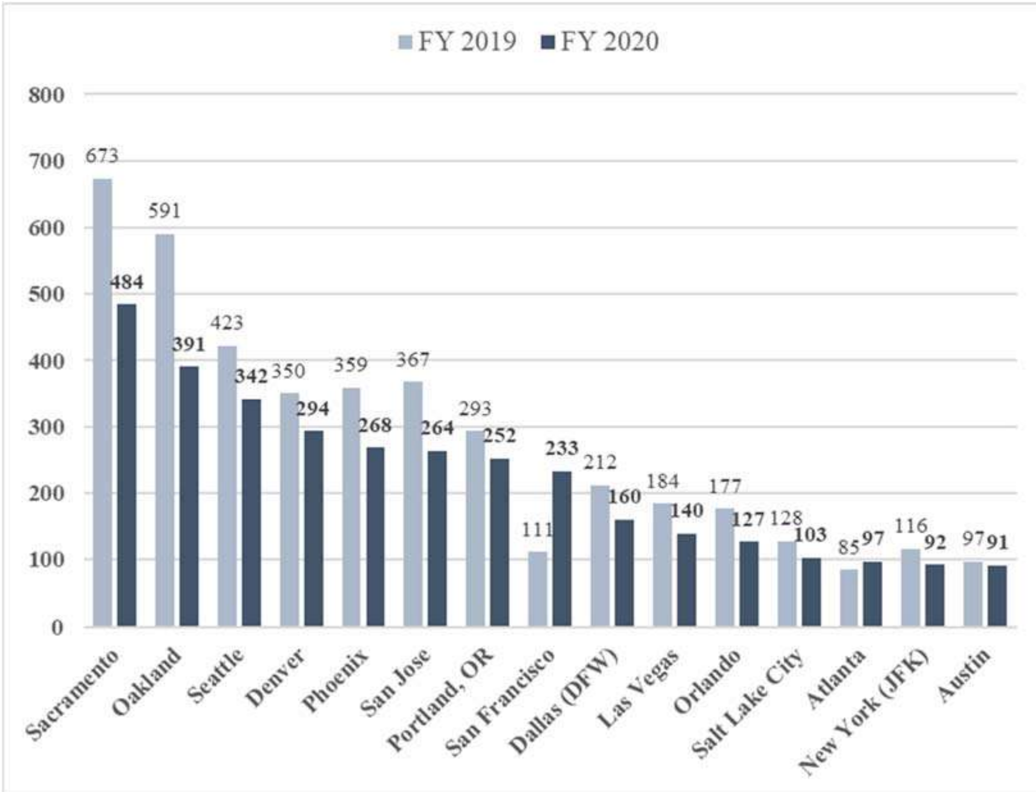
Source: U.S. DOT O&D Survey

2.4 LARGEST ONT O&D MARKETS

ONT's 15 largest domestic O&D passenger destinations all had nonstop service from ONT pre-pandemic. Figure 4 below shows the top 15 O&D markets out of ONT for FY 2020 (dark bar) and what the passengers were in FY 2019 (light bar). The top 8 markets in FY 2020 are all destinations in the western U.S. The largest eastern U.S. destination is Orlando ranked 11th on the list, which had nonstop service started by Frontier in August 2018. Atlanta (ranked 13th in FY 2020) and Austin (ranked 15th in FY 2020) were not in the top 15 O&D markets in FY 2019[16].

[16] Atlanta as ranked 18th in FY 2019 and Austin was ranked 17th in FY 2019. San Antonio, which was ranked 14th in FY 2019 dropped to 16th in FY 2020 and Dallas Love Field which was ranked 15th in FY 2019 dropped to 17th.

Figure 4: Largest ONT O&D Destinations (Passengers Daily Each Way)

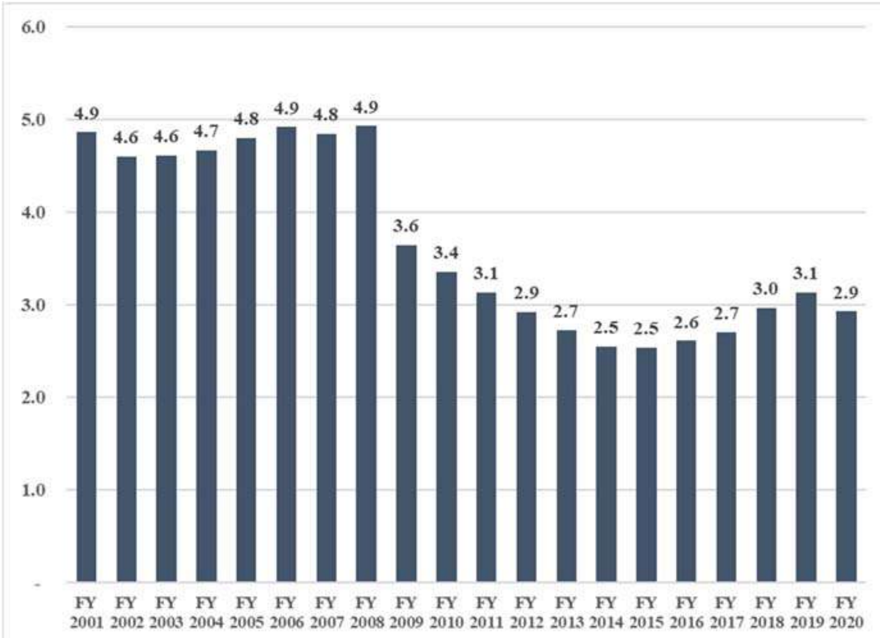


Source: U.S. DOT O&D Survey, FY 2019 and FY 2020

2.5 SEAT-DEPARTURES

ONT seat-departures (a measure of airline capacity) were relatively consistent from FY 2001 through FY 2008, averaging approximately 4.8 million per year. FY 2008 was the peak with 4.93 million seat-departures contributed to by the ExpressJet focus city operation at ONT during 2007/2008. Starting in late 2008, with the failure of ExpressJet resulting in the loss of nonstop service to many markets that was not replaced, the onset of higher fuel prices, the Great Recession and an in-attentive air service development program when ONT was part of the LAWA system, seat capacity at ONT fell dramatically, falling to 2.5 million seat-departures by FY 2014. With the economic recovery and the transfer of airport control back to ONT in late 2016 which has had an increased focus on air service development, seat-departures have grown to 3.1 million in FY 2019. FY 2020 seat-departures decreased as a result of the pandemic starting in Q1 2020.

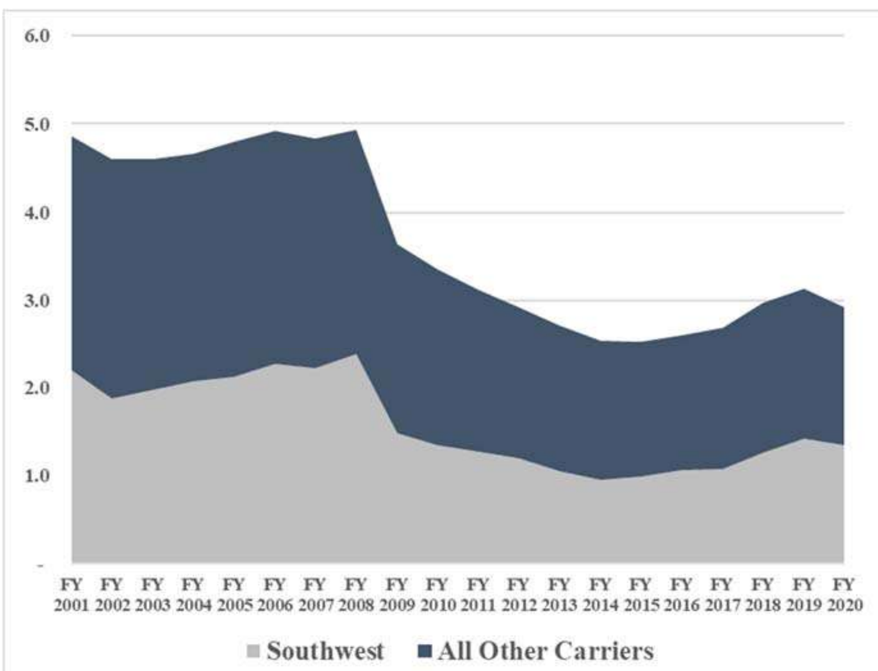
Figure 5: Seat-Departures at ONT (in Millions)



Source: U.S. DOT T-100 Report

Southwest was the largest airline at ONT and had nearly 55% of the seat-departures at the Airport in FY 2019 and FY 2020.

Figure 6: Seat-Departures at ONT by Airline (in Millions)



Source: U.S. DOT T-100 Report

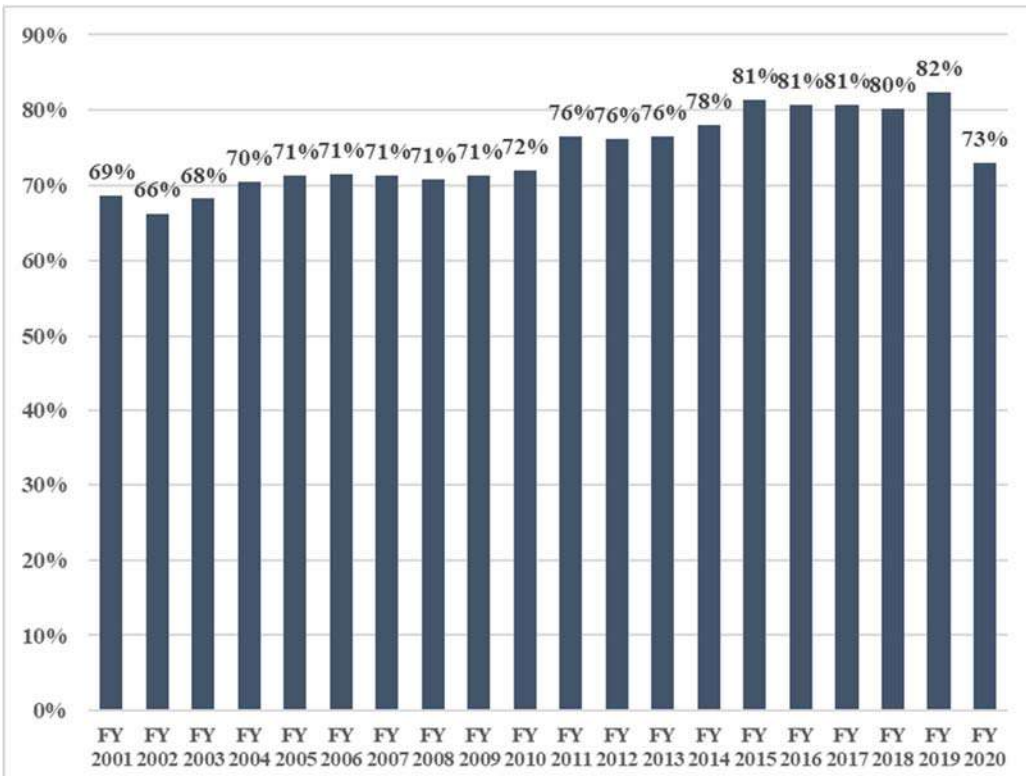
2.6 SEAT FACTOR

Seat factor (the percentage of seats occupied on arriving and departing flights) grew at ONT from the mid/high-60% range in FY 2001 to FY 2003 to a peak of 82% by FY 2019. Then dropped to 73% in FY 2020 as a result of the pandemic.

JetBlue Airways and United Airlines had the highest percentage of seats filled in FY 2020, with 83.8% and 83.0% of their seats filled respectively.

For ONT's largest carrier Southwest, for FY 2020 its seat factor was 66.6%.

Figure 7: Seat Factor - % of Seats Filled at ONT

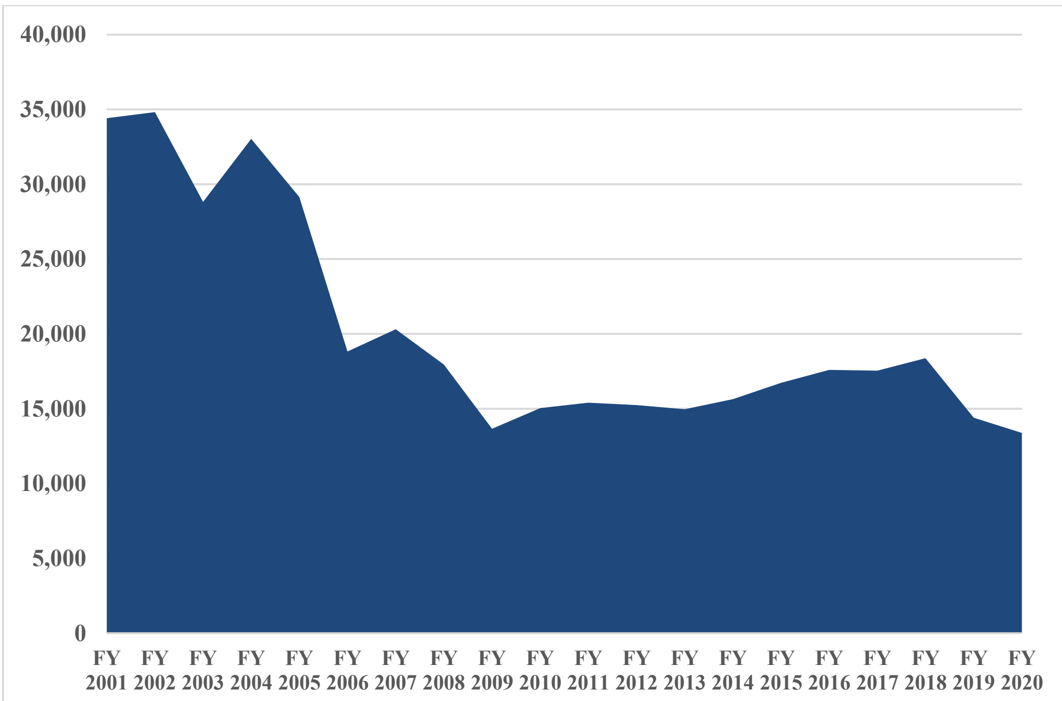


Source: U.S. DOT T-100 Report

2.7 GENERAL AVIATION OPERATIONS

General aviation operations at the airport fell from a peak of nearly 35,000 in FY 2002 to below 14,000 by FY 2009. GA operations grew steadily through FY 2018, but dropped to 14,392 in FY 2019 and fell again to 13,380 in FY 2020.

Figure 8: General Aviation Operations at ONT

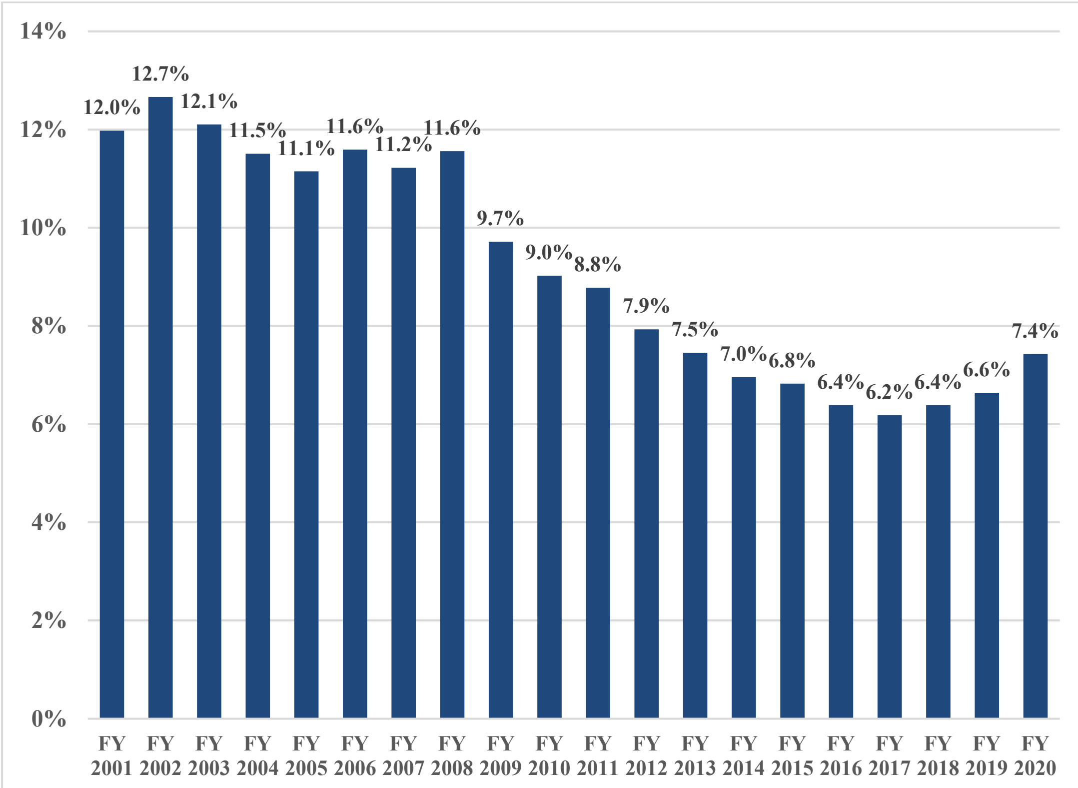


Source: FAA Air Traffic Activity Data System

2.8 ONT'S DOMESTIC O&D MARKET SHARE OF THE LOS ANGELES REGION

Between FY 2001 and FY 2008, ONT's share of Los Angeles region domestic O&D passengers was consistently between 11% and 12%. By FY 2017, ONT's share of the region's domestic O&D traffic fell to 6.2%. Since FY 2017, ONT's domestic seat capacity has grown nearly 12% and ONT's share of the region's domestic O&D traffic improved to 7.4% in FY 2020. Comparatively as ONT's scheduled seat capacity was 12% higher in FY 2020 (capturing pandemic schedule reductions in FY 2020) as compared to FY 2017, the rest of the region's domestic seat capacity was down by over 12%.

Figure 9: ONT % Share of Los Angeles Region Domestic O&D Traffic



Source: U.S. DOT O&D Survey

The numbers show that ONT has become a more preferred airport in the region since FY 2017. As previously mentioned in Section 1.1, ONT continues to have significant potential in the long-run for growing its share of the Los Angeles region domestic O&D traffic as a result of constraints at the other airports. In the near-term, if ONT's domestic share of seat capacity in the Los Angeles region continues to grow as it has since FY 2017, ONT's share of domestic O&D traffic in the region will likely grow as well.

3.0 TRAFFIC FORECAST (2021-2025)

3.1 CURRENT SERVICE

The following total commercial operations (commercial air traffic movements, or ATMs) and total seats were scheduled at ONT for a sample week in October 2020 and the same week in October 2019. The figures for October 2020 include all capacity adjustments as a result of the pandemic. Total operations were down 37% year-over-year and seats down 41% – with average aircraft seat size declining from 142.5 seats/operation to 133.3 from October 2019 to October 2020. ONT's domestic operations were down 35% and domestic seats were down 39%.

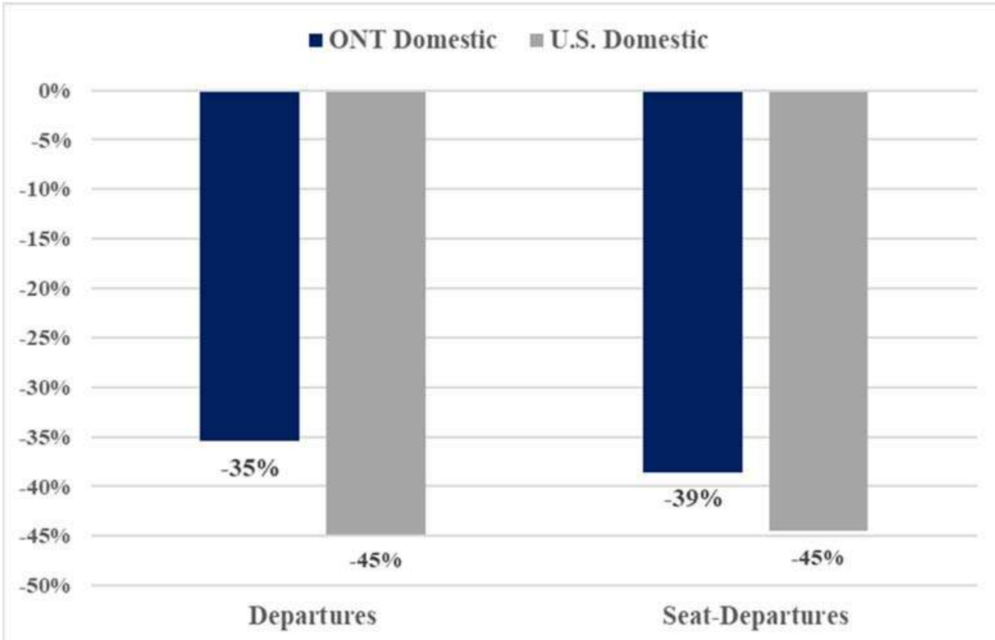
Figure 10: YOY Change in Commercial Operations and Total Seats

	Week of October 12-18, 2020		Week of October 14-20, 2019		Year-Over-Year Change	
Airline	Operations	Total Seats	Operations	Total Seats	Operations	Total Seats
Southwest	254	41,250	514	75,678	-51%	-45%
American	116	12,460	148	20,600	-22%	-40%
Delta	104	10,992	66	8,580	58%	28%
Alaska	70	10,096	64	8,536	9%	18%
United	64	5,516	110	10,456	-42%	-47%
Frontier	8	1,488	42	7,764	-81%	-81%
Volaris	6	1,088	14	2,520	-57%	-57%
JetBlue			10	1,500	-100%	-100%
China Airlines			14	4,284	-100%	-100%
Total	622	82,890	982	139,918	-37%	-41%

Source: Cirium schedules

In Figure 11, ONT's year-over-year change in scheduled domestic operations and seats for the sample week in October are compared to the year-over-year change in U.S. domestic operations and seats. The year-over-year decline in ONT departures are 10 points less than the decline in the U.S. average. ONT's year-over-year decline in seats are 6 points less than the U.S. average. Based on this, ONT is recovering at a faster rate driven by the growth of Delta and Alaska at the Airport.

Figure 11: ONT Domestic YOY Departure/Seat Change Compared to U.S. Average

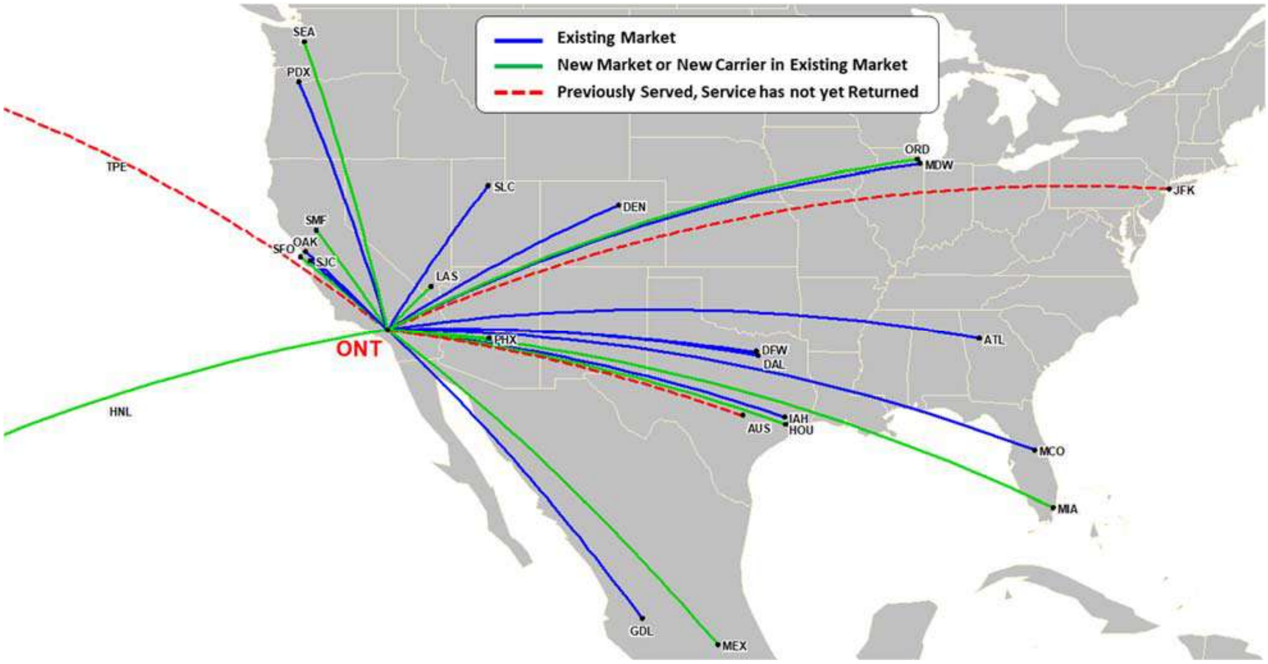


Source: Cirium schedules

It is assumed that ONT capacity will continue to recover at a faster pace than the U.S. average. On November 17, 2020 Frontier Airlines announced that it will add nonstop service to seven U.S. cities from ONT in early 2021, most of which had been assumed in the scenarios. On December 8, 2020, Hawaiian Airlines announced new nonstop service to Honolulu five times a week starting in mid-March 2021. This had also been assumed in the scenarios.

Figure 12 highlights the nonstop destinations from ONT as of Q2 FY 2021, including those with new nonstop service, or a new carrier in an existing market, as well as those nonstop destinations that have not yet returned.

Figure 12: ONT Nonstop Network



Source: Cirium schedules

3.2 ACTIVITY FORECASTS

Typically, several different methodologies are considered and analyzed in the development of the recommended enplanement forecast. Three of the forecast methods, the Market Share Analysis, the Regression Share Analysis and the Trend Analysis, are generally accepted techniques for forecasting aviation activity for an airport. The fourth forecast method, the Air Service Analysis, is an alternative generally accepted method that considers recent factors including such things as large amounts of passenger leakage to other airports that are not picked up by the other methods or significant shocks to industry supply (departures, seats) and/or demand (passengers), such as with the current pandemic. A brief definition of the different methodologies follows.

Market Share Analysis – This is a measure of ONT's passenger share of the Los Angeles Region's total passenger enplanements. Total Los Angeles Region passengers are forecast for each future year. Then, ONTs passenger enplanement share of the region is historically trended and a future passenger enplanement share forecast. From these two forecasts, ONT's passenger enplanement volume is forecast. A typical source for this would be the Federal Aviation Administration's (FAA) Terminal Area Forecast (TAF) enplanement numbers or the U.S. DOT T-100 Report.

Regression Analysis – This is a statistical process for estimating the relationship between a dependent variable and an independent variable. Demographic projections for the airport's catchment area are used to estimate growth at ONT and future enplanements. A typical source for this, would be zip code-level passenger ticketing data from ARC, demographic data from Census, and economic projections from Woods & Poole.

Trend Analysis – A method to predict the future passenger enplanement volumes based on past results. Annual passenger enplanement growth rates (based on 3-year, 5-year or 10-year CAGRs) are calculated and used to estimate enplanement growth at ONT. A typical source for this is Airport traffic statistics, the FAA TAF or the U.S. DOT T-100 Report.

Air Service Analysis – A method whereby near-term (next 4-5 years) ONT operations and enplanements are forecasted based on projected schedules and demand. Key forecast assumptions include expected schedule changes, average seats per departure and percentage of seats filled (seat factor).

Given the significant changes to industry supply and demand, it has been determined that the Air Service Analysis will be used for the forecast. Using pre-pandemic results, at least until after a full recovery from the current lower pandemic-impacted levels has been attained, make it extremely difficult to use forecasting techniques that rely on old data and old trends for predicting near-term current trends.

To prepare the Air Service Analysis, in addition to the schedules filed by the carriers, interviews were conducted with the Airport regarding potential air service changes. Campbell-Hill has extensive experience working with airports doing air service development work as well as forecast work, and used this experience to complement Airport input.

3.2.1 Air Service Analysis

The commercial air service schedule for ONT (which will be referred to as the "baseline" schedule) is based on schedules filed by the carriers for October 2020 through March 2021. The schedules are detailed, with information as to airline, flight number, day of week of operation, origin[17] and destination[18], aircraft type[19] and flight arrival and departure times.

The forecast assumes a 98.25% completion factor[20] on all scheduled operations. In a perfect operational world, all scheduled flights would operate, but this does not happen in reality. Cancellations due to such things as weather, crew issues or maintenance prevent a complete schedule from being operated. The final forecasts reflect this reality.

Actual schedules are used through March 2021, while for April 2021 through June 2021, the baseline schedule is modified to reflect known future schedule adjustments, many of which were previously mentioned in Section 1.1. For FY 2022 through FY 2025, baseline schedules are further adjusted by month for seasonality and forecast to return to pre-pandemic operations over time. These were determined jointly between the Airport and the forecaster.

[17] The airport at which a flight began
[18] The airport at which a flight ended
[19] Manufacturer and model of the aircraft and how many seats are onboard
[20] Based on ONT actual completion factors over the last five years. During March and April 2020, completion factors at ONT fell to 82% and 52% respectively as carriers cancelled flights 1-2 days before departure. Between May 2020 and September 2020, ONT's completion factor was 98.9% as carriers were removing flights from the schedule 1-2 months in advance of actual operations. As of this time, carriers continue to remove future flights from the schedule 1-2 months in advance.

Key forecast assumptions include:

- Schedules through FY 2025
- Average seats per departure
- Percentage of seats filled (seat factor)

Two different air service scenarios were forecasted, a "Low" scenario where Airport passengers do not return to FY 2019 levels until approximately FY 2024, and a "Moderate" scenario where Airport passengers return to FY 2019 levels in FY 2023. No other demand disruptions, such as a recession, are built in to the forecast through FY 2025.

The air service scenarios (FY 2021 – FY 2025) are a supply driven model. Once the schedule, aircraft and frequency are established, passenger demand is forecast. Passenger demand is forecast by forecasting the number of seats filled on each of the flights, by airline and destination by month to account for seasonality.

As stated earlier, the pandemic has had a dramatic impact on passenger demand in the near-term. In addition to adjusting the assumed capacity in the forecast through FY 2025, assumed travel demand has also been reduced from pre-pandemic levels by lowering the percentage of seats filled with seat factors not returning to FY 2019 levels until FY 2023 or FY 2024 (depending on the scenario).

For new forecasted services, load factors on similar services offered by the carriers assumed to be providing the service were used as benchmarks. Multiplying seat-departures by expected percentage of seats filled results in the number of enplaned passengers by month and ultimately by fiscal year.

3.2.1.1 Low Scenario

As mentioned above, in summary the "Low" scenario assumes that Airport passengers do not return to, and exceed, FY 2019 levels until FY 2024. It is assumed that operations return to FY 2019 levels slightly earlier, in FY 2023, but average aircraft size is assumed to be nearly 10 seats lower than in FY 2019 as carriers right-size supply to demand.

For the "Low" scenario, the following ONT service assumptions have been made:

- Q4 CY 2020 ONT carriers, nonstop destinations and frequency levels are not reduced further
- Alaska Airlines returns to 2019 seat capacity in 2022
- American Airlines returns to 2019 seat capacity by 2023
- China Airlines resumes operations but on a less-than-daily basis
- Delta Airlines continues to operate at current levels which are above 2019 seat capacity levels
- Frontier Airlines returns to several markets, including those previously announced but not flown with seat capacity returning by 2023. Since the forecast was built, Frontier has announced service to seven markets with service beginning in the first half of CY 2021
- JetBlue Airways resumes its pre-pandemic daily service in 2023
- Southwest Airlines, ONT's largest carrier, returns to 2019 seat capacity by mid-2022
- United Airlines returns to 2019 seat capacity by 2023
- Volaris continues to operate at its 2019 seat capacity and has also started Mexico City (MEX) nonstop service in November 2020
- ONT's seat factor is assumed to exceed FY 2019 levels in FY 2024 as ONT's average aircraft size is assumed to be lower in FY 2024 than it was in FY 2019

3.2.1.2 Moderate Scenario

The “Moderate” scenario assumes a quicker return to FY 2019 Airport passenger numbers with both operations and passengers returning by FY 2023.

For the “Moderate” scenario, the “Low” scenario is taken and the following additional ONT service assumptions are incorporated:

- American Airlines increases daily frequency by 2023
- China Airlines operates daily flights by 2023
- Delta Air Lines increases daily frequency in two markets by 2023
- Frontier Airlines starts service to several more, new markets by 2023. Since the forecast was built, Frontier has announced service to seven markets with service beginning in the first half of CY 2021
- New daily service on Hawaiian Airlines to Honolulu (HNL) is forecast by 2022. Since the forecast was built, Hawaiian has announced new service to Honolulu
- JetBlue Airways resumes its JFK nonstop in 2022 rather than in 2023
- United Airlines increases daily frequency in at least one market by 2024
- Southwest Airlines starts new daily nonstop service to two new markets by 2023
- A non-incumbent carrier is assumed to start service with two daily frequencies by FY 2024

The “Moderate” scenario assumes more seat-departures than the “Low” scenario by FY 2025 with a slightly higher seat factor as demand is assumed to return faster than in the “Low” scenario.

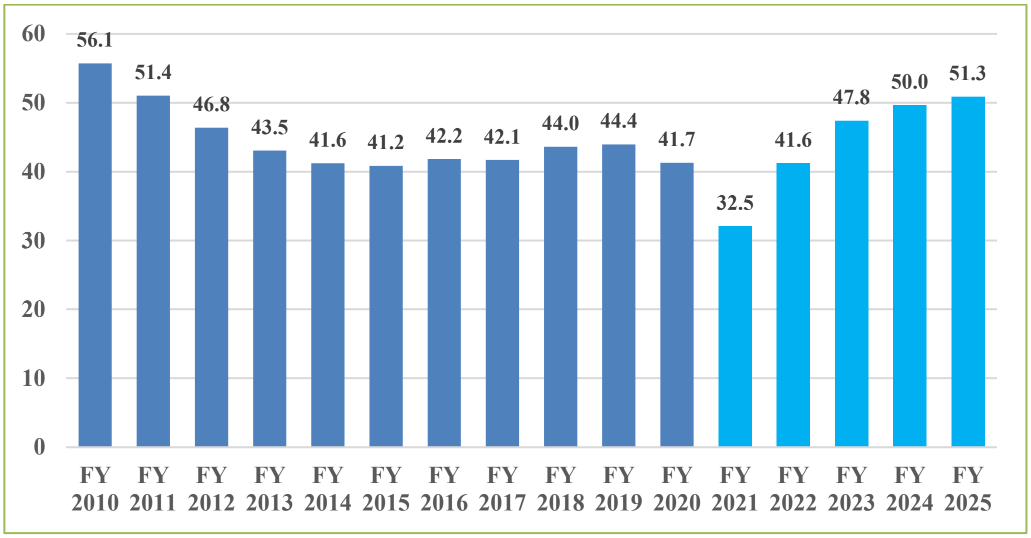
Avianca Airlines February announcement of new nonstop service to San Salvador, and American Airlines March announcement of twice-daily nonstop service to Chicago and seasonal service to Charlotte are not in the forecasts.

The following charts are based on the “Low” forecast which will also be used in the ROAC.

Operations

ONT is assumed to have over 51,300 commercial passenger operations by FY 2024. As a point of comparison, ONT peaked with over 89,000 operations in FY 2008.

Figure 13 – ONT Commercial Operations – Low Forecast (in Thousands)



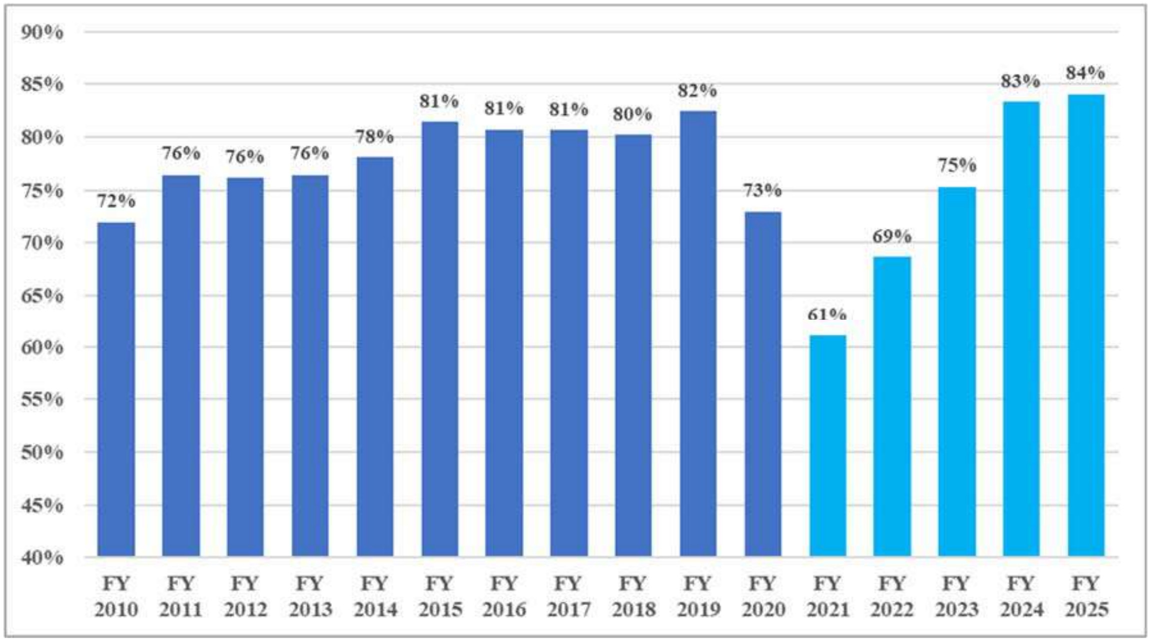
Source: U.S. DOT T-100 Report and Forecast Analysis

Seat Factor

It is assumed that by FY 2024 that the percentage of seats filled ratio exceeds pre-pandemic levels (it was 82.4% in FY 2019), putting ONT back on its pre-pandemic five-year upward trend[21]. A smaller forecast average aircraft seat size at ONT also contributes to higher seat factors by FY 2024.

[21] By comparison, the FAA Aerospace Forecast forecasts overall domestic load factors to continue to grow across both the 2020-2030 and 2020-2040 time periods.

Figure 14 – ONT Percentage of Seats Filled - Low Forecast

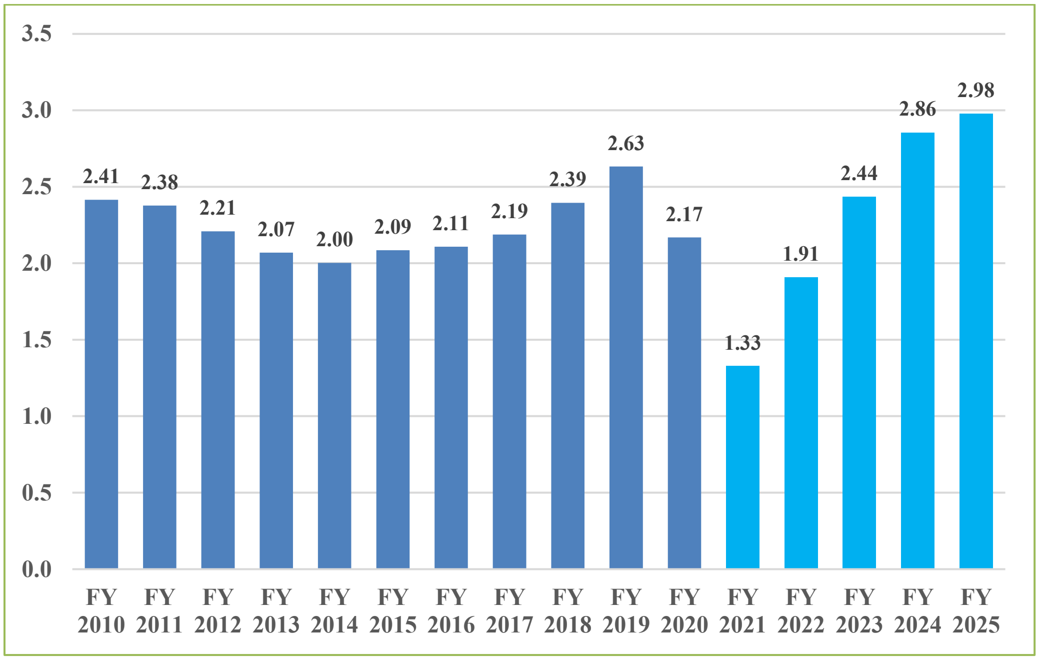


Source: U.S. DOT T-100 Report and Forecast Analysis

Enplanements

ONT is forecast to have over 2.9 million enplanements by FY 2024. As a point of comparison, ONT peaked with over 3.6 million enplanements in FY 2006.

Figure 15 – ONT Enplanements - Low Forecast



Source: Airport Statistics and Forecast Analysis

Landed Weights

For FY 2021 through FY 2025, the landed weights are based on the schedules that were assumed by airline and equipment type.

A summary of the commercial enplanement and operation forecast is as follows in Figure 16. The full forecast by year including landed weights can be found in the Appendix.

Figure 16 – Commercial Forecast – Low Forecast

Fiscal Year	Assumed Operations	Assumed Average Aircraft Size	Assumed Percentage Seats Filled	Forecast Enplanements
2021	32,457	133.9	61.1%	1,328,166
2022	41,611	133.7	68.6%	1,910,175
2023	47,807	135.2	75.3%	2,435,774
2024	50,047	137.0	83.3%	2,856,431
2025	51,318	138.1	84.1%	2,978,637

Source: Forecast Analysis

4.0 ALL-CARGO FORECAST METHODOLOGY AND RESULTS

4.1 HISTORICAL CARGO ACTIVITY

ONT handles two types of cargo activities: belly cargo on passenger flights and cargo moving on scheduled and non-scheduled freighter flights. Passenger activity is forecast separately, so this section focuses on freighter-based or "all-cargo" flight activity.[22]

Based on airport statistics, total cargo traffic on all-cargo flights exceeded 839,000 short tons in FY 2020 which was an increase of 47% over CY 2016 (see Figure 17). For many years, the main source of ONT's all-cargo activity moved on scheduled flights by the two U.S. integrated carriers ("integrators"), UPS and FedEx.[23] These two carriers continue to dominate all-cargo activity at ONT accounting for 77% of cargo traffic in FY 2020 UPS accounted for 59% of the cargo traffic in FY 2020 based on flights carrying local origin/destination traffic[24] as well as flights serving regional markets as the carrier's West Coast regional hub.[25] FedEx's flights connect the local market with its national and regional hubs carrying local O&D freight and express traffic. Both UPS and FedEx also operate intra-state networks using contract "feeder" carriers using small turbo-prop aircraft. Combined the two integrated carriers' cargo traffic increased 21% from CY 2016 to FY 2020.

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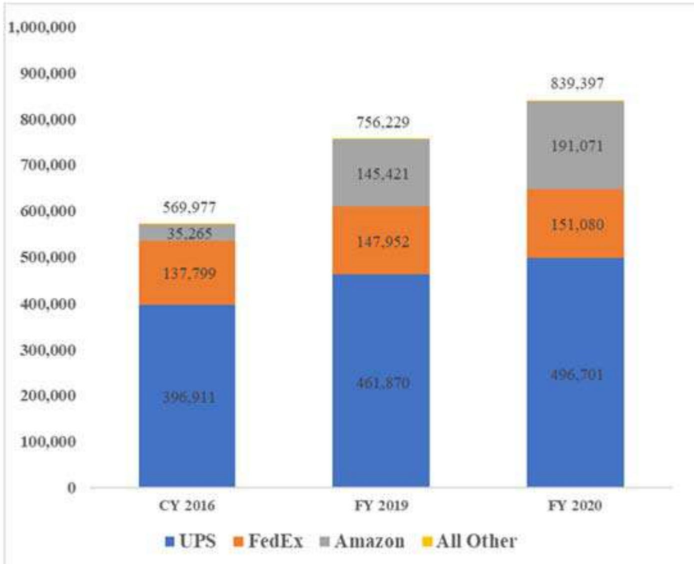
[22] The COVID-19 pandemic has resulted in some passenger aircraft being used in all-cargo configurations at some major international gateways; this has not occurred at ONT during CY 2020.

[23] Integrated carriers or integrators (UPS, FedEx and DHL) control the entire shipment from pickup at the shipper's dock to delivery at the consignee's location ("door-to-door"). These carriers utilize their ground and air networks to collect and distribute traffic, linking domestic transport with international freighter flights at their primary hubs (Memphis, Cincinnati or Louisville) or international gateways (e.g., Newark and Philadelphia). These carriers may also operate outside of their networks, utilizing other air carriers or service providers in order to provide comprehensive market coverage or expedited transportation, and may also carry traffic on a "non-integrated" airport-to-airport basis.

[24] Both FedEx and UPS serve five airports in the Los Angeles metro region (all except PSP) so ONT traffic would mostly consist of shipments to/from the Ontario metro market ("local origin/destination") as well as transfer traffic for smaller local markets using feeder aircraft.

[25] An integrated carrier "regional hub" is used to bypass the "national hub" for traffic between airport markets within the same region.

Figure 17: ONT Cargo (Tons) by Carrier Type (CY 2016-FY 2020)



Source: Ontario Airport Statistics

Most of the remaining non-integrated cargo traffic moved on flights operated by several contract carriers carrying cargo traffic for Amazon starting in 2015.[26] ONT is the primary airport used by Amazon to serve the entire Los Angeles metro area. Amazon flights handled over 191,000 tons in FY 2020 which accounts for 23% of the total cargo traffic. Recent growth in Amazon's cargo traffic reflects a general build-up of its contracted fleet and domestic airport network and ONT's role within it. In addition to the integrators and Amazon, a minor amount of cargo traffic moves on non-scheduled flights ("All Other") which accounted for just 0.1% of total cargo traffic and 2% of all-cargo flights in FY 2020.[27]

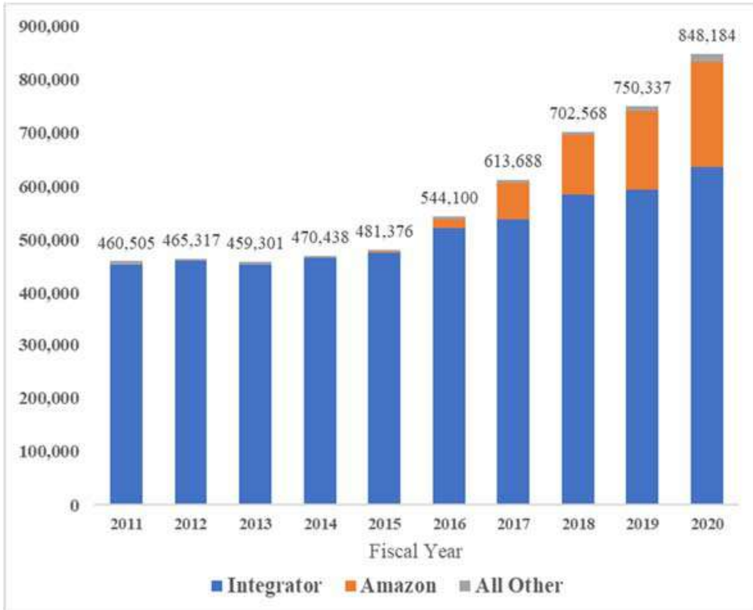
Longer term trends in all-cargo activity can be measured using U.S. DOT T-100 statistics which also provides data on aircraft type, airport origins/destinations and payload capacity (in addition to flights and cargo tonnage).[28] As shown in Figure 18, total cargo tons at ONT averaged 7.0% annual growth between FY 2011 and FY 2020 including 3.8% annual growth for the integrators. Over the 10-year period, total flights averaged 7.5% annual growth while total payload capacity grew 10.5% per year (as average aircraft size increased over the period).

[26] The initial Amazon carriers at ONT were ABX, Atlas and Air Transport International (ATI) with Sun Country and Southern adding flights starting in mid-2020. The domestic air network connects a national hub at Cincinnati (CVG) and over two dozen regional airports and is dedicated to handling traffic between Amazon's distribution and fulfillment facilities serving major markets. Unlike the integrators, a large share of Amazon's traffic moves on point-to-point flights between "service" airports (e.g., ONT and DFW). Similar to the integrators, Amazon is adding regional hubs to relieve congestion at its national hub.

[27] It is possible that some of these charter flights are operated to supplement capacity for Amazon and the integrators but they would not specifically be identified as such.

[28] T-100 statistics are based on filings by operating airlines and may differ from the airport's statistics primarily due to the exclusion of some small aircraft operators (e.g., Ameriflight) and the lack of identification of carriers operating for other airlines (e.g., Amazon's contract carriers).

Figure 18: ONT Cargo (Tons) by Carrier Type (FY 2011-FY 2020)



Source: U.S. DOT, T-100 Statistics

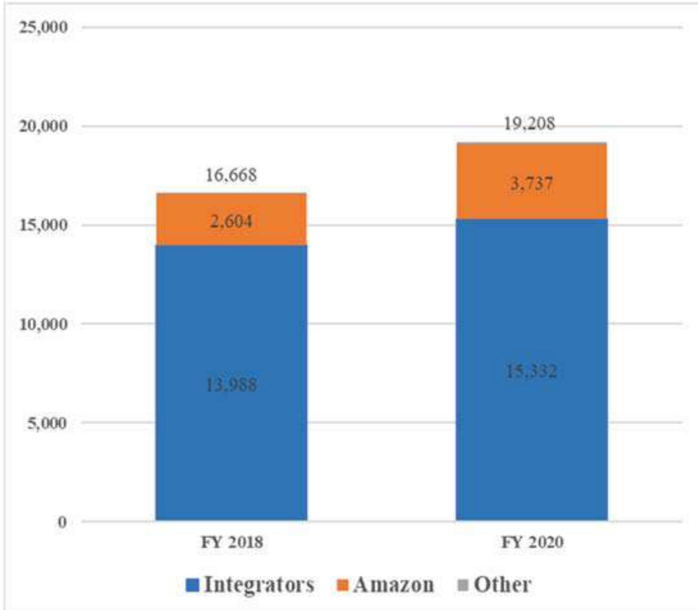
The level and pattern of aircraft activity used to handle cargo traffic depends on the availability of capacity and the design of route networks. ONT is served within the networks of FedEx, UPS and Amazon handling inbound and outbound cargo traffic for the local and regional markets, as well as some regional sort cargo traffic. In addition to serving the local market (with frequent flights to Louisville, Rockford and Anchorage), UPS has a regional sort hub at ONT which connects airports throughout the West Coast (Salt Lake City, Albuquerque, Phoenix, Denver, Oakland, Sacramento, Billings, Spokane, Honolulu and Portland) handling both local and non-local cargo traffic. UPS also operates an intra-state feeder network using a contract airline operating turbo-prop aircraft.

FedEx serves the local market with flights to its hubs in Memphis and Indianapolis and also connects those hubs with smaller local markets using small aircraft via ONT. Amazon (using its contract carriers) had flights to its national hub at Cincinnati in FY 2020 as well as connecting to nine other "service" airports within its network. Flights and aircraft size for these carriers are determined by cargo traffic levels (both local and sort) to/from connecting airports within the constraints of each carrier's fleet and network. The minor amount of all-cargo charter flights is driven by the need for dedicated flights (including some that may provide ad hoc support to the integrator and Amazon operations at ONT).

In FY 2020, all-cargo operations generated over 19,000 landings (and over 38,000 flights or "operations").[29] The integrators accounted for 80% of that total (with UPS having 54%). Total landings increased 115% from FY 2018 to FY 2020. While accounting for just 1% of the flights, the ad hoc charters more than doubled from FY 2018 as cargo demand spiked in the first half of 2020.

[29] The airport collects statistics on landings as that is how landing fees are charged. It is assumed that takeoffs are equal to landings and the combined total measures "flights" or "operations" which are projected in the forecasts.

Figure 19: ONT All-Cargo Landings by Carrier Type (FY 2020)

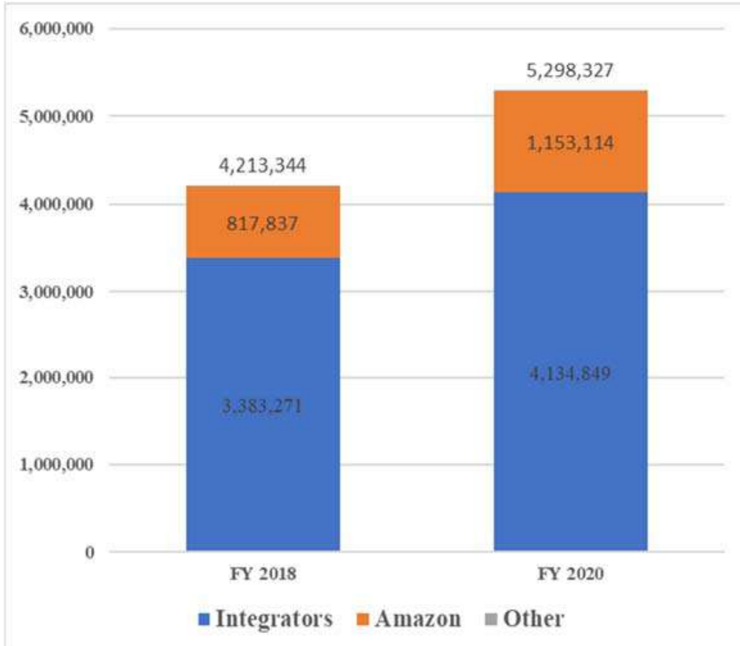


Source: Ontario Airport Statistics

Differences in aircraft type and size for the various categories of all-cargo operators are reflected in differing patterns for maximum landing weight (MLW) distribution and growth.[30] Total MLW exceeded 5.3 billion pounds in FY 2020 which is 26% above FY 2018 levels. The integrators operate a mix of aircraft types with UPS averaging 312,000 MLW per landing compared to 181,000 pounds for FedEx – with both averages increasing over the last two years. On the other hand, Amazon operated a fairly uniform fleet of B767-200's and B767-300's at ONT so the average MLW of 309,000 pounds decreased just 2% from FY 2018 (due to the introduction of smaller 737-800's in 2020). The charter operations averaged 162,000 pounds of MLW although that average combines flights by aircraft ranging from small turbo-props to large 747-400 freighters.

[30] Maximum landing weight (MLW) is the maximum gross weight at which any particular airport can be landed at an airport as certified by international aviation agencies (e.g., U.S. FAA). This weight does not vary by flight or based on traffic levels and is the measure used to assign landing fees for U.S. airports. While not directly proportional, MLW levels are representative of cargo capacity levels.

Figure 20: ONT All-Cargo MLW (000 Pounds) by Carrier Type (FY 2020)



Source: Ontario Airport Statistics

4.2 ALL-CARGO FLIGHT FORECASTS

All-cargo activity for an airport is jointly driven by the size of the local market (mostly based on demand for integrated/dedicated air freight and express services) and structural factors for the air carriers (e.g., hub-and-spoke systems, fleet composition and demand for non-scheduled freighter service). The pandemic has had a positive impact on the demand for all-cargo capacity at ONT with differing effects on the various types of carriers.

In general, the forecast methodology is based on assumptions about the extent to which the short-term effects will continue (and for how long) and when longer term trends will apply. For each of the carrier types, the FY 2021-2025 forecast is based on: (1) cargo traffic levels for the first quarter of FY 2021 (2020 Q3); (2) assumptions for the return to long-term growth patterns; and (3) projected long-term growth through FY 2025.

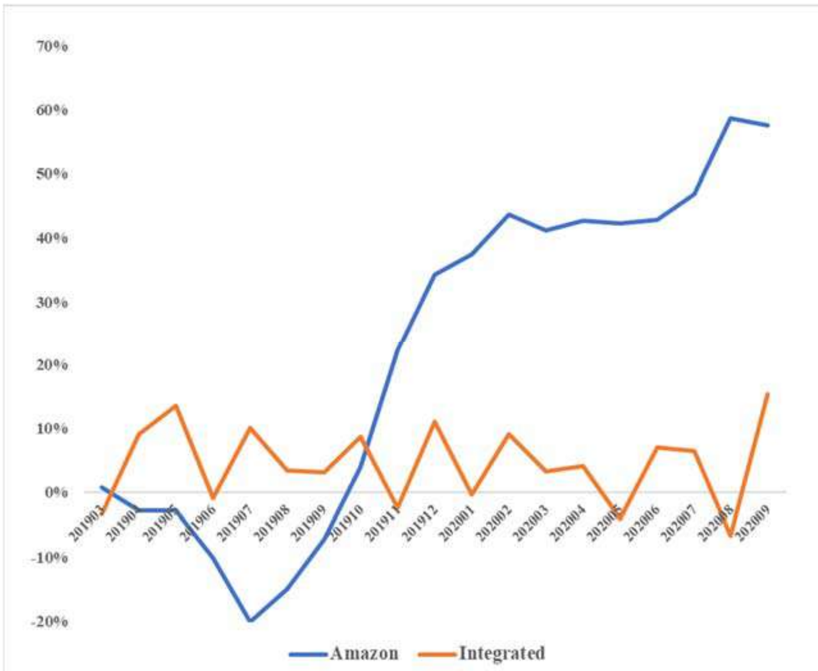
As shown in Figure 21, landings for the integrators averaged 5% year-to-year growth for the 12 months up to February 2020 which was slightly above the 4% average for March through September 2020.[31] The growth in capacity (as indicated by MLW levels) was higher averaging 11% for March 2019 to February 2020 and 8% for March 2020 to September 2020 (see Figure 22).

Prior to October 2019, the Amazon flights were down year-to-year (perhaps showing the effect of fleet constraints on domestic network expansion). Starting in November 2019, the Amazon flights experienced

[31] The variability in growth for integrators after March 2020 despite increased demand may be attributed to the high demand for aircraft throughout their large airport networks and their ability to modify flight capacity using their large mixed fleets (as shown by higher growth for MLW compared to flights).

double-digit growth through September 2020 based on a combination of (1) network and fleet expansion prior to and during the pandemic period and (2) high cargo traffic demand throughout the post-March 2020 period. From March 2020 to September 2020, the Amazon flights averaged 47% year-to-year growth compared to 7% for the previous 12 months with smaller growth in monthly capacity (36% for March 2020 to September 2020 and 6% for prior 12 months).

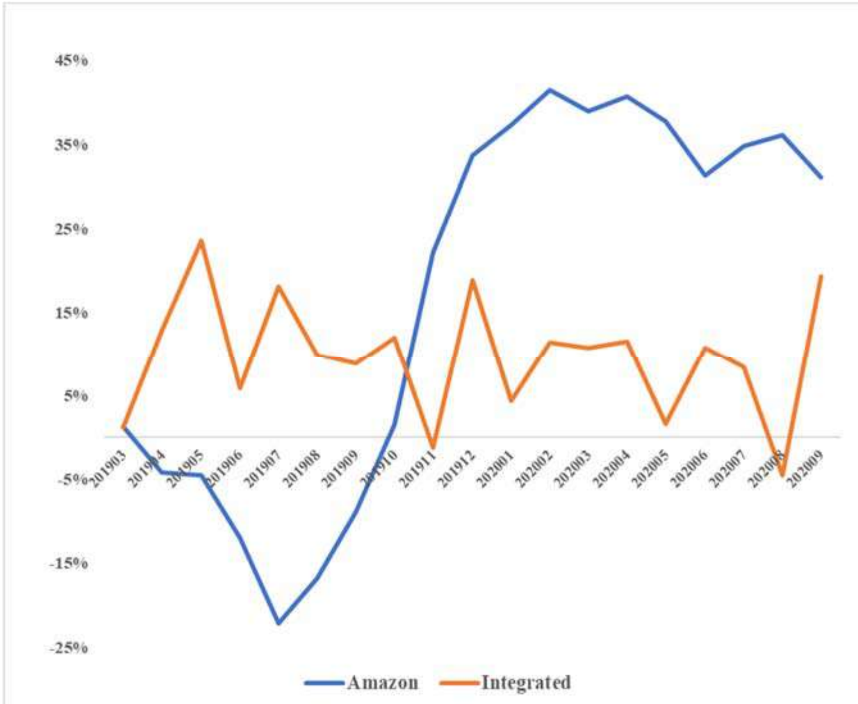
Figure 21: ONT Landings by Carrier Type (YTY AUG 2019-SEP 2020 Growth)



Source: Ontario Airport Statistics

The effect on the all-cargo charter flights was also significant. ONT had less than 10 landings per month between July 2017 and January 2020 before expanding to an average of 34 flights per month between February and September 2020. Overall, monthly landings at ONT averaged 13% growth over the previous year for March 2020 to September 2020 compared to 5% for the previous 12 months (March 2019 to February 2020). The effect on the charter flight MLW was less than for landings during the pandemic period (189% growth in MLW vs. 443% growth in landings) as the demand for all-cargo capacity spread to the smaller aircraft types. Overall, monthly MLW at ONT averaged 15% growth over the period from March 2020 to September 2020 compared to 9% for the previous 12 months.

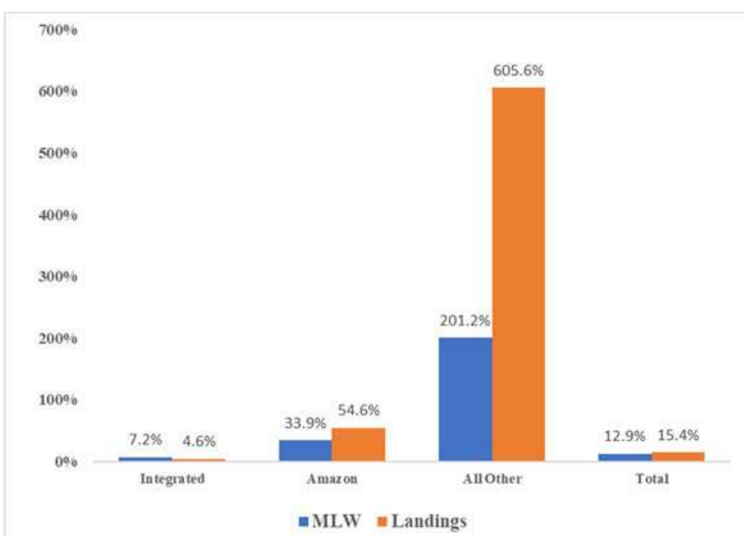
Figure 22: ONT MLW by Carrier Type (YTY AUG 2019-SEP 2020 Growth)



Source: Ontario Airport Statistics

These patterns are reflected in first quarter growth for FY 2021. As shown in Figure 23, the integrator MLW grew 7.2% from the previous year, while landings increased 4.6%. For Amazon operations, MLW increased 33.9% with landings growing 54.6%, while the charter flights were up by a factor of seven with MLW tripling.

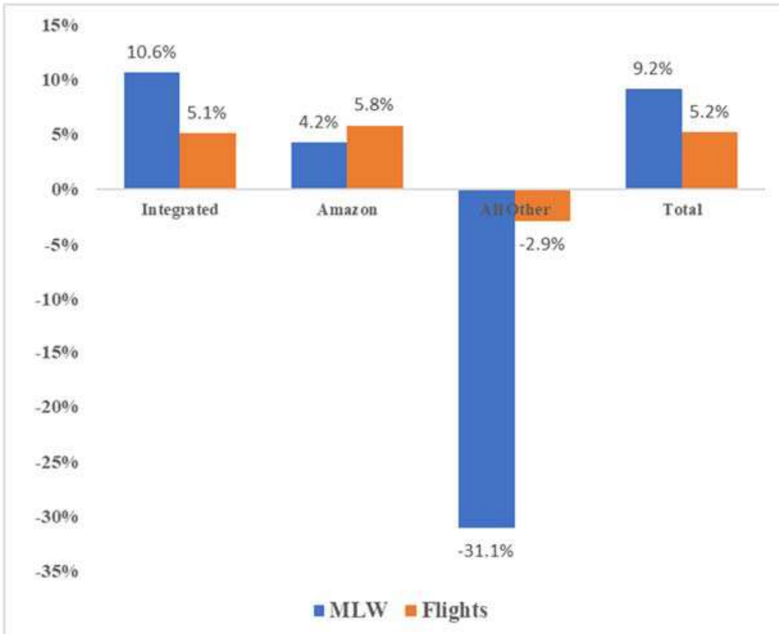
Figure 23: ONT Flight Activity by Carrier Type (Q3 2019-Q3 2020 Growth)



Source: Ontario Airport Statistics

The increase all-cargo demand for the pandemic period can be contrasted with patterns for the 12 months prior to March 2020 (see Figure 24). Integrator flights for the 12 months ending February 2020 were up 5.1% compared to 10.6% growth in MLW. Over the same two periods, Amazon flights grew 5.8% with MLW growth at 4.2%. These patterns were assumed to represent growth that would apply in the short term prior to resumption of long-term economic patterns.

Figure 24: ONT Flight Activity by Carrier Type (12 month ending FEB 2020 vs. FEB 2019 Growth)



Source: Ontario Airport Statistics

The following describes the methodology and assumptions used for each carrier type.

Integrated Carriers

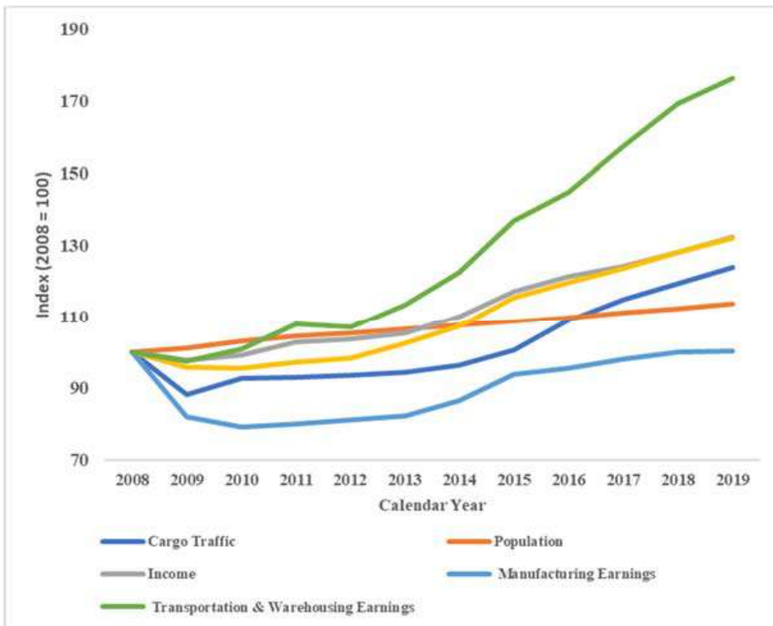
The estimates for FY 2021 flights and MLW levels assumes an average of (1) year-to-year growth for the first quarter of FY 2021 and (2) the growth for the 12 months ending February 2020 versus the previous 12 months. The resulting growth rates over FY 2020 are 4.8% for flights and 8.9% for MLW.

It is assumed that growth rates beyond FY 2021 will return to long-term patterns based on the local economy and manufacturing/transportation sectors. These growth rates were derived using a regression analysis comparing cargo traffic for CY 2008 to CY 2019 to various demographic and economic measures for the Ontario metro area including population, personal income, gross regional product, retail sales and earnings for the manufacturing and transportation and warehousing sectors (from Woods and Poole).[32] The best

[32] Calendar year statistics were used to match with annual historical data contained in the Woods and Poole data set (2020 Complete Economic and Demographic Data Source produced June 2020 [and incorporating the effects of COVID-19 into forecasts for all years except 2020]). The 2020 Woods and Poole set provides historical economic and demographic data starting in 1969 and forecast data through 2050 at the county and metro area level. The selection of these statistics was based on previous analyses at other airports and were used to estimate growth for fiscal years 2022 through 2025. All of the values are based on constant 2008 dollars.

statistical fit for integrator cargo traffic matched cargo tons to earnings in the manufacturing sector (representing the local industrial sector) and earnings in the transportation and warehousing sector (which would include the integrator activity including any regional or intra-state hub operations). The resulting regression equation was used to estimate annual growth rates in cargo tons for FY 2022 through FY 2025 using Woods and Poole projections for the two sectors' earnings growth.[33] The projected growth rates ranged between 1.5% and 1.6% through FY 2025. As the ratio of MLW to all-cargo flights has been relatively consistent for the integrated carriers over the last five years, it is assumed that operations and aggregate MLW will grow at the same rates in the future.

Figure 25: Growth for ONT Integrator Traffic and Ontario Metro Area Economic/Demographic Factors



Source: U.S. DOT, T-100 Statistics and Woods & Poole

Amazon

Recent patterns of growth for Amazon's operations at ONT have been affected by: (1) ongoing build-up of its domestic network, (2) long-term trends for e-commerce cargo traffic growth; and (3) the spike in e-commerce during the pandemic period.

The general assumption is that Amazon's annual growth rates at ONT will transition from (1) the current high levels driven by the three factors above to (2) the pre-pandemic "network build-up" pattern over the

[33] As the regression equation was based on calendar year data, fiscal year growth rates were calculated as the average of two calendar year's rates (e.g., FY 2022's is an average of CY 2021 and CY 2022). The Woods and Poole 2020 data set was produced in June 2020 and did consider the effects of COVID-19 on the various forecasts. In its technical documentation, they concluded "Despite a significant 2020 and 2021 short-term impact, COVID-19 itself does not appear to have made a quantifiable long-term economic impact that would affect U.S. economic growth through 2050" (page 1). The data used in these forecasts were limited to historical estimates prior to CY 2020 and year-to-year forecast growth starting in CY 2022 through CY 2025.

next few years.[34] Thereafter, we expect that ONT's growth within a "mature" domestic network will follow the overall growth in the local Los Angeles economy.[35]

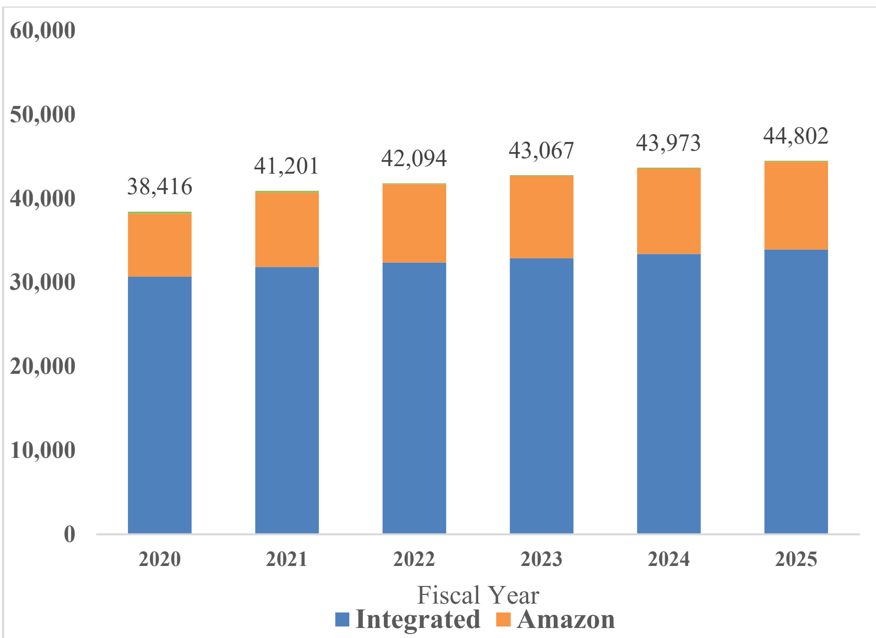
<u>All Other All-Cargo Operations</u>

It is assumed that the current pandemic-driven increase in these operations will transition back to pre-pandemic levels by FY 2022 with FY 2021 levels equal to the midpoint between FY 2020 levels and FY 2019 levels which were driven by general economic conditions for the Ontario metro area. After FY 2022, growth in these operations is assumed to match the projected for metro area (using projected annual growth gross regional product by Woods and Poole).

<u>Summary of All-Cargo Forecast</u>

The resulting forecast of operations and aggregate MLW is shown in Figure 26 and Figure 27. As indicated, the integrators will continue to dominate all-cargo operations at ONT (despite strong recent growth in other operations). By FY 2025, it is projected that UPS and FedEx will account for nearly 76% of total all-cargo flights and MLW at ONT (which is slightly below 80% of flights and 78% of MLW in FY 2020).

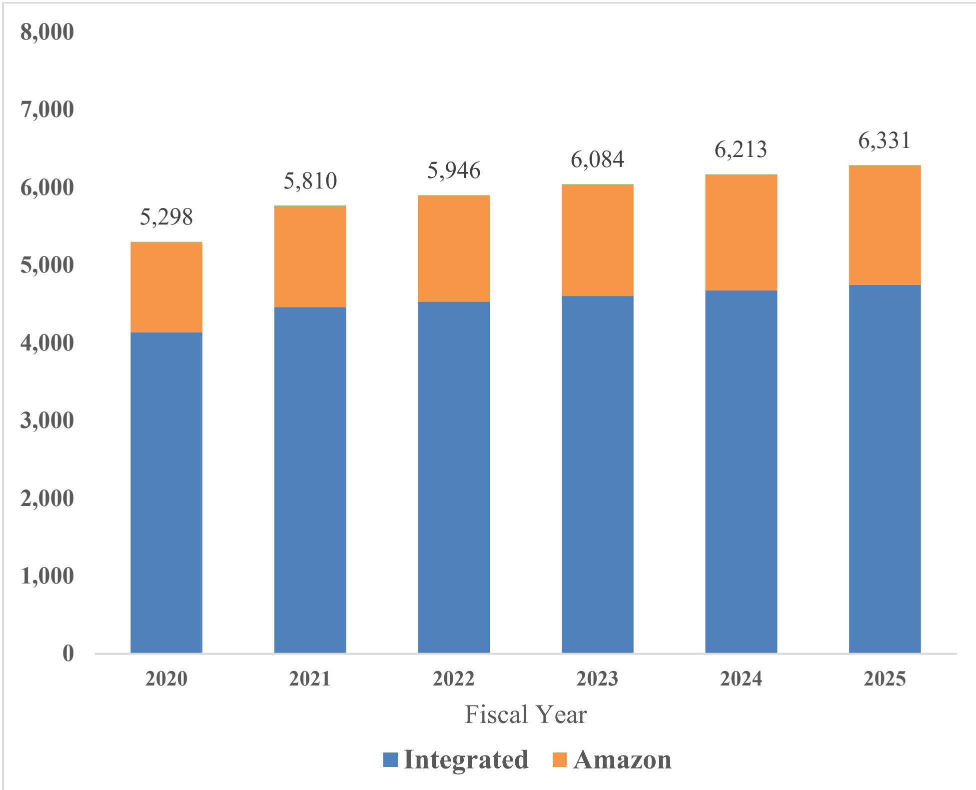
Figure 26: Forecast All-Cargo Operations (FY 2020-2025)



[34] This assumes that the COVID-based growth in e-commerce handled within the Amazon air network represents a long-term shift in consumer buying patterns and traffic levels will not revert to pre-COVID levels.

[35] The estimates for FY 2021 flights and MLW levels combines (1) actual growth for the first quarter of FY 2021 and (2) "pre-COVID network" growth (12 months ending February 2020 versus the previous 12 months) of 5.8% assumed for the rest of the fiscal year. The resulting growth rates over FY 2020 are 18.0% for flights and 11.7% for MLW. Growth for FY 2022 assumes the same "pre-COVID network" growth rates (5.8% for flights and 4.2% for MLW) as ONT will compete for aircraft with new airports planned for the Amazon air network. Growth for FY 2023-2025 assumes a gradual transition in growth from FY 2022 levels to Woods and Poole's growth estimates for the gross regional product of the Los Angeles metro area by the end of FY 2025.

Figure 27: Forecast MLW in Millions of Pounds (FY 2020-2025)



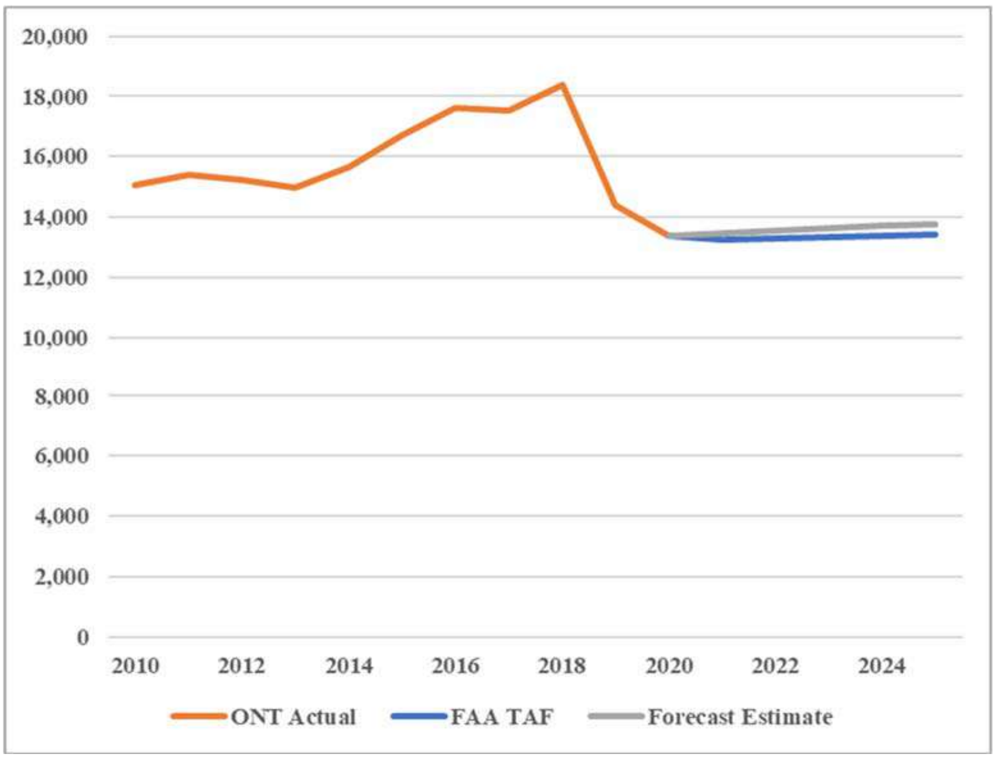
5.0 GENERAL AVIATION FORECAST

5.1 ONT OPERATIONS

The General Aviation (GA) operation forecast used the FAA TAF annual growth rate (CAGR) in GA/Air Taxi Hours Flown from FY 2020 through FY 2030 of 0.60%. This CAGR is applied to every fiscal year from 2021 through 2025.

The graph below shows the forecast for GA operations in addition to the TAF forecast.

Figure 28: ONT General Aviation Operations Through FY 2025



Source: FAA ATADS and TAF.

6.0 APPENDIX

Low Forecast

Fiscal Year	O&D Enplanements Domestic (E)	O&D Enplanements International (A)	Connecting Enplanements Domestic (D)	Connecting Enplanements International	Total Enplanements Domestic (A)	Total Enplanements International (A)	Total Enplanements (A)	Total Commercial Operations (A)	Outbound Commercial Seats (C)	Total Commercial Landed Weight (A)	Total Freight/Cargo Operations (A)	Total Freight/Cargo Landed Weight (A)	Total Charter Operations (A)	Total GA Operations (B)
2000	n/a	n/a	n/a	n/a	3,293,852	1,401	3,295,253	n/a					n/a	n/a
2001	3,288,926	10,153	167,954	0	3,456,880	10,153	3,467,033	n/a	4,860,693				n/a	34,413
2002	3,033,242	16,239	159,555	0	3,192,797	16,239	3,209,036	n/a	4,597,692	4,283,952,000		2,609,512,000	162	34,827
2003	3,035,962	30,053	206,273	0	3,242,235	30,053	3,272,288	72,167	4,606,368	4,312,351,000		2,666,796,000	275	28,822
2004	3,078,663	53,517	252,173	0	3,330,836	53,517	3,384,353	74,941	4,665,239	4,356,552,000		2,631,438,000	246	33,026
2005	3,138,641	59,027	317,954	0	3,456,595	59,027	3,515,622	76,314	4,794,930	4,462,769,000		2,582,412,000	220	29,141
2006	3,352,222	71,175	182,980	0	3,535,202	71,175	3,606,377	78,022	4,915,754	4,552,084,000		2,641,153,000	282	18,824
2007	3,277,253	61,835	193,722	0	3,470,975	61,835	3,532,810	80,174	4,839,548	4,483,529,000		2,834,140,000	264	20,308
2008	3,281,869	35,772	231,241	0	3,513,110	35,772	3,548,882	89,385	4,926,945	4,532,355,000		2,679,017,000	286	17,942
2009	2,493,507	34,553	103,025	0	2,596,532	34,553	2,631,085	60,874	3,646,825	3,388,897,000		2,525,738,000	252	13,664
2010	2,324,591	20,089	70,053	0	2,394,644	20,089	2,414,733	56,120	3,353,690	3,150,337,000		2,230,238,000	517	15,036
2011	2,293,498	17,678	65,892	0	2,359,390	17,678	2,377,068	51,432	3,128,725	2,936,568,000	17,077	2,230,772,000	204	15,400
2012	2,119,397	34,275	55,398	0	2,174,795	34,275	2,209,070	46,785	2,927,040	2,772,365,000	17,123	2,315,983,000	178	15,239
2013	1,992,108	28,099	48,758	0	2,040,866	28,099	2,068,965	43,457	2,719,610	2,556,074,000	16,997	2,325,005,000	222	14,967
2014	1,899,796	36,801	66,162	0	1,965,958	36,801	2,002,759	41,606	2,549,041	2,356,760,000	17,065	2,300,949,000	605	15,642
2015	1,942,748	59,020	83,714	0	2,026,462	59,020	2,085,482	41,230	2,530,529	2,313,946,000	17,777	2,362,527,000	154	16,729
2016	1,989,373	72,103	46,189	0	2,035,562	72,103	2,107,665	42,212	2,606,512	2,338,334,000	25,110	2,860,376,000	140	17,597
2017	2,063,780	66,831	56,692	0	2,120,472	66,831	2,187,303	42,094	2,699,231	2,446,477,200	28,579	3,387,394,095	70	17,541
2018	2,255,477	81,091	58,361	0	2,313,838	81,091	2,394,929	44,015	2,971,762	2,737,433,147	33,336	4,213,344,312	153	18,376
2019	2,405,506	136,012	90,696	0	2,496,202	136,012	2,632,214	44,351	3,131,942	2,932,727,244	35,662	4,749,784,466	175	14,392
2020	2,001,612	107,647	59,261	0	2,060,873	107,647	2,168,520	41,698	2,979,149	2,720,931,739	38,416	5,298,327,051	161	13,380
2021	1,253,171	37,338	37,657	0	1,290,828	37,338	1,328,166	32,457	2,172,825	2,003,790,681	41,201	5,809,794,256	166	13,460
2022	1,794,582	61,435	54,158	0	1,848,740	61,435	1,910,175	41,611	2,782,580	2,569,521,043	42,094	5,945,630,518	171	13,541
2023	2,282,837	83,876	69,061	0	2,351,898	83,876	2,435,774	47,807	3,232,718	2,983,552,441	43,067	6,084,467,061	175	13,622
2024	2,669,101	106,342	80,987	0	2,750,088	106,342	2,856,431	50,047	3,427,541	3,172,974,766	43,973	6,213,384,803	180	13,704
2025	2,787,186	106,999	84,452	0	2,871,638	106,999	2,978,637	51,318	3,542,957	3,267,971,623	44,802	6,331,169,275	185	13,786

Campbell-Hill Forecast highlighted with a grey background
Actual ONT results have white background
Sources:
(A) Airport Statistics through FY 2020
(B) Airport Statistics and FAA ATADS Report through FY 2020
(C) U.S. DOT T-100 Report through FY 2020
(D) Computation: Total Airport Passengers - (O&D Domestic Passengers from U.S. O&D Survey + O&D International Passengers from Diio FMg) through FY 2020
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2021	1,254,291	37,338	37,690	0	1,291,980	37,338	1,329,319	32,516	2,174,913	2,006,475,418	41,201	5,809,794,256	166	13,460
2022	1,857,111	71,702	56,283	0	1,913,394	71,702	1,985,095	43,304	2,890,036	2,679,232,310	42,094	5,945,630,518	171	13,541
2023	2,566,956	110,005	78,114	0	2,645,069	110,005	2,755,074	53,183	3,626,555	3,360,589,205	43,067	6,084,467,061	175	13,622
2024	3,160,724	147,878	96,545	0	3,257,269	147,878	3,405,147	58,177	4,056,754	3,762,775,607	43,973	6,213,384,803	180	13,704
2025	3,349,949	156,594	102,321	0	3,452,270	156,594	3,608,863	60,539	4,264,649	3,937,884,903	44,802	6,331,169,275	185	13,786

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Sources:
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(E) Computation: Total Domestic Enplanements - Connecting Domestic Enplanements

Moderate Forecast

APPENDIX C

AUDITED FINANCIAL STATEMENT OF THE AUTHORITY
FOR THE PERIOD ENDING JUNE 30, 2020

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ONTARIO INTERNATIONAL AIRPORT

AUDITED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

and

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTOL

ONTARIO, CALIFORNIA

Table of Contents:

Years Ended June 30, 2020 and 2019

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Ontario International Airport Authority
City of Ontario, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Ontario International Airport Authority, (the Authority), as of and for the year ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Commissioners
Ontario International Airport Authority
City of Ontario, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Ontario International Airport Authority as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea California
January 28, 2021

The following discussion and analysis of the financial performance and activity of the Ontario International Airport Authority (Authority) provides an introduction to the Authority's financial statements for the fiscal year ended June 30, 2020 (FY 2020). Information for the previous fiscal years ended June 30, 2019 and 2018 (FY 2019 and FY 2018, respectively) has been included to provide a better insight into the overall financial position of the Authority.

The Authority is a business-type activity and, as such, the basic Financial Statements consists of Management's Discussion and Analysis (MD&A), the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, the Statements of Cash Flows, and the Notes to Financial Statements. This MD&A has been prepared by management and should be read and considered in conjunction with the Authority's basic financial statements.

Coronavirus (COVID-19)

On March 13, 2020, a national emergency was declared by the President of the United States in response to the novel coronavirus known as SARS-CoV-2 (COVID-19), which the World Health Organization announced on March 11, 2020 could be characterized as a pandemic. The Federal Government, along with State and local governments took extraordinary actions to prevent and slow the spread of the virus, which required essential businesses to close and stay-at-home orders were issued for all but essential workers. This national declaration and corresponding actions by Federal, State and local governments had an immediate and unprecedented impact on the commercial passenger aviation industry, including airports.

For the Ontario International Airport passenger levels decreased by 74.1% from March 1 – June 30, 2020 compared to the same period for 2019. Prior to March 1, 2020 passenger activity increased by 12.4% compared to 2019. As of June 30, 2020, one domestic carrier and two international carriers suspended air service at ONT. A substantial portion of airport revenues relate directly to passenger activity levels, including parking, rental cars and concessions (e.g. news and gifts, food and beverage). These revenues were experiencing fiscal year over year increases prior to the Declaration and after, concessions decreased significantly in relation to decreases in passenger activity.

Unlike many commercial service airports in the United States, cargo carrier activity makes up a substantial portion of airplane operations at ONT. As commercial passenger activity decreased Cargo carrier activity increased in response to substantial increases in e-commerce and the need for personal protective equipment (PPE). This resulted in a net total increase in landed weights and landing fees, as passenger carrier landed weights were offset by increases in cargo landed weights. Facility and land rent revenues were not significantly impacted by the Declaration, as the airline Operating Use and Lease Agreements (ULA) require that terminal rents be paid regardless of air service suspension. In addition, other non-terminal lessees were obligated to continue paying rents under similar lease terms.

Coronavirus (COVID-19) – continued

In April 2020 the United States Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. CARES provided financial assistance to United States commercial service air carriers and airports. The Authority received an award of approximately $22.2 million. The award was in the form of a grant to be used for any airport purpose allowed under existing law, including expenses, capital expenditures and debt service. CARES provides funding on a reimbursement basis, retroactive to January 21, 2020. The funding does not have an expiration date. As of June 30, 2020, the Authority had invoiced approximately $6.6 million for operating expenses, which was received subsequent to June 30, 2020.

Subsequent to June 30, 2020 national, regional and local economies as well as the commercial passenger carrier industry and the Authority experienced moderate recoveries as COVID-19 restrictions were lifted or eased. However, with recent accelerations in COVID-19 cases many State and local jurisdictions returned to more stringent business restrictions. On December 12, 2020 the Federal Food and Drug Administration (FDA) approved a COVID-19 vaccine that is eligible to the general public. The airport industry like many travel related industries will continue to be impacted until COVID-19 case levels are reduced to levels that substantially impact the spread of the disease through, vaccination of the public as well as preventive measures such as social distancing and use of masks.

The MD&A and the Authority's basic financial statements reflect the blend of pre, and post Declaration activities and financial results discussed above. They should be read and considered in light of the realized and continuing impact caused by COVID-19.

Airport Activities & Highlights

Ontario International Airport (ONT) passenger carrier activity, measured by enplaned and total passengers, decreased in FY 2020 by 17.6% and 17.7% over FY 2019 and increased by 9.8% and 9.6% for FY 2019 compared to 2018, respectively. Aircraft operations decreased .3% for FY 2020 and 14.4% FY 2019 compared to the previous year. Landed weight increased 9.0% in FY 2020 to 7,866,856 one-thousand-pound units compared to FY 2019 and increased by 8.7% in FY 2019.

Seven major domestic and two international passenger carriers served ONT during FY 2020 and 2019 compared to 6 domestic and two international carriers for FY 2018. Southwest Airlines and American Airlines have dominated both passenger activity and air carrier landed weight. These two carriers accounted for 66.7%, 69.7% and 73.4% of passenger traffic in FY 2020, 2019 and 2018, respectively. Four major cargo carriers operated at ONT in FY 2020 compared to two in FY 2019 and 2018. Each of the major passenger and cargo carriers serving ONT FY 2020 had signed signatory Operating Use and Lease Agreements.

Airport Activities & Highlights – continued

	FY 2020	FY 2019	FY 2018
Enplaned passengers	2,168,844	2,632,230	2,396,976
% increase	-17.6%	9.8%	N/A (1)
Total passengers	4,339,234	5,273,816	4,810,699
% increase	-17.7%	9.6%	N/A (1)
Aircraft operations	76,374	76,632	89,543
% increase	-0.3%	-14.4%	N/A (1)
Landed weight	7,866,856	7,219,155	6,640,772
% increase	9.0%	8.7%	N/A (1)

(1) Activity changes FY 2018 versus the prior fiscal year are not shown as FY 2018 was the first full year of ONT operations under the Authority.

Financial Highlights

Summary of Operations and Changes in Net Position

Total operating revenues increased $8.6 million (11.9%) in FY 2020 over 2019 and $1.6 million (2.3%) in FY 2019 over FY 2018. Increases in operating revenues for FY 2020 and FY 2019 were primarily related to increases in non-aeronautical revenues.

Total operating expenses FY 2020 increased by $1.3 million (1.9%) over 2019 primarily associated with increases in personnel and materials and supplies. Total operating expenses in FY 2019 decreased by $4.3 million (6.0%) over FY 2018, which were associated with reductions in personnel and public safety expenses.

Non-operating revenues decreased $6.6 million (34.4%) in FY 2020 compared to 2019. The decrease resulted primarily from decreased passenger and customer facility charges. Non-operating revenue in FY 2019 increased 35.4% compared to FY 2018. This was mainly due to increases in passenger facility charge revenue, income on investments and gains on disposition of capital assets and other operating income. Nonoperating expenses increased $1.4 million in FY 2020 compared to FY 2019, as a result of increases in interest and bad debt expenses. Nonoperating expenses for FY 2019 were approximately the same as FY 2018.

The Authority's assets exceeded liabilities at the end of FY 2020 by $91.5 million, compared to $74.1 and $47.8 million FY 2019 and FY 2018, respectively. The Authority experienced increases in net position of $17.6 million FY 2020 compared to $26.3 million FY 2019 and $13.5 million for FY 2018.

	2020	2019	2018
Operating Revenues	$ 81,418,287	$ 72,780,724	$ 71,149,308
Operating Expenses	69,023,141	67,750,405	72,078,470
Operating income (Loss) before depreciation and amortization	12,395,146	5,030,319	(929,162)
Depreciation and amortization	6,053,898	3,453,639	2,075,266
Operating income (loss)	6,341,248	1,576,680	(3,004,428)
Non-operating revenues	12,690,771	19,339,233	14,279,882
Non-operating expenses	(3,915,631)	(2,516,835)	(2,194,625)
Income (loss) before capital contributions	15,116,388	18,399,078	9,080,829
Capital contributions	2,519,536	7,933,404	4,402,701
Increase in net position	17,635,924	26,332,482	13,483,530
Net Position - Beginning of the year	74,114,105	47,781,623	34,298,093
Net Position - End of the year	$ 91,750,029	$ 74,114,105	$ 47,781,623

Statement of Net Position

Current unrestricted assets decreased in FY 2020 over 2019 by $9.9 million (15.4%). The FY 2020 decrease resulted from a decrease in cash and cash equivalents of $16.4 million offset by increases in accounts receivable $2.6 million, grants receivable $3.8 million and prepaid expenses of $.4 million. Current restricted assets decreased by $13.8 million in FY 2020 compared to FY 2019. Cash and equivalents decreased $12.6 million (43.8%) as construction fund cash was drawn for project expenditures. Also, restricted receivables decreased $1.2 million (68.5%) as decreases in aviation and concession activities resulted in lower receivables from passenger facility and customer facility charges. Net capital assets increased by $16.6 million (14.1%) in FY 2020 compared to FY 2019 as the result of expenditures on several continuing projects, as well vehicles and equipment purchased, including $4.2 million in Airport Rescue Vehicles.

Current liabilities in FY 2020 decreased $14.8 million compared to FY 2019. This decrease included a decrease in accounts payable $3.4 million (38.3%) and accrued expenses $12.2 million (91.4%). The current portion of long-term debt increased by $.7 million and long-term debt decreased $10.1 million (8.5%) as a result of normal debt service, offset by the debt issued to acquire new vehicles and equipment in 2020.

The Authority's net position increased by $17.6 million for FY 2020 compared to FY 2019. The net investment in capital assets increased by $26.0 million and represented 31.9% of total net position FY 2020 versus 4.6% FY 2019. Net investment in capital assets represents its investment in capital assets (e.g. land, buildings, machinery and equipment), less outstanding debt used to acquire those assets. The Authority uses these assets to provide services to its passengers, visitors and tenants that generate future revenue streams. Although the Authority's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from operations, since the capital assets themselves cannot be used to retire these liabilities.

An additional portion of the Authority's net position, $16.7 million for FY 2020 and $30.5 million for FY 2019, is restricted and represents resources that are subject to restrictions from government grantors, bond resolutions and government regulatory authorities on how they may be used. The changes in restricted net position of $13.8 million year-over-year is primarily attributable to decreases in restricted cash expended on capital projects. The remaining unrestricted net position balances of $45.6 million for FY 2020 and $40.2 million for FY 2019 may be used for any lawful purpose of the Authority.

Statement of Net Position - continued

	2020	2019	Increase (Decrease) Dollar	%
Assets				
Current unrestricted assets	$ 54,107,682	$ 63,981,491	$ (9,873,809)	-15.40%
Current restricted assets	16,724,867	30,505,467	(13,780,600)	-45.20%
Capital assets, net	134,583,439	117,985,602	16,597,837	14.10%
Other long-term assets	-	168,516	(168,516)	-100.00%
Total Assets	205,415,988	212,641,076	(7,225,088)	-3.40%
Liabilities				
Current liabilities	15,170,672	29,954,267	(14,783,595)	-49.40%
Long-term liabilities	98,495,287	108,572,704	(10,077,417)	-9.30%
Total liabilities	113,665,959	138,526,971	(24,861,012)	-17.90%
Net Position				
Net investment in capital assets	29,433,334	3,430,242	26,003,092	758.10%
Restricted	16,724,867	30,505,467	(13,780,600)	-45.20%
Unrestricted	45,591,828	40,178,396	5,413,432	13.50%
Total net position	$ 91,750,029	$ 74,114,105	$ 17,635,924	23.80%

Current unrestricted assets increased in FY 2019 over FY 2018 by $9.3 million. The FY 2019 increase was due mainly to an increase in cash and cash equivalents of $9.1 million. Current restricted assets increased by $22.4 million in FY 2019 compared to FY 2018. Net capital assets increased by $32.7 million in FY 2019 over FY 2018 as the result of a significant number of projects in the Authority's capital improvement program.

Current liabilities in FY 2019 increased $13.7 million compared to FY 2018. This increase was due to increases in amounts due from the City of Ontario of $5.4 million offset by a decrease in amounts due to the airlines. The current portion of long-term debt increased by $.7 million and long-term debt increased $25.9 million in FYE 2019 over FY 2018. These increases were a result of the Authority issuing new debt totaling $40.2 million in FY 2019.

The Authority's net position increased by $26.3 million for FY 2019 versus FY 2018. The net investment in capital assets decreased by $1.2 million (26.5%) and represented 9.8% and 4.6% of total net position FY 2019 and FY 2018, respectively.

Restricted net position represents 41.2% and 16.9% of total net position FY 2019 and FY 2018, respectively. The $22.4 million increase in restricted net position year-over-year is associated with unexpended proceeds from bond anticipation notes issued in May 2019. The remaining unrestricted net position balances of $40.2 million for FY 2019 and $35.0 million for FY 2018 may be used for any lawful purpose of the Authority.

Statement of Net Position – continued

	2019	2018	Increase (Decrease) Dollar	%
Assets				
Current unrestricted assets	$ 63,981,491	$ 54,663,668	$ 9,317,823	17.00%
Current restricted assets	30,505,467	8,068,344	22,437,123	278.10%
Capital assets, net	117,985,602	85,245,953	32,739,649	38.40%
Other long-term assets	168,516	7,374,462	(7,205,946)	-97.70%
Total Assets	212,641,076	155,352,427	57,288,649	36.90%
Liabilities				
Current liabilities	29,954,267	19,619,341	10,334,926	52.70%
Liabilities payable from restricted assets	-	5,313,956	(5,313,956)	-100.00%
Long-term liabilities	108,572,704	82,637,507	25,935,197	31.40%
Total liabilities	138,526,971	107,570,804	30,956,167	28.80%
Net Position				
Net investment in capital assets	3,430,242	4,668,952	(1,238,710)	-26.50%
Restricted	30,505,467	8,068,344	22,437,123	278.10%
Unrestricted	40,178,396	35,044,327	5,134,069	14.70%
Total net position	$ 74,114,105	$ 47,781,623	$ 26,332,482	55.10%

Revenues

Total FY 2020 revenues of $96.6 million decreased $3.4 million (3.4%) compared to FY 2019 total revenues of $100.1 million. The decrease was attributable to increases in operating revenues of $8.7 million offset by decreases in non-operating revenues of $6.6 million and capital contributions of $5.4 million.

Operating revenues increased in FY 2020 over FY 2019 by $8.6 million (11.9%). This increase was largely driven by an increase in Operating grants of $6.5 million, year over year, which was associated with CARES Act grant funding of $6.6 million. Total landing fees in FY 2020 increased from the prior year by $.6 million (4.0%). This increase was attributable to greater landed weights. Facility and land rentals increased by $.9 million (4.0%) as a result of additional non-terminal rents. Parking decreased by $.3 million (1.9%) due to decreases in passenger activity, mitigated by parking rate increases effective July 1, 2020. Concession revenues increased $.7 million (15.3%) despite decreases in passenger activity as contractually required Minimum Annual Guarantees (MAG) offset actual concessionaire sales decreases. Rental car privilege fees remained relatively flat FY 2020 compared to 2019. Other operating revenues increased $.3 (6.6%).

Non-operating revenues decreased by $6.6 million (34.4%) for FY 2020 compared to FY 2019. This decrease occurred across all non-operating revenue financial statement categories. Investment income decreased $.5 million (36.6%), passenger and customer facility charges decreased for FY 2020 over FY 2019 by $2.3 (21.9%) and $.7 million (17.3%). Passenger facility charge and customer facility charge decreases were a consequence of lower passenger activity. The decrease in FY 2020 gain on disposal of assets versus FY 2019 is attributed to a sale of vehicles to its airfield operations contractor. The decrease in other non-operating revenues of $2.4 million in FY 2020 resulted from a one-time settlement in 2019 on estimates for accrued expenses related to the LAWA settlement agreement.

Total Capital contributions of $2.5 million in FY 2020 was $5.4 million (78.2%) lower than FY 2019 capital contributions of $7.9 million. This decrease was attributable to decreases in Airport Improvement Program (AIP) grant revenues as eligible AIP projects were completed.

Revenues – continued

	2020	2019	Increase (Decrease) $	Increase (Decrease) %
Operating revenues				
Landing fees	$ 14,710,660	$ 14,138,867	$ 571,793	4.0%
Facility and land rents	24,759,631	23,797,234	962,397	4.0%
Parking	17,600,660	17,937,975	(337,315)	-1.9%
Rental car privilege fees	7,383,170	7,378,129	5,041	0.1%
Concession revenue	5,160,614	4,477,220	683,394	15.3%
Operating grants	7,126,536	663,040	6,463,496	974.8%
Other operating revenues	4,677,016	4,388,259	288,757	6.6%
Total operating revenues	81,418,287	72,780,724	8,637,563	11.9%
Non-operating revenues				
Investment income	794,984	1,253,343	(458,359)	-36.6%
Passenger facility charges	8,448,989	10,814,570	(2,365,581)	-21.9%
Customer facility charges	3,360,085	4,061,658	(701,573)	-17.3%
Gain on disposal of assets	86,713	789,604	(702,891)	-89.0%
Other non-operating revenue	-	2,420,058	(2,420,058)	-100.0%
Total non-operating revenue	12,690,771	19,339,233	(6,648,462)	-34.4%
Capital contributions	2,519,536	7,933,404	(5,413,868)	-68.2%
Total revenue	$ 96,628,594	$ 100,053,361	$ (3,424,767)	-3.4%

In FY 2019, total revenues of $100.1 million were greater than the prior fiscal year by 11.4%. This increase included increases in operating revenues of $1.6 million, Non-operating revenues of $5.1million and capital contributions of $3.5 million.

Operating revenues increased in FY 2019 over FY 2018 by $1.6 million (2.3%). Total landing fees decreased from the prior year by $.5 million (3.6%). This decrease was attributable to a reduction in the landing fee rate from $2.37 to $1.98, a 16.5% decrease, although the effect of the decrease was mitigated by the increase in passenger and cargo carrier activity. Facility and land rentals decreased as a result of the reduction in the per square foot rental rate for the terminal from $110.79 to $109.76 for FY 2019 as well as from a reduction in non-terminal facility leases, which was offset by an increase in land rents of $2.5 million (78.6%), which was primarily attributable to additional revenues from long-term as well seasonal truck parking leases. Parking revenues were relatively flat FY 2020 compared to FY 2019 as Transportation Network Companies (TNC's) provided an alternative to parking for customers using ONT. Increased passenger activity drove increases in rental car privilege fees and concessions in FY 2020 versus FY 2019 of $1.2 (19.8%) and $1.2 (36.4%), respectively. The concession revenue increases included increases in news and gifts and food and beverage revenues of $1.6 million (50.8%) for FY 2019 versus FY 2018.

Revenues – continued

Non-operating revenues increased by $5.1 million (35.4%) for FY 2019 compared to FY 2018. This increase was primarily a result of increases in the following non-operating revenue categories: Investment income $.5 million (69.9%), Passenger facility charges $1.4 million (14.3%), gain on disposal of assets increased $.8 million (100.0%) and other non-operating revenue increased $2.4 million (100.0%). The Passenger facility charge revenue increase for FY 2019 was directly related to the increase in commercial passenger activity. The increase in gain on disposal of assets was a result of the sale and disposition of obsolete and end-of-life assets acquired from LAWA. The increase in other non-Operating revenue resulted from a recovery of amounts previously expended by OIAA under the Staff Augmentation Agreement with LAWA.

Capital contributions of $7.9 FY 2019 increased $3.5 million (80.2%) versus FY 2018 primarily due to the award of new Airport Improvement Program grants and revenues earned on those grants for eligible capital improvement project costs.

			Increase (Decrease)	
	2019	**2018**	**$**	**%**
Operating revenues				
Landing fees	$ 14,138,867	$ 14,667,511	$ (528,644)	-3.60%
Facility and land rents	23,797,234	24,973,918	(1,176,684)	-4.70%
Parking	17,937,975	18,075,732	(137,757)	-0.80%
Rental car privilege fees	7,378,129	6,156,834	1,221,295	19.80%
Concession revenue	4,477,220	3,283,404	1,193,816	36.40%
Operating grants	663,040	415,360	247,680	59.60%
Other operating revenues	4,388,259	3,576,549	811,710	22.70%
Total operating revenues	72,780,724	71,149,308	1,631,416	2.30%
Non-operating revenues				
Investment income	1,253,343	737,697	515,646	69.90%
Passenger facility charges	10,814,570	9,463,951	1,350,619	14.30%
Customer facility charges	4,061,658	4,078,166	(16,508)	-0.40%
Gain on disposal of assets	789,604	-	789,604	100.00%
Other non-operating revenue	2,420,058	-	2,420,058	100.00%
Total non-operating revenue	19,339,233	14,279,814	5,059,419	35.40%
Capital contributions	7,933,404	4,402,701	3,530,703	80.20%
Total revenue	$ 100,053,361	$ 89,831,823	$ 10,221,538	11.40%

Expenses

Total expenses for FY 2020 increased $5.3 million (7.2%) from FY 2019. This included increases in operating expenses of $1.3 million (1.9%), depreciation and amortization $2.6 million and non-operating expense of $1.4 million (55.6%).

Operating expenses FY 2020 of $69.0 million increased by $1.3 million (1.9%) compared to FY 2019. Personnel expenses FY 2020 increased by $1.7 million (31.0%) due to the increase in the number of Authority staff from FY 2019. Public safety expense of $22.4 million FY 2020 remained relatively flat year over year. Contractual expenses of $25.6 million and $25.4 million FY 2020 and 2019, respectively, increased $.2 million (.8%). Materials and supplies increase $1.4 million (74.9%) over FY 2019 and was primarily related to facility, security and information technology infrastructure replacements and improvements. Utilities and administration expense and other operating expenses decreased $.5 million (10.8%) and $1.4 million (18.2%) FY 2020 versus FY 2019, respectively. The decrease in utilities and administration resulted from decreases across all utility categories, including electric, gas and water. Marketing expense reductions in FY 2020 compared to FY 2019 accounted for a majority of the decrease in other operating expenses. Depreciation expense increased $2.6 million in FY 2020 over FY 2019 due to the acquisition of new capital assets and the completion of capital projects.

Nonoperating expenses for FY 2020 of $3.9 million increased by $1.4 million (55.6%) compared to 2019. This change resulted from an increase in interest expense, which was attributable to the issuance of new debt to finance capital projects, as well as an increase in bad debt expense associated with a corresponding increase in the allowance for uncollectable receivables.

			Increase (Decrease)	
	2020	**2019**	**$**	**%**
Operating Expenses				
Personnel	$ 7,116,113	$ 5,430,436	$ 1,685,677	31.0%
Public safety	22,377,074	22,423,975	(46,901)	-0.2%
Contractual services	25,560,455	25,366,236	194,219	0.8%
Materials and supplies	3,232,404	1,847,631	1,384,773	74.9%
Utilities and administration	4,360,637	4,890,622	(529,985)	-10.8%
Other operating expenses	6,376,458	7,791,504	(1,415,046)	-18.2%
Total operating expenses	69,023,141	67,750,404	1,272,737	1.9%
Depreciation and amortization	6,053,898	3,453,639	2,600,259	75.3%
Non-Operating Expenses				
Interest expense	3,296,292	2,240,335	1,055,957	47.1%
Bad debt expense	606,339	-	606,339	100.0%
Bond issuance costs	13,000	276,500	(263,500)	-95.3%
Total non-operating expenses	3,915,631	2,516,835	1,398,796	55.6%
Total expenses	$ 78,992,670	$ 73,720,878	$ 5,271,792	7.2%

Expenses – continued

Total expenses for FY 2019 decreased 3.1% from FY 2018 due primarily to lower operating expenses.

Operating expenses decreased $4.3 million (6.0%). Lower operating expenses was a result of lower personnel expense $6.9 million (56.0%), Public Safety expenses $6.4 million (22.2%) and Materials and supplies $1.2 million (39.1%) offset by increases in the following categories, Contractual services $5.7 million (28.8%), Utilities and administration $.5 million (10.2%), and Other operating expenses $4.0 million (107.1%) The operating expense increases (decreases) were associated with the final transition from the use of LAWA employees to Authority employees and contracted services.

Non-operating expenses were relatively flat at $2.5 million.

			Increase (Decrease)	
	2019	2018	$	%
Operating Expenses				
Personnel	$ 5,430,436	$ 12,346,473	$ (6,916,037)	-56.0%
Public safety	22,423,975	28,810,842	(6,386,867)	-22.2%
Contractual services	25,366,236	19,687,386	5,678,850	28.8%
Materials and supplies	1,847,631	3,031,395	(1,183,764)	-39.1%
Utilities and administration	4,890,622	4,439,569	451,053	10.2%
Other operating expenses	7,791,504	3,762,738	4,028,766	107.1%
Total operating expenses	67,750,404	72,078,403	(4,327,999)	-6.0%
Depreciation and amortization	3,453,639	2,075,460	1,378,179	66.4%
Non-Operating Expenses				
Interest expense	2,240,335	2,073,167	167,168	8.1%
Bond issuance costs	276,500	-	276,500	100.0%
Bad debts	-	121,458	(121,458)	-100.0%
Total non-operating expenses	2,516,835	2,194,625	322,210	14.7%
Total expenses	$ 73,720,878	$ 76,348,488	$ (2,627,610)	-3.4%

Capital Assets

Net capital assets increased $16.6 million (14.1%) in FY 2020 over FY 2019. The increase resulted from spending on capital improvement program projects being higher than current year depreciation expense. Land improvements and buildings and improvements increased by $15.7 and $18.7 million, respectively, as long-term capital projects were completed and placed in service and are offset by a related decrease in construction in progress. In addition, machinery, equipment and vehicles increased by $4.9 million primarily from the replacement of Aircraft Rescue and Firefighting and airside operations vehicles. The most significant FY 2020 CIP projects were for the Airfield Marking and the Northwest Cargo Development.

			Increase (Decrease)	
	2020	2019	Dollar	%
Land	$ 56,503,866	$ 56,503,866	$ -	0.0%
Air avigation easements	7,273,370	7,273,370	-	0.0%
Construction in progress	3,253,139	19,893,356	(16,640,217)	-83.6%
Land improvements	30,150,647	14,443,681	15,706,966	108.7%
Buildings and improvements	38,066,172	19,410,708	18,655,464	96.1%
Information technology hardware and software	4,659,526	4,593,000	66,526	1.4%
Furniture and fixtures	72,723	72,723	-	0.0%
Machinery, equipment and vehicles	7,199,098	2,336,102	4,862,996	208.2%
Accumulated depreciation	(12,595,102)	(6,541,204)	(6,053,898)	92.6%
Total Capital Assets, net	$ 134,583,439	$ 117,985,602	$ 16,597,837	14.1%

Net capital assets increased $25.4 million (27.4%) in FY 2019 over FY 2018. The increase resulted from spending on capital improvement program projects being higher than current year depreciation expense. There was an increase in all capital asset categories except land, which remained the same year over year. The most significant FY 2019 CIP projects were for Taxiway S & W Reconstruction and the Northwest Cargo Development.

			Increase (Decrease)	
	2019	2018	Dollar	%
Land	$ 56,503,866	$ 56,503,866	$ -	0.0%
Air avigation easements	7,273,370	7,273,370	-	0.0%
Construction in progress	19,893,356	5,463,086	14,430,270	264.1%
Land improvements	14,443,681	5,306,556	9,137,125	172.2%
Buildings and improvements	19,410,708	15,791,616	3,619,092	22.9%
Information technology hardware and software	4,593,000	3,817,395	775,605	20.3%
Furniture and fixtures	72,723	35,149	37,574	106.9%
Machinery, equipment and vehicles	2,336,102	1,744,237	591,865	33.9%
Accumulated depreciation	(6,541,204)	(3,314,860)	(3,226,344)	97.3%
Total Capital Assets, net	$ 117,985,602	$ 92,620,415	$ 25,365,187	27.4%

Additional detailed information regarding capital asset activity may be found in Note 5 to the financial statements.

Debt Activity

At the end of FY 2020, the Authority had total long-term debt outstanding of $105.2 million. The debt consists principally of revenue bonds, $33.4 million, Notes payable to LAWA, $28.0 million and Subordinated revenue notes $34.4 million. This debt is secured by airport revenues and/or by passenger facility charge revenues. The decrease of $9.4 million (8.2%) for FY 2020 was primarily related to the issuance of debt to finance vehicles and airport improvements offset by normal debt service.

			Increase (Decrease)	
	2020	2019	$	%
Revenue bonds Series 2016	$ 33,395,000	$ 38,405,000	$ (5,010,000)	-13.0%
Notes payable LAWA	28,046,542	34,715,284	(6,668,742)	-19.2%
Subordinated revenue notes	34,370,500	34,370,500	-	0.0%
Other notes and capital lease obligations	9,338,063	7,044,576	2,293,487	32.6%
	$ 105,150,105	$ 114,535,360	$ (9,385,255)	-8.2%

At the end of FY 2019, the Authority had total long-term debt outstanding of $114.5 million. The debt consists principally of revenue bonds, $38.4 million and Subordinated revenue notes, $34.4 million that are secured by airport revenues and/or were also secured by a pledge of passenger facility charge revenues. The increase of $26.6 million (30.2%) for FY 2019 was primarily from the issuance of the Subordinated revenue notes of $34.4 in FY 2019, additional notes and capital leases offset by normal debt service.

			Increase (Decrease)	
	2019	2018	$	%
Revenue bonds Series 2016	$ 38,405,000	$ 43,315,000	$ (4,910,000)	-11.3%
Notes payable LAWA	34,715,284	42,724,167	(8,008,883)	-18.7%
Subordinated revenue notes	34,370,500	-	34,370,500	100.0%
Other notes and capital lease obligations	7,044,576	1,912,296	5,132,280	268.4%
	$ 114,535,360	$ 87,951,463	$ 26,583,897	30.2%

Additional detailed information regarding long-term debt activity may be found in Note 7 to the financial statements.

Debt Service Coverage

Debt service coverage is a covenant of the Authority's bond resolutions requiring that annual net airport system revenues be maintained in an amount expressed as a multiple of times annual principal and interest payments on the related debt. This coverage serves as an indicator to bondholders that funds are available for timely debt service payments. Net airport system revenue is calculated based on the airport use and lease agreement between the Authority and its signatory airlines and includes several additions to and subtractions from revenue and expense amounts reported in the basic financial statements.

The Authority is required to maintain debt service coverage ratios for both the 2016 Revenue Bonds as well as the 2019 Subordinated Revenue Notes.

The required Debt Service Coverage ratio mandated for the 2016 Bonds payable is 125% of annual principal and interest payments. For the fiscal year ended 2020 the debt service coverage was 302.2%, compared to 179.4% and 190.1% for FY 2019 and 2018, respectively.

The 2019 Subordinated Revenue Notes are subordinate to the 2016 Revenue Bonds in terms of priority of claims. The required debt Service Coverage ratio mandated for the 2019 Notes is 110% of annual principal and interest payments. For the fiscal years ended 2020 and 2019 the calculated ratio amounted to 254.1% and 137.9%, respectively.

As of September 30, 2020, the Authority was in compliance with all financial covenants. Variances in the debt service coverage year-over-year are primarily attributable to normal debt service and changes in net airport system revenue.

Airline Rates and Charges

The Authority has a residual cost airport use agreement with seven passenger airlines (signatory airlines) that expires September 30, 2024. This agreement provides a method for securing the financial stability of the Authority through a schedule of rates and charges. Following are some of the key rates and charges included in the agreement:

Fee Type	2020	2019	2018
Signatory landing fees per thousand pounds of gross landed weight	$ 1.98	$ 1.98	$ 1.98
Signatory annual per square foot terminal rental rate	$ 109.76	$ 109.76	$ 109.76
Non-preferential gate use, per turn	$ 280.00	$ 280.00	$ 280.00
Jet bridge utility per use	$ 189.00	$ 189.00	$ 189.00

Airline Cost Per Enplanement

Airline Cost Per Enplanement (CPE) is a measure used in the airline and airport industries to show the average cost an airline incurs to enplane one passenger at a given airport. This figure is derived by dividing total passenger airline revenues earned by the airport by the total number of enplaned passengers.

CPE increased in FY 2020 compared to FY 2019 by $2.40 per enplaned passenger. This increase was the result of an increase in passenger airline revenues and a decrease in total passengers. FY 2019 over FY 2018 by $1.92 per enplanement. This decrease was mainly a result of the increase in passenger enplanements of 9.8% for FY 2019.

Airline Cost per Enplanement	**2020**	**2019**	**2018**
Passenger airline revenues	$ 24,102,471	$ 22,960,517	$ 25,526,175
Enplaned passengers	2,168,058	2,632,231	2,397,075
Cost per enplanement	$ 11.12	$ 8.72	$ 10.65

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the ONTARIO INTERNATIONAL AIRPORT AUTHORITY, 1923 E. Avion St., Ontario, CA 91761

ONTARIO INTERNATIONAL AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
JUNE 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Unrestricted assets:		
Cash and cash equivalents - Note 3	$ 34,991,929	$ 51,383,206
Accounts receivable, net of allowance for doubtful accounts of $538,631 for 2020 and $121,458 for 2019	10,107,201	7,755,556
Grants receivable	7,858,834	4,014,411
Interest receivable	118,344	202,441
Prepaid expenses	1,031,374	625,877
Total unrestricted current assets	54,107,682	63,981,491
Restricted Assets:		
Cash and cash equivalents - Note 3	16,181,957	28,781,510
Accounts receivable	542,910	1,723,957
Total restricted current assets	16,724,867	30,505,467
Total current assets	70,832,549	94,486,958
Noncurrent assets:		
Notes receivable, net of current portion	-	168,516
Capital assets - Note 5		
Not depreciated	67,030,375	83,670,592
Depreciated, net of accumulated depreciation of $12,595,102 for 2020 and $6,541,204 for 2019	67,553,064	34,315,010
Net capital assets	134,583,439	117,985,602
Total unrestricted noncurrent assets	134,583,439	118,154,118
Total noncurrent assets	134,583,439	118,154,118
TOTAL ASSETS	**$ 205,415,988**	**$ 212,641,076**

ONTARIO INTERNATIONAL AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
JUNE 30, 2020 and 2019

	2020	2019
LIABILITIES		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable	$ 5,536,289	$ 8,972,172
Accrued expenses	1,146,001	13,391,526
Accrued payroll	615,564	383,760
Accrued interest	366,015	290,744
Current portion of long-term debt - Note 7	6,654,818	5,982,656
Unearned revenues - Note 6	851,985	933,409
Total unrestricted current liabilities	15,170,672	29,954,267
Total current liabilities	15,170,672	29,954,267
Noncurrent liabilities:		
Payable from unrestricted assets:		
Long-term debt - Note 7		
Bonds payable - Series 2016	28,250,000	33,395,000
Subordinated revenue notes	34,370,500	34,370,500
Notes payable - LAWA	28,046,542	34,715,284
Other notes and capital lease obligations	7,828,245	6,091,920
Total noncurrent liabilities	98,495,287	108,572,704
TOTAL LIABILITIES	**113,665,959**	**138,526,971**
NET POSITION		
Net investment in capital assets	29,433,334	3,430,242
Restricted	16,724,867	30,505,467
Unrestricted	45,591,828	40,178,396
Total net position	91,750,029	74,114,105
TOTAL LIABILITIES AND NET POSITION	**$ 205,415,988**	**$ 212,641,076**

ONTARIO INTERNATIONAL AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDING JUNE 30, 2020 AND 2019

	2020	2019
Operating revenues:		
Landing fees	$ 14,710,660	$ 14,138,867
Facility and land rents	24,759,631	23,797,234
Parking	17,600,660	17,937,975
Rental car privilege fees	7,383,170	7,378,129
Concessions	5,160,614	4,477,220
Operating grants	7,126,536	663,040
Other operating revenues	4,677,016	4,388,258
Total operating revenues	81,418,287	72,780,723
Operating expenses:		
Personnel	7,116,113	5,430,436
Public safety	22,377,074	22,423,975
Contractual services	25,560,455	25,366,236
Materials and supplies	3,232,404	1,847,631
Utilities and administration	4,360,637	4,890,622
Other operating expenses	6,376,458	7,791,504
Total operating expenses	69,023,141	67,750,404
Operating income before depreciation and amortization	12,395,146	5,030,319
Depreciation and amortization	6,053,898	3,453,639
Operating income	**6,341,248**	**1,576,680**
Nonoperating revenue and (expense):		
Investment income	794,984	1,253,343
Passenger facility charges	8,448,989	10,814,570
Customer facility charges	3,360,085	4,061,658
Interest expense	(3,296,292)	(2,240,335)
Bad debt expense	(606,339)	-
Bond issuance costs	(13,000)	(276,500)
Gain on disposition of assets	86,713	789,604
Other nonoperating revenues	-	2,420,058
Total nonoperating revenues	8,775,140	16,822,398
Net income before capital contributions	15,116,388	18,399,078
Capital contributions -		
Federal grants and other	2,519,536	7,933,404
Increase in net position	17,635,924	26,332,482
Total net position, beginning of year	74,114,105	47,781,623
Total net position, end of year	$ 91,750,029	$ 74,114,105

ONTARIO INTERNATIONAL AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
Years ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Receipts from airlines and tenants	$ 71,846,159	$ 72,079,410
Federal grants	3,282,113	663,040
Payments to suppliers	(77,993,933)	(56,290,178)
Payments for personnel services	(6,884,309)	(5,363,591)
Net cash provided (used) by operating activities	(9,749,970)	11,088,681
Cash flows from capital and related financing activities:		
Federal grants and other capital contributions	2,519,536	8,385,268
Acquisition of capital assets	(17,909,997)	(23,145,810)
Proceeds from sale of capital assets	86,713	539,856
Principal paid on long-term debt	(15,657,763)	(13,847,778)
Proceeds from issuance of long-term debt	-	34,370,500
Bond issuance costs	(13,000)	(276,500)
Passenger facility charges receipts	9,630,036	10,127,165
Customer facility charge receipts	3,360,085	4,042,480
Interest paid on long-term debt	(2,316,590)	(1,233,349)
Net cash provided (used) by capital and related financing activities	(20,300,981)	18,961,832
Cash flows from investing activities:		
Interest on investments	879,081	1,277,340
Collections of notes receivable	181,039	14,956
Net cash provided (used) by investing activities	1,060,120	1,292,296
Net increase (decrease) in cash and cash equivalents	(28,990,831)	31,342,809
Cash and cash equivalents, beginning of year	80,164,717	48,821,908
Cash and cash equivalents, end of year	$ 51,173,886	$ 80,164,717

See Accompanying Notes To Financial Statements.

ONTARIO INTERNATIONAL AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS - continued
Years ended June 30, 2020 and 2019

	2020	2019
Reconciliation of operating income to net cash provided by operating activities:		
	$ 6,341,248	$ 1,576,680
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	6,053,898	3,453,639
Effects of changes in operating assets and liabilities:		
Receivables	(2,364,168)	(1,834,781)
Other receivables	(3,844,423)	1,210,316
Prepaid expenses and other assets	(405,497)	(89,504)
Accounts payable	(3,435,883)	3,379,442
Accrued expenses	(12,245,525)	(424,858)
Accrued payroll	231,804	66,845
Due to related party	-	3,267,267
Unearned revenue	(81,424)	483,636
Net cash provided by operating activities	$ (9,749,970)	$ 11,088,681
Noncash nonoperating, capital, financing and investing activities:		
Assets acquired by issuance of debt	$ 5,217,959	6,477,695
Net appreciation/(depreciation) in fair value of investments	$ 105,097	$ 130,562

See Accompanying Notes To Financial Statements.

NOTE 1 – Organization and reporting entity

The ONTARIO INTERNATIONAL AIRPORT AUTHORITY ("Authority") was organized on August 27, 2012, under a joint powers' agreement between the City of Ontario, CA and the County of San Bernardino, CA (together "Municipalities") pursuant to California Government Code Section 6500. The purpose of the OIAA is to exercise such powers for the operation, maintenance, management, administration, development and marketing of the Ontario International Airport ("ONT").

The Authority is governed by a commission of five members, each serving in his or her individual capacities. Two members are appointed from the City of Ontario Council, one member from the County Supervisorial District with the remaining two members selected from the community at large.

The accompanying financial statements include the accounts of the Authority. There are no potential component units, nor has the Authority been determined to be a component unit of the Municipalities or any other entity.

Acquisition of ONT by the Authority

The Authority acquired substantially all assets and liabilities of ONT from the City of Los Angeles department known as Los Angeles World Airports ("LAWA") on November 1, 2016 (the "Transfer Date") pursuant to a Settlement Agreement (the "Settlement Agreement") executed on December 22, 2015. The Settlement Agreement provides for a schedule of payments by the Authority to LAWA as compensation for the transfer of ONT to the Authority, including from cash on hand and passenger facility charge revenues received or to be received by the Authority. All amounts due and owing LAWA under the Settlement Agreement have been paid except for approximately $28.0 million. See Note 7.

NOTE 2 – Summary of significant accounting policies

A summary of significant accounting policies follows:

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. All transactions are accounted for in a single enterprise fund. Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

NOTE 2 – Summary of significant accounting policies – continued

Use of estimates in preparing financial statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make a number of estimates and assumptions, e.g., useful lives of capital assets that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements. The most significant estimates recorded in the financial statements are the allowance for doubtful accounts and depreciation expense.

Measurement focus and basis of accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statements of Net Position. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* net position is displayed in three components – net investment in capital assets, restricted and unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

On proprietary fund financial statements, operating revenues are those that flow directly from the operations of that activity, (i.e., charges to customers or users who purchase or use the goods or services of that activity). Operating expenses are those that are incurred to provide those goods or services. Nonoperating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. When both restricted and unrestricted resources are available for use, it is the Authority's practice to use restricted resources first, then unrestricted resources as they are needed.

NOTE 2 – Summary of significant accounting policies - continued

Cash and cash equivalents

Investments are categorized as cash equivalents if their maturity date is 90 days or less at the date of purchase. Those assets having a maturity of more than 90 days are classified as investments for statement of net position presentation. Cash equivalents include cash on hand, checking, savings, money market accounts and cash equivalent mutual funds.

Accounts and grants receivable

The Authority grants unsecured credit to certain of its tenants, the U.S. government and state and local agencies without interest. Receivables are reported at their gross value when earned as the underlying exchange transaction occurs. Receivables are reduced by an allowance for the estimated portion that is expected to be uncollectible. This estimate is made based on collection history, aviation industry trends and current information regarding the credit worthiness of the debtors. When collection activity results in receipt of amounts previously written off against the allowance, revenue is recognized for the amount collected.

Investments

Investments are stated at fair value. The Authority's policy is to invest in certificates of deposit, federal treasury and agency securities, cash equivalent mutual funds and repurchase agreements, and to hold such investments to maturity. In accordance with this policy, investments are purchased so that maturities will occur as projected cash flow needs arise in connection with daily operations, construction projects and bond debt service requirements.

In accordance with California Government Code (Code) Section 53600 et seq., the Authority adopts an investment policy annually for the Operating, PFC and CFC portfolios that, among other things, authorizes types of allowable investments, maximum maturities, maximum concentration of investments by type of investment and issuer, minimum ratings for certain types of investments, and how the investments may be held. These criteria on investments and invested cash related to the Authority's bonded debt are governed by the related Master Indenture of Trust. Authorized investments and invested cash include U.S. Treasury securities, corporate notes, federal agency securities, money market mutual funds, bankers' acceptances, commercial paper, negotiable and non-negotiable certificates of deposit, repurchase agreements, guaranteed investment contracts and fund deposited in the State Treasurer's Local Agency Investment Fund (LAIF). The restrictions in the Code mitigate the Authority's interest rate risk, credit risk, concentration of credit risk, and custodial credit risk related to its various investments.

The Authority's investments are carried at fair value. Fair value is determined based upon market closing prices or bid/asked prices for regularly traded securities. The fair value of money market mutual funds and other similar investments is stated at its share value. The fair value of the Authority's investment in the LAIF is based on the Authority's pro rata share provided by LAIF of the fair value of the entire LAIF portfolio. Certain money market mutual fund investments with initial maturities at the time of the purchase of less than one year are recorded at cost. The calculation of realized gains and losses on investments that had been held more than one fiscal year and sold during the current year may have been recognized as an increase or decrease in fair value of investments reported in the prior year. Unrealized gains and (losses) are included in investment income in the accompanying financial statements. For the year ending June 30, 2020 and 2019 unrealized gains totaled $105,097 and $130,562 respectively.

NOTE 2 – Summary of significant accounting policies – continued

Bond issuance costs

Costs of issuing general airport revenue bonds, except prepaid insurance, are expensed as incurred. Insurance is recorded as a prepaid asset and amortized over the life of the bonds using the effective interest method.

Capital assets

Capital assets are stated at cost or estimated historical cost if original cost is not available and include expenditures which substantially increase the useful lives of existing assets. Capital assets includes intangible assets, which are without physical substance that provide economic benefits through the rights and privileges associated with their possession, including aviation avigation easements and computer software. Gifts or contributions of capital assets are recorded at acquisition value as of the date of the acquisition. The Authority's policy is to capitalize assets with a cost of $5,000 or more. Routine maintenance and repairs are expensed as incurred.

Depreciation (including amortization of intangible assets) has been provided using the straight-line method over the following estimated useful lives of the related assets:

Land improvements	5 years
Buildings and improvements	20-33 years
Information technology hardware software	1-5 years
Furniture and fixtures	3-5 years
Machinery, equipment and vehicles	1-10 years

Depreciation of capital assets is recorded as an expense in the Statements of Revenues, Expenses and Changes in Net Position.

Interest incurred on debt obligations to finance construction projects is expensed as incurred during the construction period.

Capital assets are considered impaired if there is a significant unexpected decline in the service utility of the asset. Impaired capital assets that will no longer be used by the Authority are reported at the lower of carrying or fair value. Impairment losses on capital assets that will continue to be used by the Authority are measured using the method that best reflects the diminished service utility of the capital asset.

Restricted assets

Certain resources of the Authority are classified as restricted assets on the Statements of Net Position because their use is limited by applicable bond covenants, Federal Aviation Administration regulations or other legal requirements.

NOTE 2 – Summary of significant accounting policies – continued

Compensated absences

The Authority provides full-time employees with Paid Time Off ("PTO") in varying amounts and, at termination, an employee is paid for accumulated (vested) PTO. Accordingly, compensation for PTO leave is charged to expense as earned by the employee, and accumulated unpaid PTO is recorded as a current liability and reported in the accompanying financial statements under accrued payroll. Employees may make an annual election to have accumulated leave paid out in March and/or November of each calendar year.

Certain employees are provided an additional 48 hours of management leave each calendar year. The hours are credited at the beginning of the calendar year and any unused leave may not be carried over to the next calendar year and is not eligible to be paid out.

Net position

The Authority's policy is to restrict net position to the extent that assets restricted for bond debt service exceed the applicable debt service liabilities, and these assets are funded from operations rather than bond proceeds. Because these restricted assets do not exceed debt service liabilities at June 30, 2020 and 2019, no reservation of net position is required.

Passenger facility charges

In 1990, Congress approved the Aviation Safety and Capacity Expansion Act (Act), which authorized domestic airports to impose a Passenger Facility Charge (PFC) on enplaning passengers. In accordance with the PFC program, PFC collections may be used to pay eligible costs for approved airport projects which meet at least one of the following criteria: preserve or enhance safety, security or capacity of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport; or furnish opportunities for enhanced competition between or among carriers.

The maximum allowable fee is $4.50 per enplaned passenger. PFC charges are collected by Airlines and remitted to the Authority monthly, net of an administrative fee of $.11 per enplaned passenger. Total authorized collections and the time period for collections is established with each approved application. In accordance with the Act the Authority's AIP passenger entitlement apportionment is reduced by certain percentages.

At the present time, GASB has not released authoritative guidance on the accounting treatment of PFC's. The Authority's position is that PFCs should be treated as revenue because: 1) the Authority earns the PFCs due to a passenger's use of the Airport; 2) after receipt, the Authority has clear title to the funds and is not required to refund or return them; 3) the Authority is entitled to assess late charges on any payment not received by the deadlines specified in the Act; and 4) the fee is reserved for specific purposes as defined in the approval letter received from the FAA.

Since the Authority's applications for PFCs were approved as Impose and Use, it is the position of the Authority that revenue should be recognized immediately when PFCs are earned and are accounted for on an accrual basis. Due to their restricted use PFC program assets are presented as Current unrestricted assets and PFC' are categorized as nonoperating revenue in the accompanying financial statements.

NOTE 2 – Summary of significant accounting policies – continued

Customer facility charges

Under Section 1936 of the California Civil Code an Airport may require that rental car companies operating on the airport must impose a Customer Facility Charge (CFC) to:

(i) finance, design, and construct consolidated airport car rental facilities
(ii) finance, design, construct, and operate common-use transportation systems that move passengers between airport terminals and those consolidated car rental facilities, and acquire vehicles for use in that system
(iii) finance, design, and construct terminal modifications solely to accommodate and provide customer access to common-use transportation system

CFC's must be charged on a per contract basis and are limited to $10 per contract. Under certain circumstances an alternative fee may be imposed that exceeds this amount.

The Authority requires on-airport rental car operators to collect $10 per rental car contract, which are remitted to the Authority monthly. CFC revenues are recognized on an accrual basis when the rental car contract has been settled. Due to their restricted use CFC program assets are presented as Current unrestricted assets and re categorized as nonoperating revenue in the accompanying financial statements.

New Accounting Standards

Implementation of the following GASB statements was effective for fiscal year 2020 and 2019:

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations, or legally enforceable liabilities associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Authority implemented this Statement in fiscal year 2019.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.* The requirements of this Statement are effective immediately.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. Earlier application is encouraged.

NOTE 2 – Summary of significant accounting policies – continued

New Accounting Standards – continued

The GASB issued pronouncements that may impact future financial presentations. Management has not currently determined what impact implementation of these statements may have on the financial statements of the Authority.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 93, *Replacement of Interbank Offered Rates.* The requirements of this Statement have multiple effective dates that are applicable based on specific identified paragraphs of the statement. The dates range from June 15, 2020 to June 15, 2021 with earlier application encouraged.

GASB Statement No. 92, *Omnibus 2020.* The requirements of this Statement are effective as follows (earlier application is encouraged and is permitted by topic):

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

GASB Statement No. 91, *Conduit Debt Obligations.* The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61.* The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 87, *Leases.* The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

NOTE 2 – Summary of significant accounting policies – continued

Reclassifications

Certain reclassifications have been made to prior year financial statements to conform to classifications used in the current year. These reclassifications have no impact on net position or cash flows as previously reported.

NOTE 3 – Cash, cash equivalents and investments

Deposits with Financial Institutions

At June 30, 2020, the carrying amount of the Authority's deposits was $18,580,990 and the bank balance was $19,418,599. At June 30, 2019, the carrying amount of the Authority's deposits was $48,422,539 and the bank balance was $52,361,970. The difference between the carrying amounts and the bank balances represents outstanding checks, deposits in transit and other reconciling items.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned, or the Authority will not be able to recover collateral securities in possession of an outside party.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, investments with longer maturities have greater fair value sensitivity to changes in market interest rates. One of the ways the Airport Authority manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities. These staggered maturities also provide consistent cash flow and fulfill liquidity needs for operations. The Airport Authority monitors interest rate risk inherent in its portfolio by measuring the segmented time distribution of its portfolio. The Airport Authority has no specific limitations with respect to this metric.

Custodial Risk (Deposits)

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Airport Authority maintains deposits at a financial institution, which are collateralized in accordance with California law. California Government Code requires that a financial institution secure deposits made by a state or local government by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure Airport Authority deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured deposits.

Insurance through the Federal Deposit Insurance Corporation (FDIC) may be applicable to the first $250,000 of institutional deposit accounts, with any balance above this amount covered by the collateralization requirement.

NOTE 3 – Cash, cash equivalents and investments - continued

Custodial credit risk (investments)

Custodial credit risk for investments is the risk that the Airport Authority will not be able to recover the value of its investments in the event of a counterparty failure. The Airport Authority uses third-party banks' custody and safekeeping services for its registered investment securities. Securities are held in custody at third-party banks registered in the name of the Airport Authority and are segregated from securities owned by those institutions or held in custody by those institutions.

Credit Risk (Investments)

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. California Government Code Section 53601 (as referenced previously in this note) limits the types of investment instruments that may be purchased by the Airport Authority.

Cash and cash equivalents comprised the following at June 30, 2020 and 2019:

	Cash and cash equivalents	
	2020	2019
Deposits with financial institutions	$ 18,580,990	$ 48,422,539
Local Agency Investment Fund (LAIF)	32,592,896	31,742,177
	$ 51,173,886	$ 80,164,716

Cash and cash equivalents are classified on the Statements of Net Position at June 30, 2020 and 2019 as follows

	Cash and cash equivalents	
	2020	2019
Unrestricted	$ 34,991,929	$ 51,383,206
Restricted:		
Construction fund	8,662,637	23,715,587
Customer facility charge fund	4,817,205	2,163,589
Passenger facility charge fund	2,702,115	2,902,334
	16,181,957	28,781,510
	$ 51,173,886	$ 80,164,716

NOTE 3 – Cash, cash equivalents and investments – continued

Investments authorized in accordance with California Government Code Section 53601 and under the provisions of the airport authority's investment policy: The table that follows identifies the investment types that are authorized by the Airport Authority's investment policy and State Government Code. The table also identifies certain provisions of the Airport Authority's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of bond proceeds held by the bond trustee that are governed by provisions of debt agreements of the Airport Authority, in addition to the general provisions of the Airport Authority's investment policy and State Government Code.

Authorized Investment Type	Maximum Maturity	Minimum Quality Requirements	Maximum Percentage of Portfolio	Maximum Investment in One Issue
U.S. Treasury obligations	5 years	N/A	None	None
U.S. agency securities	5 years	N/A	None	None
Supranationals	5 years	AA	30 percent	10 percent
Bankers' acceptances	180 days	AAA/Aaa	40 percent	5 percent
Commercial paper	270 days	A-1; P-1; F-1	25 percent	5 percent
Negotiable certificates of deposit	5 years	A	30 percent	5 percent
Medium-term notes	5 years	A	20 percent	5 percent
Money market mutual funds	N/A	AAA/Aaa	20 percent	5 percent
Repurchase agreements	1 year	A	None	None
Local Agency Investment Fund	N/A	N/A	None	$65 million
Local Government Investment Pool	N/A	N/A	None	$65 million
U.S. State and California agency indebtedness	5 years	A	20 percent	5 percent
Placement service certificates of deposits	3 years	N/A	30 percent	5 percent
Time certificates of deposit	3 years	*	20 percent	5 percent
Bank deposits	N/A	*	None	None

Investment in State Investment Pools

The Airport Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Airport Authority's investments in this pool are reported in the accompanying financial statements at fair value based upon the Airport Authority's pro rata share of the amortized cost basis provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of each portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF.

NOTE 4 - Note receivable

Note receivable from sale of vehicles and equipment. Original amount $364,511 due in monthly installments of $14,956 including interest at 1.6%, due May 2021.

The balance outstanding at June 30, 2020 and 2019 was as follows:

		2020		2019
Note receivable balance	$	168,516	$	349,555
Less: current portion		168,516		181,039
Long-term portion	$	-	$	168,516

NOTE 5 – Capital assets

Capital asset activity for the year ended June 30, 2020 follows:

	Balance June 30, 2019	Reclassifications	Additions	Deletions	Balance June 30, 2020
Capital assets, not depreciated					
Land	$ 56,503,866	$ -	$ -	$ -	$ 56,503,866
Air avigation easements	7,273,370	-	-	-	7,273,370
Construction in progress	19,893,356	(33,560,381)	18,151,506	1,231,342	3,253,139
Total	83,670,592	(33,560,381)	18,151,506	1,231,342	67,030,375
Capital assets, depreciated					
Land improvements	14,443,681	15,093,469	613,497	-	30,150,647
Buildings and improvements	19,410,708	18,466,912	188,552	-	38,066,172
Information technology hardware and software	4,593,000	-	66,526	-	4,659,526
Furniture and fixtures	72,723	-		-	72,723
Machinery, equipment and vehicles	2,336,102	-	4,862,996	-	7,199,098
Total	40,856,214	33,560,381	5,731,571	-	80,148,166
Less: accumulated depreciation					
Land improvements	3,384,808	-	2,472,977	-	5,857,785
Buildings and improvements	1,446,522	-	1,038,293	-	2,484,815
Information technology hardware and software	1,239,237	-	807,496	-	2,046,733
Furniture and fixtures	14,273	-	10,389	-	24,662
Machinery, equipment and vehicles	456,364	-	1,724,743	-	2,181,107
Total	6,541,204	-	6,053,898	-	12,595,102
Capital assets, depreciated - net	34,315,010	33,560,381	(322,327)	-	67,553,064
Capital assets, net	$ 117,985,602	$ -	$ 17,829,179	$ 1,231,342	$ 134,583,439

NOTE 5 – Capital assets – continued

Capital asset activity for the year ended June 30, 2019 follows:

	Balance June 30, 2018	Reclassifications	Additions	Deletions	Balance June 30, 2019
Capital assets, not depreciated					
Land	$ 56,503,866	$ -	$ -	$ -	$ 56,503,866
Air avigation easements	7,273,370	-	-	-	7,273,370
Construction in progress	5,463,086	(8,125,424)	22,555,694		19,893,356
Total	69,240,322	(8,125,424)	22,555,694	-	83,670,592
Capital assets, depreciated					
Land improvements	5,306,556	8,125,424	1,011,701	-	14,443,681
Buildings and improvements	15,791,616	-	3,619,092	-	19,410,708
Information technology hardware and software	3,817,395	-	775,605	-	4,593,000
Furniture and fixtures	35,149	-	37,574	-	72,723
Machinery, equipment and vehicles	1,744,237	-	828,623	236,758	2,336,102
Total	26,694,953	8,125,424	6,272,595	236,758	40,856,214
Less: accumulated depreciation					
Land improvements	1,618,133	-	1,766,675	-	3,384,808
Buildings and improvements	777,760	-	668,762	-	1,446,522
Information technology hardware and software	525,618	-	713,619	-	1,239,237
Furniture and fixtures	7,910	-	6,363	-	14,273
Machinery, equipment and vehicles	385,439	-	298,221	227,296	456,364
Total	3,314,860	-	3,453,640	227,296	6,541,204
Capital assets, depreciated - net	23,380,093	8,125,424	2,818,955	9,462	34,315,010
Capital assets, net	$ 92,620,415	$ -	$ 25,374,649	$ 9,462	$ 117,985,602

Depreciation expense was $6,053,898 and $3,453,639 for the years ended June 30, 2020 and 2019, respectively.

Net investment in capital assets as of June 30, 2020 and 2019 is as follows:

	2020	2019
Capital assets	$ 147,178,541	$ 124,526,805
Less accumulated depreciation	(12,595,102)	(6,541,204)
Less outstanding debt	(105,150,105)	(114,555,359)
Net investment in capital assets	$ 29,433,334	$ 3,430,242

NOTE 6 – Unearned revenues

At June 30, 2020 and 2019 the Authority had received security deposits as well as rent from certain tenants and certain other payments applicable to the subsequent year. Such amounts have been classified as unearned revenue, which totaled $851,985 at June 30, 2020 and $933,409 at June 30, 2019.

NOTE 7 – Long-term debt

Long-term debt at June 30, 2020 and 2019 follows:

Public Offering

On November 1, 2016, the Authority issued $52,015,000 of 2016 Airport Revenue Bonds ("2016 Bonds") at par, with effective interest rates ranging from 1.290% to 2.998%. The 2016 Bonds are special limited obligations of the Authority payable solely from, and secured solely by, a pledge of the net revenues and amounts in certain funds established under the Master Indenture of Trust, as amended, and the Debt Service Reserve Fund (provided through a surety). The 2016 Bonds are subject to redemption at the Authority's option prior to maturity, subject to a redemption premium. The 2016 Bonds were issued to extinguish LAWA 2006 Bonds as part of the Authority's acquisition of the Ontario International Airport from LAWA and to pay bond issuance costs.

The 2016 Bonds are due in principal installments on May 15th annually with interest installments due on May 15th and November 15th each year. In connection with the bond financing, the Authority secured a Reserve Surety Bond with a face value of $5,201,500 to provide coverage for debt service. The balance outstanding as of June 30, 2020 and 2019 was $33,395.000 $38,405,000, respectively. Interest expense for the years ended June 30, 2020 and 2019, amounted to $999,553 and $1,088,817 respectively.

The 2016 Bonds are special obligations of the Authority payable solely from and secured solely by Pledged Revenues. Pledged Revenues is defined in the Master Indenture to mean all income, receipts, earnings, and revenues received by the Authority. Net Pledged Revenues are defined to mean operating revenue plus investment income on operating funds less operating expenses before depreciation.

The Bond indenture contains various affirmative, negative and financial covenants. The primary financial covenant is a Debt Service Coverage Ratio defined as "net pledged revenues equal to at least 125% of aggregate annual debt service for that fiscal year". If the Authority violates the covenant, it will not constitute a default in the event the Authority cures violation within 120 days if its discovery.

The required debt service payments for the Series 2016 Bonds for the fiscal years ending June 30 are as follows:

For the year ending June 30,	Principal	Interest	Total
2021	$ 5,145,000	$ 895,145	$ 6,040,145
2022	5,290,000	782,778	6,072,778
2023	5,455,000	651,375	6,106,375
2024	5,645,000	507,690	6,152,690
2025	5,820,000	349,743	6,169,743
2026	6,040,000	181,079	6,221,079
Total	$ 33,395,000	$ 3,367,810	$ 36,762,810

NOTE 7 – Long-term debt – continued

Direct Borrowings and Placements

Loans Payable – LAWA
In connection with the acquisition of ONT from LAWA, a $70 million noninterest-bearing loan was due LAWA on the tenth anniversary of the closing. Subsequently, the parties agreed to modify the payment provisions of the settlement agreement. The revised agreement requires repayment to commence on the third anniversary from closing (November 1, 2019) by remitting to LAWA on an annual basis the sum of $2 per enplaned passenger (in excess of 2,082,721 passengers), a sum not less than $1 million or 100% of PFCs collected. The Authority may prepay the loan at any time applying a discount of 1.1%.

The original loan for $70 million was for a 10-year term and noninterest bearing. The loan was discounted to net present value using expected future cash flows at a weighted average discount rate of 1.83%. The discount rate reflects the yield on 10-year U.S. Treasury notes at the inception of the loan. Aggregate deferred interest in the amount $9,044,321 was imputed and is amortized to operations over the life of the loan. There is no fixed amortization schedule. Following is a summary of the outstanding balance at June 30.

	2020	2019
Loan payable LAWA	$ 33,774,610	$ 41,347,784
Less: deferred interest	(5,728,070)	(6,632,502)
Outstanding balance	$ 28,046,540	$ 34,715,282

Subordinated Revenue Notes (Direct Borrowing)

On May 22, 2019, The Authority executed a note purchase agreement with a financial institution. The credit facility titled *Subordinated Revenue Notes, Series 2019*, provided financing for specifically identified capital projects (net of eligible third-party grants) *approved in accordance with the Airline Operating Use and Terminal Lease Agreement*. The capital projects consisted of airfield rehabilitation and upgrades, airside site improvements and warehouses, terminal infrastructure improvements and various machinery, equipment and vehicles.

The Note purchase agreement is for a 2-year term and bears interest of 3.06% per annuum calculated on 360-day basis. Interest is due and payable semi-annually on December 1 and June 1 each year.
The balance outstanding at June 30, 2020 and 2019 was $34,370,500.

The proceeds of the loan in the amount of $34,370,500 ($32,684,000 net of issuance costs) were deposited in a separate custodial account (Construction Account) at the Authority's financial institution, less $1,410,000 placed in escrow for a project until approved in accordance with the *Airline Operating Use and Terminal Lease Agreement*.. These conditions were subsequently satisfied, and the escrow funds were released and deposited in the Construction Account.

The Authority made draws on the Construction Account as costs were incurred on eligible projects. Construction fund draws for the years ending June 30, 2020 and 2019 totaled $15,052,950 and $10,378,400, respectively. The Construction Account balance at June 30, 2020 and 2019 was $8,662,637 and $23,715,586, respectively.

The note is secured by net pledged revenues, junior and subordinate to the 2016 Revenue Bonds. Net pledged revenues are defined as pledged revenues less maintenance and operating expenses.

NOTE 7 – Long-term debt – continued

In addition to general affirmative and negative covenants, The Authority has agreed to maintain a Debt Service Coverage Ratio of at least 110% of Aggregate Annual Debt Service for that Fiscal Year. In the event of non-compliance with the financial ratio, the Authority has 120 days in which to cure the condition. As further contemplated by the agreement, the Authority intends and covenants to the lender to obtain long term bond financing to retire the subordinated revenue bonds. In addition, the Authority is to submit a Passenger Facility Charge (PFC) application to seek approval from the Federal Aviation Administration (FAA) to use PFC's collected to repay that portion of the bond financing that is attributable to approved PFC eligible projects.

The required debt service payments for the note payable for the fiscal years ending June 30 are as follows:

For the year ending June 30,	Principal
2022	$ 17,185,250
2024	17,185,250
Total	$ 34,370,500

The note has been classified as non-current in the accompanying financial statements as the Authority intends to refinance the total outstanding debt by June 30, 2021.

Notes Payable – Enterprise Resource Planning System

In connection with the installation and implementation of its Enterprise Resource Planning (ERP) system the Authority entered into a Lease/Purchase Master agreement credit facility to finance the ERP system. Under the agreement, the Authority made drawdowns to cover ERP costs as they were incurred. Each drawdown converted to a 60-month term note, with interest at 3.7% per annum due in semi-annual installments of principal and interest ranging from $5,064 - $50,205. The notes mature beginning October 2022 and ending October 2023. Total cost of the ERP system financed was $2.8 million. The Note is secured by a first lien on the ERP system.

The required debt service payments for the note payable for the fiscal years ending June 30 are as follows:

For the year ending June 30,	Principal	Interest	Total
2021	$ 586,699	$ 60,766	$ 647,465
2022	610,152	37,313	647,465
2023	382,750	12,911	395,661
2024	70,239	1,692	71,931
Total	$ 1,649,840	$ 112,682	$ 1,762,522

NOTE 7 – Long-term debt – continued

Notes Payable – Parking Management Operator

The Authority entered into an agreement with its parking management operator (Operator), for the Operator to complete and incur costs for certain capital projects in the terminal parking area and to finance each project upon completion. Each note payable is for five-years, bears interest at 6% or 9.8% and is due in monthly installments of principal and interest ranging from $1,724 to $11,861. The notes mature from May 2023 to December 2024. The balance outstanding as of June 30, 2020 and 2019 was $1,200,826 and 811,822, respectively.

The required debt service payments for the note payable for the fiscal years ending June 30 are as follows:

For the year ending June 30,	Principal	Interest	Total
2021	$ 300,592	$ 85,006	$ 385,598
2022	326,845	58,753	385,598
2023	352,600	30,091	382,691
2024	150,911	8,913	159,824
2025	69,878	1,229	71,107
Total	$ 1,200,826	$ 183,992	$ 1,384,818

Terminal Improvement Financing

On June 19, 2018, the Authority entered into an agreement with a third-party to operate common use lounges in the airport terminals as well as certain online reservation car parking services (Pre-book). The agreement required MAG to construct and finance a lounge in Terminal 2 and 4. The total cost of the lounges was $3,611,798 and was to be repaid from concession fees earned under the agreement. The agreement required that 100% of concession fees earned under the agreement, less certain expenses, would be applied to the outstanding debt until paid in full. The balance outstanding at June 30, 2020 and 2019 totaled $1,654,012 and $3,611,798, respectively.

NOTE 7 – Long-term debt – continued

Note Payable – Airport Rescue and Firefighting (ARFF) Vehicles

The Authority executed a note payable with a financial institution for the acquisition of ARFF vehicles with a total cost of $4,234,887. The terms of the note are: 10 years, bearing annual interest of 1.799%, with annual principal and interest installments of $471,430, maturing October 2029. The note is secured by the vehicles. The outstanding balance at June 30, 2020 was $4,234,887.

The required debt service payments for the note payable for the fiscal years ending June 30 are as follows:

For the year ending June 30,	Principal	Interest	Total
2021	$ 410,891	$ 59,679	$ 470,570
2022	402,653	68,778	471,431
2023	409,897	61,534	471,431
2024	417,271	54,160	471,431
2025	424,777	46,654	471,431
2026	432,419	39,012	471,431
2027	440,198	31,233	471,431
2028	448,117	23,314	471,431
2029	456,179	15,252	471,431
2030	392,485	7,045	399,530
Total	$ 4,234,887	$ 406,661	$ 4,641,548

Capital Lease Obligations (Direct Borrowing)

The Authority leases various vehicles under capital lease obligations from two lenders. Lease payments are due monthly and range from approximately $2,100 to $6,700 and mature from July 2023 to September 2024. The outstanding balance at June 30, 2020 and 2019 was $598,498 and $426,096, respectively.

The required debt service payments for the capital lease obligations for the fiscal year ending June 30, are as follows:

For the year ending June 30,	Principal	Interest	Total
2021	$ 211,636	$ 38,377	$ 250,013
2022	217,310	22,600	239,910
2023	102,861	16,030	118,891
2024	62,108	3,296	65,404
2025	4,583	56	4,639
Total	$ 598,498	$ 80,359	$ 678,857

NOTE 7 – Long-term debt – continued

Long-term debt at June 30, 2020 and 2019 follows:

	For the year ending June 30, 2020				
	Sum of Beginning Balance	Additions	Reductions	Sum of Ending Balance	Current Portion
Bonds payable	$ 38,405,000	$ -	$ 5,010,000	$ 33,395,000	$ 5,145,000
Direct borrowings					
Notes payable - LAWA	34,715,284	-	6,668,742	28,046,542	-
Subordinated revenue notes	34,370,500			34,370,500	-
Other notes and capital lease obligations	7,044,576	5,348,076	3,054,587	9,338,065	1,509,818
Total	$ 114,535,360	$ 5,348,076	$ 14,733,329	$ 105,150,107	$ 6,654,818

	For the year ending June 30, 2019				
	Sum of Beginning Balance	Additions	Reductions	Sum of Ending Balance	Current Portion
Bonds payable	$ 43,315,000	$ -	$ 4,910,000	$ 38,405,000	$ 5,010,000
Direct borrowings					
Notes payable - LAWA	42,724,169	-	8,008,885	34,715,284	-
Subordinated revenue notes	-	34,370,500		34,370,500	-
Other notes and capital lease obligations	1,912,296	5,410,129	277,849	7,044,576	972,656
Total	$ 87,951,465	$ 39,780,629	$ 13,196,734	$ 114,535,360	$ 5,982,656

Note 8 - Related Party Transactions

The Authority has entered into agreements with the City of Ontario (City) for the City to provide public safety, information technology, human resources and other administrative services to the Authority. In addition, the Authority purchases water and waste utilities from the City. The authorities parking operations are subject to a City parking tax. These taxes are included in the daily parking rates and taxes paid are netted against parking revenues.

Amounts due to the City are included in accounts payable in the accompanying financial statements. The following summarizes the Authority's related party transactions for the years ending June 30, 2020 and 2019:

	2020	2019
Public safety	$ 22,377,074	$ 22,423,975
Utilities	947,368	1,318,834
Administrative services	1,586,854	846,297
Parking taxes	2,171,222	2,551,615
Total	$ 27,082,518	$ 27,140,721

The Authority is also charged for services from County of San Bernardino departments that are categorized in the various expense line items in the statements of revenues, expenses and changes in net position. The most significant services are for emergency communications systems totaling $68,774 and $157,576 for the year ended June 30, 2020 and 2019 respectively.

NOTE 9 – Operating leases with lessees

The Authority is the lessor of various land, facilities and equipment within the Airport System. Lease contracts are generally written with noncancelable terms of up to 30 years. Costs and related accumulated depreciation of property under leases are not practically determinable as the majority of the leases relate only to portions of buildings.

A summary of minimum noncancelable rentals under operating leases at June 30, 2020 follows:

For the fiscal year ending June 30,	2021	$	21,186,607
	2022		20,422,814
	2023		20,168,215
	2024		20,168,215
	2025		14,360,102
	Thereafter		2,617,455
		$	98,923,408

Several lease agreements have provisions for contingent rentals based on a percentage of the tenant's gross sales at ONT. Gross sales percentage amounts and minimum annual guarantees vary by type of tenant, as well as tenant products and services provided. The tenant is required to pay the greater of the amount calculated as a percentage of sales or the minimum annual guarantee based on the established annual contract period

NOTE 10 - Retirement Plans

The Authority established and maintains three defined contribution retirement plans for the benefit of employees. The Authority does not participate in the United States Social Security system. The plans are administered by an unrelated third party. Significant plan requirements are as follows:

401A Plan- Defined Contribution Plan for Governmental Employees

The Authority established the "Ontario International Airport Authority 401(a) Defined Contribution Plan", administered by an unrelated third-party. All full and part time employees participate in the Authority's 401A Plan. The Authority contributes 10% of the employee's eligible wages. Employee's may not contribute to the plan. All employer contributions are fully vested at the date of contribution. Maximum permissible contributions for the plan year are $40,000 per employee. All contributions made under this plan are fully vested. Amounts contributed to the plan for the years ended June 30, 2020 and 2019 amounted to approximately $570,060 and $441,439 respectively.

NOTE 10 - Retirement Plans - continued

457B Plan- Employee Deferred Compensation Plan
The “Ontario International Airport Authority 457(b) Deferred Compensation Plan” is an employee funded retirement plan. All employee contributions are fully vested at the time of contribution. The Authority does not make any contributions or provide for matching under this plan.

457F Plan
The “Ontario International Airport Authority 457(f) Deferred Compensation Plan” is a non-qualified deferred compensation arrangement which provides supplemental retirement benefits to a select management group. The plan has no active participants and no plan assets at June 30, 2020 and 2019.

NOTE 11 – Concentration of operating revenues

A significant portion of the Authority’s earnings and revenues are directly or indirectly attributable to the activity of a number of major airlines, tenants and concessionaires. The Authority’s earnings and revenues could be materially and adversely affected should any of these major customers discontinue operations and should the Authority be unable to replace those airlines with similar activity.

		2020		2019	
Customer	**Customer Type**	**Revenues**	**% of Operating Revenues**	**Revenues**	**% of Operating Revenues**
Customer A	Passenger carrier	10,495,956	12.9%	16,846,458	23.1%
Customer B	Cargo carrier	6,324,224	7.8%	8,232,149	11.3%
Customer C	Passenger carrier	4,244,758	5.2%	6,574,945	9.0%
Customer D	Rental car company	3,358,551	4.1%	5,463,462	7.5%
Customer E	Cargo carrier	3,020,717	3.7%	2,938,001	4.0%
Customer F	Rental car company	2,801,144	3.4%	3,869,745	5.3%
Customer G	Passenger carrier	2,280,720	2.8%	3,516,268	4.8%
Customer H	Passenger carrier	2,237,878	2.7%	3,151,940	4.3%
Customer I	Rental car company	1,548,761	1.9%	2,282,250	3.1%
Customer J	Passenger carrier	1,545,451	1.9%	2,110,231	2.9%
	Total operating revenues		$ 81,418,287		$ 72,780,724

NOTE 12 – Passenger Facility Charges

The passenger facility charge program for ONT was established under previous ownership by the City of Los Angeles, Los Angeles World Airports (LAWA). In accordance with the Settlement Agreement for the Authority's acquisition of ONT from LAWA a PFC application was submitted to the FAA to authorize use of PFC collections at ONT for a single project at the Los Angeles International Airport (LAX). On July 18, 2016, the FAA issued a Final Agency Decision approving this application (16-05-C-00-ONT), which approved the imposition of a $4.50 PFC at ONT for use on the LAX project. On September 16, 2016, the FAA approved amendment number 1 (16-05-C-01-ONT) to increase the approved amount for the project from $47,338,500 to $117,338,550. The Authority is required to remit ONT PFC collections directly to LAWA until it pays in full amounts due under its loan agreement with LAWA (see Note 7).

On April 17, 2020 the Authority submitted an amendment to the FAA to repay its current obligation to LAWA, in a lump sum payment through the issuance of new bonds. The application amendment (16-05-C-02-ONT) was approved by the FAA on May 15, 2020. This amendment represents the following changes:

	Previously Approved	Revised	Net Increase (Decrease)
LAX - project			
Pay-as-you-go	$ 117,338,500	$ 86,885,234	$ (30,453,266)
PFC bond capital	-	30,453,266	30,453,266
PFC bond financing and interest	-	41,973,708	41,973,708
Total	$ 117,338,500	$ 159,312,208	$ 41,973,708

On May 1, 2020 the Authority submitted a new application to impose and use $104,024,601 ($52,397,490 for bond capital and $51,657,111 for bond financing and interest) for 15 projects at the Authority to be financed through a new bond issue. On May 29, 2020 the FAA notified the Authority that the application (20-06-C-00-ONT) was determined to be substantially incomplete. On June 2, 2020 the Authority notified the FAA that it intended to provide a supplement to the application. This notification placed a hold on the FAA's requirement to approve or disapprove the application within120 days of its final submission. The application supplement has not been submitted to the FAA.

Passenger facility charge revenues for the years ending June 30, 2020 and 2019 totaled $8,448,989 and 10,814,570, respectively.

NOTE 13 – Customer Facility Charges

Customer facility charges on rental car contracts are used to pay debt service on the portion of Series 2016 Revenue Bonds attributable to Consolidated Rental Car Facility (CONRAC) capital costs and operating costs for shuttle services to transport passengers to and from the terminal and the CONRAC. The following summarizes allowable expenditures for the Customer Facility Charge program for the years ending June 30, 2020 and 2019.

	6/30/2020	6/30/2019
Debt service - Revenue Bonds Series 2016	$ 586,306	$ 585,032
Shuttle services	1,723,284	1,941,547
Total	$ 2,309,590	$ 2,526,579

NOTE 14 – Risk management

The Authority is exposed to various risks or losses related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Authority's risk management activities include purchase of commercial insurance with standard deductibles for all significant insurable risks. There have been no significant changes in insurance coverage in the last year. The amounts of settlements have not exceeded insurance coverage for the past three years. The financial statements do not include any liability for uninsured claims at June 30, 2020 and 2019.

Losses arising from claims and judgments are expensed when 1) it is probable that an asset has been impaired, or a liability has been incurred at the date of the financial statements; and 2) the amount of the loss can be reasonably estimated.

NOTE 15 – Commitments and Contingencies

Coronavirus (COVID-19)

On March 13, 2020, a national emergency was declared by the President of the United States in response to the novel coronavirus known as SARS-CoV-2 (COVID-19), which the World Health Organization announced on March 11, 2020 could be characterized as a pandemic. The Federal government, along with State and local governments took extraordinary actions to prevent and slow the spread of the virus, which required essential businesses to close and stay-at-home orders were issued for all but essential workers. This national declaration and corresponding actions by Federal, State, and local governments had an immediate and unprecedented impact on the commercial passenger aviation industry, including airports.

For the Ontario International Airport, passenger levels decreased by 74.1% from March 1 – June 30, 2020 compared to the same period for 2019. Prior to March 1, 2020 passenger activity increased by 12.4% compared to 2019. As of June 30, 2020, one domestic carrier and two international carriers suspended air service at ONT. A substantial portion of airport revenues related directly to passenger activity levels, including parking, rental cars, and concessions (e.g. news and gifts, food, and beverage).

NOTE 15 – Commitments and Contingencies – continued

Coronavirus (COVID-19) – continued

Subsequent to June 30, 2020 national, regional, and local economies as well as the commercial passenger carrier industry and the Authority experienced moderate recoveries. However, for the five months ending November 30, 2020 passenger activity had recovered to only 40.4% compared to passenger activity for the five months ending November 30, 2019. Passenger activity at ONT is expected to lag the general economic recovery. While the financial impact associated with the pandemic is partially mitigated by the residual airport agreement, long-term lease agreements and the growth of cargo activity at ONT, the Authority remains at substantial risk for the potential failure of one or more of its significant airport partner airlines, tenants or concessionaires. The possible financial impact to the Authority's asset values and future financial performance cannot be estimated. The Authority's Management Discussion and Analysis, Financial Statements and Notes to the Financial Statements should be read and considered in light of these extraordinary circumstances.

Construction Projects

Total commitments for contractual services for federally funded and other construction projects at June 30, 2020 totaled approximately $8,146,266. The remaining balance on these contracts at that date was $3,171,589. These commitments will be funded in whole or in part by federal grants of $ 2,059,522 and revenue bonds of $6,066,944.

Federal Grants

All federal grants are subject to audit by the granting agencies for compliance with applicable grant requirements. The Authority anticipates that the amount, if any, of disallowed grant expenditures in the event of granting agency audits would be immaterial.

Other Contingencies

The Authority is involved in other claims in the ordinary course of business. In the opinion of management, based on consultations with legal counsel, these matters are considered immaterial to the Authority or will be covered by insurance.

NOTE 16 – Restricted Net Position

Restricted net position includes restricted assets required to be set aside to repay principal and interest under debt covenants; and to comply with other legal or contractual requirements; less liabilities payable from these assets. For fiscal years June 30, 2020 and 2019 restricted net position is as follows:

	2020	2019
Restricted net position:		
Capital projects	$ 8,662,637	$ 23,715,588
Passenger facility charges	3,082,945	4,276,146
Customer facility charges	4,979,285	2,513,733
Total	$ 16,724,867	$ 30,505,467

The Authority's policy is to restrict net position to the extent that assets restricted for bond debt service exceed the applicable debt service liabilities, and these assets are funded from operations rather than bond proceeds. Because these restricted assets do not exceed debt service liabilities at June 30, 2020 and 2019, no reservation of net position is required.

INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Ontario International Airport Authority
City of Ontario, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Ontario International Airport Authority (the Authority) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 28, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify the following deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies: 2020-001 and 2020-002.

Lance, Soll & Lunghard, LLP | 203 N. Brea Blvd., Suite 203 | Brea, CA 92821 | Phone: 714.672.0022

To the Board of Commissioners
Ontario International Airport Authority
City of Ontario, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Findings

The Authority's response to the findings identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lunghard, LLP

Brea, California
January 28, 2021

To the Board of Commissioners
Ontario International Airport Authority
City of Ontario, California

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Segregation of Duties and Review of Key Processes

Reference Number: 2020-001

Evaluation of Finding:
Significant Deficiency

Condition:
During part of the audited fiscal year, due to limited staffing, the Authority did not have appropriate segregation of duties and system controls over journal entries.

Criteria:
Journal entries are how accounting transaction are recorded in the accounting system. Proper accounting controls should provide for proper review and approvals for all journal entries and supporting documentation.

Cause of Condition:
For a part of the fiscal year, the finance director position was unfilled and resulted in a gap in segregation of duties.

Effect or Potential Effect of Condition:
Due to the gap in controls, there is a potential that entries could be posted to the accounting system without proper review and approval.

Recommendation:
We recommend that the Authority's process for preparation and approval of journal entries continue to require separate individual with appropriate accounting knowledge and skill to be involved in the process. Supporting documentation for journal entries should be uploaded into the accounting system to facilitate a complete review.

Management's Response and Corrective Action:
Management agrees with the Finding as set forth in the report on internal control. These conditions discussed in the letter existed from approximately March 2019 through January 2021. While there are several staff members in the Finance Division, there was only a single individual with qualifications and experience to properly perform the preparation and approval functions. The Authority has recently hired a new Finance Manager, which will provide the additional qualified resources to separate out the preparation of manual journal entries and the approval of those journal entries.

To the Board of Commissioners
Ontario International Airport Authority
City of Ontario, California

Year-end Closing Process

Reference Number: 2020-002

Evaluation of Finding:
Significant Deficiency

Condition:
Significant adjusting entries were received throughout the duration of the audit to correct errors in account balances identified by LSL and the Authority.

Criteria:
The trial balance received at the beginning of audit fieldwork is expected to be reconciled and free from material errors.

Cause of Condition:
In addition to COVID-19, the Authority lost a key employee during the fiscal year, this resulted in certain year-end closing processes to be delayed.

Effect or Potential Effect of Condition:
Unreconciled account balances could result in a material misstatement in the Authority's Financial Statements.

Recommendation:
We recommend the Authority implement controls and positions to ensure that all account balances are properly and timely reconciled prior to providing a final trial balance for the audit.

Management's Response and Corrective Action:
Management agrees with the findings as set forth. It is the intent of management that the general ledger and corresponding financial statements be substantially maintained on a GAAP basis in accordance with GASB standards in a material way. This includes manual accruals and other regular adjustments to meet the GAAP/GASB requirements, which are not provided through automation in day-to-day accounting journals such as accounts payable, accounts receivable and payroll. Management was unable to meet OIAA established standards because of resource constraints created by a vacant positions and budgetary limitations associated with the impact of Covid-19. A new Finance Manager has been hired to replace the position vacated since March of 2019 and a new staff accountant position has been established to assist with analysis and preparation of workpapers, accruals and adjustments necessary to maintain accrual basis accounting on a monthly basis. These additional resources will eliminate the need for substantial year end closing processes and accounting referenced in the finding.

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APPENDIX D

SUMMARIES OF THE MASTER INDENTURE AND THE THIRD SUPPLEMENTAL INDENTURE

Presented below are summaries of certain provisions contained in the Master Trust Indenture (the "Master Indenture") and the Third Supplemental Trust Indenture (the "Third Supplemental Indenture," and, together with the Master Indenture, the "Indenture"). Such summaries are not to be considered full statements pertaining thereto. Reference is directed to such documents for the complete text thereof. Copies of such documents are available from the Authority. All capitalized terms not defined herein or elsewhere in the Official Statement have the meanings set forth in the Indenture.

The summaries below do not reflect the amendments to the Indenture described in Appendix E – "AMENDMENTS TO MASTER INDENTURE," which will be effective upon issuance of the Series 2021 Bonds.

DEFINITIONS

The following are definitions of certain terms used in this Official Statement including the summaries of the Master Indenture and the Third Supplemental Indenture.

"Accreted Value" means (i) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in a Supplemental Indenture as the amount representing the initial principal amount of such Capital Appreciation Bond plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (ii) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such Original Issue Discount Bonds plus the amount of the discounted principal which has accreted since the date of issue; in each case the Accreted Value will be determined in accordance with the provisions of the Supplemental Indenture authorizing the issuance of such Capital Appreciation Bond or Original Issue Discount Bond.

"Additional Bonds" means Bonds issued with a parity claim as to the Net Pledged Revenues with the Initial Bonds.

"Aggregate Annual Debt Service" means for any Fiscal Year the aggregate amount of Annual Debt Service on all Outstanding Bonds and Unissued Program Bonds. For purposes of calculating Aggregate Annual Debt Service, the following components of debt service will be computed as follows:

(i) in determining the principal due in each year, payment will (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Bonds and Unissued Program Bonds in accordance with any amortization schedule established by the governing documents setting forth the terms of such Bonds, including, as a principal payment, the Accreted Value of any Capital Appreciation Bonds or Original Issue Discount Bonds maturing or scheduled for redemption in such year; in determining the interest due in each year, interest payable at a fixed rate will (except to the extent subsection (ii), (iii) or (iv) of this definition applies) be assumed to be made at such fixed rate and on the required payment dates; provided, however, that interest payable on the Bonds will be excluded to the extent such payments are to be paid from Capitalized Interest for such Fiscal Year;

(ii) if all or any portion or portions of an Outstanding Series of Bonds, or Unissued Program Bonds constitute Balloon Indebtedness (excluding Program Bonds or Unissued Program Bonds to which subsection (vi) applies), then, for purposes of determining Aggregate Annual Debt Service, each maturity which constitutes Balloon Indebtedness will, unless otherwise provided in the Supplemental Indenture pursuant to which such Balloon Indebtedness is issued or unless provision (iii) of this definition then applies to such maturity, be treated as if it were to be amortized over a term of not more than 30 years and with substantially level annual debt service payments commencing not later than the year following the year in which such Balloon Indebtedness matured, and extending not later than 30 years from the date such Balloon Indebtedness was originally issued; the interest rate used for such computation will be that rate quoted in The Bond Buyer Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Authority, or if the Authority fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under the Master Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any Series of Bonds, Unissued Program Bonds or Program Bonds only a portion of which constitutes Balloon Indebtedness, the remaining portion will be treated as described in (i) above or such other provision of this definition as will be applicable and, with respect to any Series, Unissued Program Bonds or Program Bonds or that portion of a Series thereof which constitutes Balloon Indebtedness, all payments of principal and interest becoming due prior to the year of the stated maturity of the Balloon Indebtedness will be treated as described in (i) above or such other provision of this definition as will be applicable;

(iii) any maturity of Bonds which constitutes Balloon Indebtedness as described in provision (ii) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation is made, will be assumed to become due and payable on the stated maturity date and provision (ii) above will not apply thereto unless there is delivered to the entity making the calculation a certificate of an Authorized Authority Representative stating that the Authority intends to refinance such maturity and stating the probable terms of such refinancing and that the debt capacity of the Authority is sufficient to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Indebtedness will be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms will be used for purposes of calculating Aggregate Annual Debt Service, provided that such assumption will not result in an amortization period longer than or an interest rate lower than that which would be assumed under provision (ii) above;

(iv) if any Outstanding Bonds (including Program Bonds then issued and Outstanding) or any Bonds which are then proposed to be issued constitute Tender Indebtedness (but excluding Program Bonds or Bonds as to which a Qualified Swap is in effect and to which subsection (vi) or (viii) applies), then, for purposes of determining Aggregate Annual Debt Service, Tender Indebtedness will be treated as if the principal amount of such Bonds were to be amortized over a term of not more than 30 years commencing in the year in which such Series is first subject to tender and with substantially level Annual Debt Service payments and extending not later than 30 years from the date such Tender Indebtedness was originally issued; the interest rate used for such computation will be that rate quoted in The Bond Buyer Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Authority, or if the Authority fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under the Master Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; and with respect to all principal and interest payments becoming due prior to the year in which such Tender Indebtedness is first subject to tender, such payments will be treated as described in (i) above unless the interest during that period is subject to fluctuation, in which case the interest becoming due prior to such first tender date will be determined as provided in (v) or (vi) below, as appropriate;

(v) if any Outstanding Bonds constitute Variable Rate Indebtedness (except to the extent subsection (ii) or (iii) relating to Balloon Indebtedness or (iv) relating to Tender Indebtedness or subsection (viii) relating to Synthetic Fixed Rate Debt and Qualified Swaps applies), the interest rate on such Bonds will be the average rate quoted in The Bond Buyer Revenue Bond Index, or such successor or replacement index, for the 12 months preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Authority or if the Authority fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for such Bonds of a corresponding term issued under the Master Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes;

(vi) with respect to any Program Bonds or Unissued Program Bonds (a) debt service on Program Bonds then Outstanding will be determined in accordance with such of the foregoing provisions of this definition as will be applicable, and (b) with respect to Unissued Program Bonds, it will be assumed that the full principal amount of such Unissued Program Bonds will be amortized over a term certified by an Authorized Authority Representative at the time the initial Program Bonds of such Program are issued to be the expected duration of such Program or, if such expectations have changed, over a term certified by an Authorized Authority Representative to be the expected duration of such Program at the time of such calculation, but not to exceed 30 years from the date the initial Program Bonds of such Program are issued and it will be assumed that debt service will be paid in substantially level Annual Debt Service payments over such assumed term; the interest rate used for such computation will be that rate quoted in The Bond Buyer Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Authority, or if the Authority fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under the Master Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes;

(vii) debt service on Repayment Obligations, to the extent such obligations constitute Bonds under the Master Indenture, will be calculated as provided in the Master Indenture;

(viii) (a) for purposes of computing the Annual Debt Service of Bonds which constitute Synthetic Fixed Rate Debt, the interest payable thereon will be deemed to be the fixed rate as implied by the terms of the Swap Agreement or the net interest rate payable pursuant to offsetting indices, as applicable;

(b) for purposes of computing Annual Debt Service of the Bonds with respect to which any other Qualified Swap is in effect, interest deemed to be payable thereon will be based on the net economic effect on the Authority expected to be produced by the terms of such Bonds and such

Qualified Swap; and accordingly, the amount of interest deemed to be payable on any Bonds with respect to which a Qualified Swap is in force will be an amount equal to the amount of interest that would be payable at the rate or rates stated in such Bonds plus the amount payable by the Authority (or the Trustee) under the Qualified Swap in accordance with the terms thereof, less any amount to be received by the Authority from the Qualified Swap Provider pursuant to the Qualified Swap; and

(ix) if moneys, including moneys that are not Pledged Revenues, or Permitted Investments derived therefrom have been or will be irrevocably deposited with and are or will be held by the Trustee or another fiduciary or Capitalized Interest has been set aside exclusively to be used to pay principal and/or interest on specified Bonds, then the principal and/or interest to be paid from such moneys, Permitted Investments, or Capitalized Interest or from the earnings thereon shall be disregarded and not included in calculating Annual Debt Service.

"Airport Revenue Fund" means the fund created by and further described in the Master Indenture.

"Airport Revenues" means, except to the extent specifically excluded herefrom, all income, receipts, earnings and revenues received by the Authority from the Ontario International Airport, for any given period, as determined in accordance with generally accepted accounting principles, as modified from time to time, including, but not limited to: (1) all rates, tolls, fees, rentals, charges and other payments made to or owed to the Authority for the use or availability of property or facilities at Ontario International Airport; (2) all amounts received or owed from the sale or provision of supplies, Materials, goods and services provided by or made available by the Authority at Ontario International Airport; and (3) all rental or business interruption insurance proceeds, received by, held by, accrued to or entitled to be received by the Authority or any successor thereto from the possession, management, charge, superintendence and control of Ontario International Airport (or any Ontario Airport Facilities or activities and undertakings related thereto) or from any other facilities wherever located with respect to which the Authority receives payments which are attributable to Ontario Airport Facilities or activities or undertakings related thereto, all of which is required to be deposited in the Airport Revenue Fund pursuant to the Master Indenture. "Airport Revenues" includes all income, receipts and earnings from the investment of amounts held in the Airport Revenue Fund, any Construction Fund allowed to be pledged by the terms of a Supplemental Indenture, the Reserve Fund and earnings on the Maintenance and Operation Reserve Fund established and the amount, if any, related to coverage paid in a prior Fiscal Year that is available to be spent in the current Fiscal Year and that is credited by the Authority against requirements in calculating for the given Fiscal Year terminal rentals and landing fees charged to airline users of Ontario International Airport pursuant to any residual methodology employed by the Authority in calculating such rentals and fees; provided, however, that for purposes of calculating Airport Revenues for a given Fiscal Year, such amount may not exceed 25% of Debt Service for the Fiscal Year for which such determination is being made.

"Annual Debt Service" means, with respect to any Bond, the aggregate amount of principal and interest becoming due and payable during any Fiscal Year, calculated using the principles and assumptions set forth in the definition of Aggregate Annual Debt Service.

"Authority" means the Ontario International Airport Authority, or any successor thereto performing the activities and functions under the Joint Powers Agreement.

"Authorized Amount" means, when used with respect to Bonds, including Program Bonds, the maximum Principal Amount of Bonds which is then authorized by a resolution or Supplemental

Indenture adopted by the Authority pursuant to the Master Indenture to be Outstanding at any one time under the terms of such Program or Supplemental Indenture. If the maximum Principal Amount of Bonds or Program Bonds authorized by a preliminary resolution or form of Supplemental Indenture approved by the Authority pursuant to the Master Indenture exceeds the maximum Principal Amount of Bonds set forth in the final resolution of sale adopted by the Authority or in the definitive Supplemental Indenture executed and delivered by the Authority pursuant to which such Bonds are issued or such Program is established, the Principal Amount of such Bonds or Program Bonds as is set forth in said final resolution of sale or in the definitive Supplemental Indenture as executed and delivered by the Authority will be deemed to be the "Authorized Amount."

"Authorized Authority Representative" means the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer of the Authority or such other official or employee of the Authority designated by the Authority as an Authorized Authority Representative by written notice to the Trustee signed by the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer of the Authority. Any action required or authorized to be taken by the Authority or the Authority in this Master Indenture or any Supplemental Indenture may be taken by an Authorized Authority Representative.

"Balloon Indebtedness" means, with respect to any Series of Bonds twenty-five percent (25%) or more of the principal amount of which matures on the same date or within a Fiscal Year, that portion of such Series which matures on such date or within such Fiscal Year; provided, however, that to constitute Balloon Indebtedness the amount of Bonds of a Series maturing on a single date or within a Fiscal Year must equal or exceed 150% of the amount of such Series which matures during any preceding Fiscal Year. For purposes of this definition, the principal amount maturing on any date will be reduced by the amount of such Bonds, scheduled to be amortized by prepayment or redemption prior to their stated maturity date. A Commercial Paper Program and the Commercial Paper constituting part of such Program will not be Balloon Indebtedness.

"Bond" or "Bonds" means any debt obligation of the Authority issued under and in accordance with the provisions of the Master Indenture, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper and other instruments creating an indebtedness of the Authority, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and Repayment Obligations to the extent provided the Master Indenture. The term "Bond" or "Bonds" herein does not include any Subordinated Obligation; provided, however, that the Authority may provide in a Supplemental Indenture to the Master Indenture that Subordinated Obligations may be thenceforth issued pursuant to the Master Indenture having the terms applicable to the Bonds, except that such Subordinated Obligations will be junior and subordinate in payment of such Subordinated Obligations from the Net Pledged Revenues. The term "Bond" and "Bonds" includes Program Bonds.

"Bond Counsel" means a firm or firms of attorneys which are nationally recognized as experts in the area of municipal finance and which are familiar with the transactions contemplated under the Indenture.

"Bond Insurance Policy" means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2021 Bonds when due. The Bond Insurance Policy shall constitute a Credit Facility for all purposes of the Master Indenture.

"Bondholder," "holder," "owner" or "registered owner" means the person or entity in whose name any Bond or Bonds are registered on the books maintained by the Registrar and will include any Credit Provider or Liquidity Provider to which a Repayment Obligation is then owed, to the extent that such Repayment Obligation is deemed to be a Bond under the provisions of the Indenture.

"Business Day" means a day on which banks located in New York, New York, in Los Angeles, California and in the city in which the principal corporate trust office of the Trustee is located are open, provided that such term may have a different meaning for any specified Series of Bonds if so provided by Supplemental Indenture.

"Capital Appreciation Bonds" means Bonds all or a portion of the interest on which is compounded and accumulated at the rates and on the dates set forth in a Supplemental Indenture and is payable only upon redemption or on the maturity date of such Bonds. Bonds which are issued as Capital Appreciation Bonds, but later convert to Bonds on which interest is paid periodically will be Capital Appreciation Bonds until the conversion date and from and after such conversion date will no longer be Capital Appreciation Bonds, but will be treated as having a principal amount equal to their Accreted Value on the conversion date.

"Capitalized Interest" means the amount of interest on Bonds, if any, funded from the proceeds of the Bonds or other monies that are deposited with the Trustee upon issuance of Bonds to be used to pay interest on the Bonds.

"City of Ontario" mean the City of Ontario, California, a general law city and municipal corporation duly organized and existing under the Constitution and laws of the State of California, or any successor thereto.

"Code" means the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations applicable with respect thereto.

"Commercial Paper" means notes of the Authority with a maturity of not more than 270 days from the date of issuance and which are issued and reissued from time to time pursuant to a Program adopted by the Authority.

"Commercial Paper Program" means a Program authorized by the Authority pursuant to which Commercial Paper will be issued and reissued from time to time, up to the Authorized Amount of such Program.

"Commission" means the commission governing the Authority, created under the provisions of the Joint Powers Agreement, and any successor to its function.

"Construction Fund" means any of the Construction Funds authorized to be created by and described in the Master Indenture.

"Consultant" means any independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, financial advisor, accountant or accounting firm, or other expert recognized to be well-qualified for work of the character required and retained by the Authority to perform acts and carry out the duties provided for such consultant herein.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate executed by the Authority with respect to the Series 2021 Bonds.

"Costs" or "Costs of a Project" means all costs of planning, developing, financing, constructing, installing, equipping, furnishing, improving, acquiring, enlarging and/or renovating a Project and placing the same in service, all as more particularly described in an applicable Supplemental Indenture.

"Costs of Issuance" means all costs and expenses incurred by the Authority in connection with the issuance of the Series 2021 Bonds, including, but not limited to, costs and expenses of printing and copying documents, the official statement, and the Series 2021 Bonds and the fees, costs and expenses of rating agencies, the Trustee, legal counsel, accountants, financial advisors, feasibility consultants and other consultants.

"County of San Bernardino" means the County of San Bernardino, California, a political subdivision of the State of California duly organized and existing under the Constitution and laws of such state, or any successor thereto.

"Credit Facility" means a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement, reserve fund surety policy or other financial instrument which obligates a third party to make payment of or provide funds to the Trustee for the payment of the principal of and/or interest on Bonds.

"Credit Provider" means the party obligated to make payment of principal of and interest on the Bonds under a Credit Facility.

"Customer Facility Charges" means a customer facility charge authorized to be imposed by the Authority in accordance with §1936 of the California Civil Code.

"Debt Service Fund" means the Debt Service Fund created in the Master Indenture and into which money is to be deposited to pay debt service on the Bonds.

"Depository" or "DTC" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York in its capacity as securities depository for the Bonds, and its successors and assigns.

"Designated Debt" means a specific indebtedness designated by the Authority with the intent that the risks associated with such debt be offset with a Swap, such specific indebtedness to include all or any part of a Series of Bonds.

"Estimated Completion Date" means the estimated date upon which a Specified Ontario Project will have been substantially completed in accordance with the plans and specifications applicable thereto or the estimated date upon which a Specified Ontario Project is expected to have been acquired and payment therefor made, in each case, as that date will be set forth in a certificate of an Authorized Authority Representative delivered to the Trustee at or prior to the time of issuance of the Bonds which are issued to finance such Project.

"Event of Default" means any occurrence or event specified in the Master Indenture or the Third Supplemental Indenture.

"Facility Construction Credits" means the amounts further described herein resulting from an arrangement embodied in a written agreement of the Authority and another person or entity pursuant to which the Authority permits such person or entity to make a payment or payments to the Authority which is reduced by the amount owed by the Authority to such person or entity under such agreement, resulting in a net payment to the Authority by such person or entity. The "Facilities Construction Credit" will be deemed to be the amount owed by the Authority under such agreement which is "netted" against the payment of such person or entity to the Authority. "Facilities Construction Credits" will include any credits extended to airlines or other users of Ontario Airport Facilities.

"Fiscal Year" means the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other similar period as the Authority designates as its fiscal year.

"Fitch" means Fitch Ratings, a corporation organized and existing under the laws of the State of New York, its successors and their assigns.

"General Account" means the General Account within the Reserve Fund established in the Master Indenture.

"Government Obligations" means (1) United States Obligations (including obligations issued or held in book-entry form) and (2) prerefunded municipal obligations meeting the following conditions: (a) the municipal obligations are not subject to redemption prior to maturity, or the trustee has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (b) the municipal obligations are secured by cash and/or United States Obligations, which United States Obligations may be applied only to interest, principal and premium payments of such municipal obligations; (c) the principal of and interest on the United States Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations; (d) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (e) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (f) the municipal obligations are rated in the highest two (2) Rating Categories of any Rating Agency which then maintains a rating on any of the Bonds.

"Independent" means, when used with respect to any specified firm or individual, such a firm or individual who (i) does not have any direct financial interest or any material indirect financial interest in the operations of the Authority or the City of Ontario or the County of San Bernardino, other than the payment to be received under a contract for services to be performed, and (ii) is not connected with the Authority or the City as an official, officer or employee.

"Interest Account" means the Interest Account within the Debt Service Fund established and described in the Master Indenture.

"Initial Bonds" means the Ontario International Airport Authority Ontario International Airport Revenue Bonds, Series 2016 (Taxable) authorized pursuant to a Supplemental Indenture.

"Insurer" means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof. The Insurer shall constitute a Credit Provider for all purposes of the Master Indenture.

"Investment Agreement" means an investment agreement or guaranteed investment contract (i) with or guaranteed by a national or state chartered bank or savings and loan, an insurance company or other financial institution whose unsecured debt is rated in the highest short-term Rating Category (if the term of the Investment Agreement is less than three years) or in either of the two highest long-term Rating Categories (if the term of the Investment Agreement is three years or longer) by the Rating Agency which then maintains a rating on any of the Bonds or (ii) which investment agreement or guaranteed investment contract is fully secured by obligations described in item (1) or (2) of the definition of Permitted Investments which are (A) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (B) held by the Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Authority, (C) subject to a perfected first lien on behalf of the Trustee, and (D) free and clear from all third-party liens.

"Joint Powers Act" means Article 1, Chapter 5, Division 7, of Title 1 of the California Government Code (commencing with Section 6500), as the same will be amended from time to time.

"Joint Powers Agreement" means that certain Joint Exercise of Powers Agreement dated as of August 21, 2012, by and between the City of Ontario and the County of San Bernardino.

"Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3% with respect to Insurer Reimbursement Amounts and plus 5% with respect to Policy Costs, and (ii) the then applicable highest rate of interest on the Series 2021 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify.

"Liquidity Facility" means a letter of credit, line of credit, standby purchase agreement or other financial instrument, including a Credit Facility, which is available to provide funds with which to purchase Bonds tendered for purchase pursuant to the terms of such Bonds.

"Liquidity Provider" means the entity, including a Credit Provider, which is obligated to provide funds to purchase Bonds under the terms of a Liquidity Facility.

"Maintenance and Operation Expenses" means, for any given period, the total operation and maintenance expenses of Ontario International Airport as determined in accordance with generally accepted accounting principles as in effect from time to time, excluding depreciation expense and any operation and maintenance expenses of Ontario International Airport payable from moneys other than Pledged Revenues.

"Maintenance and Operation Reserve Fund" means the fund established by and described in the Master Indenture.

"Maintenance and Operation Reserve Fund Requirement" means twenty-five percent (25%) of the amount budgeted by the Authority in the original or a revised budget for Ontario Maintenance and Operation Expenses for the then-current Fiscal Year.

"Master Indenture" means the Master Indenture dated as of November 1, 2016 between the Authority and the Trustee, together with all Supplemental Indentures.

"Maximum Aggregate Annual Debt Service" means (a) for the purposes of Section 2.11 unless otherwise specified therein, the maximum amount of Aggregate Annual Debt Service with respect to all Outstanding Bonds and Unissued Program Bonds in the then current or any future Fiscal Year, and (b) with respect to the Required Reserve for the General Account, the maximum amount of Aggregate Annual Debt Service with respect to the Initial Bonds and any Additional Bonds secured by the General Account within the Reserve Fund.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and its assigns.

"Net Pledged Revenues" means Pledged Revenues for such period less, for such period, the Ontario Maintenance and Operation Expenses.

"Net Proceeds" means insurance proceeds received as a result of damage to or destruction of Ontario Airport Facilities or any condemnation award or amounts received by the Authority from the sale of Ontario Airport Facilities under the threat of condemnation less expenses (including attorneys' fees and expenses and any fees and expenses of the Trustee) incurred in the collection of such proceeds or award.

"Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Master Indenture.

"Non-Qualified Swap" means any Swap which is not a Qualified Swap.

"Notes" means Bonds issued under the provisions of the Master Indenture which have a maturity of one year or less from their date of original issuance and which are not part of a Commercial Paper Program.

"Ontario Airport Facilities" or "Ontario Airport Facility" means a facility or group of facilities or category of facilities which constitute or are part of Ontario International Airport (excluding privately owned or leased property, except for any portion thereof which is governmentally owned or leased and which is a source of Pledged Revenues).

"Ontario International Airport" means the airport commonly known by such name, including all airport sites, and all equipment, accommodations and facilities for aerial navigation, flight, instruction and commerce belonging to or pertaining to the Authority and under the jurisdiction and control of the Authority and any successor entity thereto, including or excluding, as the case may be, such property as the Authority may either acquire or which will be placed under its control, or divest or have removed from its control.

"Ontario Special Facilities" or "Ontario Special Facility" means, with respect to Ontario International Airport, a facility or group of facilities or category of facilities which are designated as an Ontario Special Facility or Ontario Special Facilities pursuant to the provisions of the Master Indenture.

"Ontario Special Facilities Revenue" means the contractual payments and all other revenues derived by or available to the Authority from an Ontario Special Facility, which are pledged to secure Ontario Special Facility Obligations.

"Ontario Special Facility Obligations" means bonds or other debt instruments issued pursuant to an indenture other than this Master Indenture to finance Ontario Special Facilities and which are not secured by nor payable from a lien on and pledge of the Net Pledged Revenues but which are secured by revenues derived from Ontario Special Facilities located at Ontario International Airport.

"Original Issue Discount Bonds" means Bonds which are sold at an initial public offering price of less than 95% of their face value and which are specifically designated as Original Issue Discount Bonds by the Supplemental Indenture under which such Bonds are issued.

"Outstanding" when used with respect to Bonds means all Bonds which have been authenticated and delivered under the Indenture, except:

(a) Bonds cancelled or purchased by the Trustee for cancellation or delivered to or acquired by the Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(b) Bonds deemed to be paid in accordance with the Master Indenture;

(c) Bonds in lieu of which other Bonds have been authenticated under the Master Indenture;

(d) Bonds that have become due (at maturity or on redemption or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Trustee or a Paying Agent;

(e) Bonds which, under the terms of the Supplemental Indenture pursuant to which they were issued, are deemed to be no longer Outstanding;

(f) Repayment Obligations deemed to be Bonds to the extent such Repayment Obligation arose under the terms of a Liquidity Facility and are secured by a pledge of Outstanding Bonds acquired by the Liquidity Provider; and

(g) for purposes of any consent or other action to be taken by the holders of a specified percentage of Bonds under the Indenture, Bonds held by or for the account of the Authority or by any person or entity controlling, controlled by or under common control with the Authority, unless such Bonds are pledged to secure a debt to an unrelated party, except that in determining whether the Trustee will be protected in relying upon any such approval or consent of a Bondholder, only Bonds which a Responsible Officer of the Trustee actually knows to be held by or for the account of the Authority or by any person or entity controlling, controlled by or under common control with the Authority (an "Affiliate"), will be disregarded unless all Bonds are owned by the Authority or an Affiliate thereof, in which case such Bonds will be considered Outstanding for the purpose of such determination.

"Passenger Facility Charges" means charges collected by the Authority pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990 and the FAA Extension, Safety and Security Act of 2016 in respect of any component of Ontario International Airport and interest earnings thereon.

"Paying Agent" or "Paying Agents" means, with respect to the Bonds or any Series of Bonds, the banks, trust companies or other financial institutions or other entities designated in a Supplemental Indenture or a resolution of the Authority as the place where such Bonds will be payable.

"Payment Date" means, with respect to any Bonds, each date on which interest is due and payable thereon and each date on which principal is due and payable thereon whether by maturity or redemption thereof.

"Permitted Investments" means, to the extent permitted to be invested by the Authority by applicable law, the Joint Powers Agreement and any then-current investment policy of the Authority, any of the following:

(1) Government Obligations,

(2) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following instrumentalities or agencies of the United States of America: Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Financing Bank; Government National Mortgage Association; Federal National Mortgage Association; Student Loan Marketing Association; Federal Farm Credit System; Farmers Home Administration; Federal Home Loan Mortgage Corporation; and Federal Housing Administration;

(3) Direct and general long-term obligations of any state, which obligations are rated in either of the two highest Rating Categories by any Rating Agency which then maintains a rating on any of the Bonds;

(4) Direct and general short-term obligations of any state which obligations are rated in the highest Rating Category by any two of the Rating Agencies which then maintains a rating on any of the Bonds;

(5) Interest-bearing demand or time deposits, bank deposit products, overnight bank deposits, interest bearing deposits, interest bearing money market accounts, trust funds, trust accounts, bankers' acceptances, certificates of deposit (including certificates of deposit placed by a third party pursuant to a separate agreement between the Authority and the Trustee) or interests in money market portfolios issued by state banks or trust companies or national banking associations (including the Trustee or any of its affiliates) that are members of the Federal Deposit Insurance Corporation ("FDIC") or by savings and loan associations that are members of the FDIC, which deposits or interests must either be (a) continuously and fully insured by FDIC, (b) with banks that are rated at least "P-1" or "Aa" by Moody's if any of the Bonds are then rated by Moody's, "Fl" or "AA" by Fitch if any of the Bonds are then rated by Fitch and "A-1" or "AA" by S&P if any of the Bonds are then rated by S&P, or (c) fully secured by obligations described in item (1) or (2) of this definition of Permitted Investments (i) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to the principal amount of the investment, (ii) held by the Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Authority, (iii) subject to a perfected first lien in favor of the Trustee, and (iv) free and clear from all third-party liens;

(6) Long-term or medium-term corporate debt guaranteed by any corporation that is rated by any two of Fitch, Moody's and S&P, in either of their two highest Rating Categories;

(7) Repurchase or reverse repurchase agreements which are (a) entered into with banks or trust companies (including the Trustee or any of its affiliates) organized under state law, national banking associations, insurance companies or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and which either are members of the Security Investors Protection Corporation or with a dealer or parent holding company that has an investment grade rating from any Rating Agency which then maintains a rating on any of the Bonds and (b) fully secured by investments specified in section (1) or (2) of this definition of Permitted Investments (i) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreements, (ii) held by the Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Authority, (iii) subject to a perfected first lien in favor of the Trustee and (iv) free and clear from all third-party liens;

(8) Prime commercial paper of a United States corporation, finance company or banking institution rated at least "P-1" by Moody's if Moody's then maintains a rating on any of the Bonds, "Fl" by Fitch if Fitch then maintains a rating on any of the Bonds and "A-1" by S&P if S&P then maintains a rating on any of the Bonds;

(9) Shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940, as amended) or shares in a regulated investment company (as defined in Section 851(a) of the Code) that is (a) a money market mutual fund that has been rated in one of the two highest Rating Categories by Moody's or S&P or (b) a money market fund or account of the Trustee or any funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide transfer agency, custodial investment advisory, management or other services, for which the Trustee or an affiliate of the Trustee receives and retains a fee for services provided to the fund, or any state or federal bank that is rated at least "P-1" or "Aa" by Moody's if Moody's then maintains a rating on any of the Bonds, "F1" or "AA" by Fitch if Fitch then maintains a rating on any of the Bonds and at least "A-1" or "AA" by S&P if S&P then maintains a rating on any of the Bonds or whose one bank holding company parent is rated at least "P-1" or "Aa" by Moody's if Moody's then maintains a rating on any of the Bonds, "Fl" or "AA" by Fitch if Fitch then maintains a rating on any of the Bonds and "A-1" or "AA" by S&P if S&P then maintains a rating on any of the Bonds or that has a combined capital and surplus of not less than $50,000,000;

(10) Investment Agreements with one or more providers (a) whose senior long-term debt obligations, other senior unsecured long-term obligations, financial program rating, counterparty rating or claims paying ability are rated in either of the two highest Rating Categories by at least two of Fitch, Moody's and S&P, or the equivalent thereto in the case of any successor thereto, and (b) that are acceptable to the Credit Provider, if any, for the applicable Series of Bonds; and

(11) Any other type of investment consistent with Authority policy in which the Authority directs the Trustee to invest provided that there is delivered to the Trustee a certificate of an Authorized Authority Representative stating that each of the Rating Agencies then maintaining a rating on the Bonds has been informed of the proposal to invest in such investment and each of such Rating Agencies has confirmed that such investment will not adversely affect the rating then assigned by such Rating Agency to any of the Bonds.

"Pledged Revenues" means, except to the extent specifically excluded herein or under the terms of any Supplemental Indenture, Airport Revenues. "Pledged Revenues" will also include such additional revenues, if any, as are designated as "Pledged Revenues" under the terms of any

Supplemental Indenture. The following, including any investment earnings thereon, are specifically excluded from Pledged Revenues: (i) any amounts received by the Authority from the imposition of ad valorem taxes, (ii) gifts, grants and other income (including any investment earnings thereon) otherwise included in the definition of "Airport Revenues" which are restricted by their terms to purposes inconsistent with the payment of debt service on the Bonds, (iii) Net Proceeds and other insurance proceeds to the extent the use of such Net Proceeds or other proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of debt service on the Bonds, and (iv) Ontario Airport Special Facilities Revenue. In addition, the following, including any investment earnings thereon, are specifically excluded from "Pledged Revenues," unless designated as "Pledged Revenues" under the terms of a Supplemental Indenture: (a) any Swap Termination Payments paid to the Authority pursuant to a Qualified Swap, (b) Facilities Construction Credits, (c) Passenger Facility Charges and Customer Facility Charges unless otherwise so pledged under the terms of any Supplemental Indenture. Further, interest earnings or other investment earnings on any Construction Fund established by any Supplemental Indenture are specifically excluded from "Pledged Revenues," unless otherwise provided for in such Supplemental Indenture.

"Policy Costs" means any unreimbursed draws under the Reserve Policy and all related reasonable expenses incurred by the Insurer together with interest thereon from the date of payment by the Insurer at the Late Payment Rate.

"Principal Account" means the Principal Account within the Debt Service Fund established and described in the Master Indenture.

"Principal Amount" or "principal amount" means, as of any date of calculation, (i) with respect to any Capital Appreciation Bond, the Accreted Value thereof (the difference between the stated amount to be paid at maturity and the Accreted Value being deemed unearned interest), (ii) with respect to any Original Issue Discount Bond, the Accreted Value thereof, unless the Supplemental Indenture under which such Bond was issued will specify a different amount, in which case, the terms of the Supplemental Indenture will control, and (iii) with respect to any other Bonds, the principal amount of such Bond payable at maturity. "Principal Amount" includes any mandatory sinking fund installment payment.

"Program" means a financing program, including but not limited to a Commercial Paper Program, (i) which is authorized and the terms thereof approved by a resolution adopted by the Authority and the items described in the Master Indenture have been filed with the Trustee, (ii) wherein the Authority has authorized the issuance, from time to time, of notes, commercial paper or other indebtedness in an Authorized Amount, and (iii) the Authorized Amount of which has met the additional bonds test set forth in the Master Indenture and the Outstanding amount of which may vary from time to time, but not exceed the Authorized Amount.

"Program Bonds" means Bonds issued and Outstanding pursuant to a Program, other than Unissued Program Bonds.

"Project" means any and all facilities financed in whole or in part with proceeds of Bonds.

"Qualified Self-Insurance" is defined in the Master Indenture.

"Qualified Swap" means any Swap (a) whose Designated Debt is all or part of a particular Series of Bonds; (b) which has been approved in writing by any Credit Provider securing payment of principal of and interest on such Series of Bonds (including any bond insurer); (c) for purpose of any calculation of Aggregate Annual Debt Service or average Aggregate Annual Debt Service required under the Indenture only, whose Swap Provider is a Qualified Swap Provider or has been a Qualified Swap Provider within the 60 day period preceding the date on which the calculation of Aggregate Annual Debt Service or average Aggregate Annual Debt Service is being made; (d) which has a term not greater than the term of the Designated Debt or to a specified mandatory tender or redemption of such Designated Debt; (e) which has been designated in writing to the Trustee by the Authority as a Qualified Swap with respect to such Bonds; and (f) which has been approved by S&P, if S&P has an outstanding rating on any Bonds, Fitch, if Fitch has an outstanding rating on any Bonds, and Moody's, if Moody's has an outstanding rating on the Bonds.

"Qualified Swap Provider" means an entity (a) whose senior long-term debt obligations, other senior unsecured long term obligations, financial program rating, counterparty rating or claims paying ability or whose payment obligations under any Qualified Swap are enhanced by an entity whose senior long-term debt obligations, other senior unsecured long term obligations, financial program rating, counterparty rating or claims paying ability are rated in either of the two highest Rating Categories by at least two of Fitch, Moody's and S&P or the equivalent thereto in the case of any successor thereto, and (b) acceptable to the Credit Provider, if any, for the Designated Debt.

"Rating Agency" means any nationally recognized rating agency then providing a rating on the Bonds.

"Rating Category" and "Rating Categories" means (i) with respect to any long-term Rating Category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier, and (ii) with respect to any short-term or commercial paper Rating Category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"Rebate Fund" means any fund created by the Commission pursuant to a Supplemental Indenture in connection with the issuance of the Bonds or any Series of Bonds for the purpose of complying with the Code and providing for the collection and holding for and payment of amounts to the United States of America.

"Redemption Date" means any date fixed for redemption prior to maturity of Bonds.

"Redemption Price" means, with respect to any Bond (or portion thereof), the principal amount with respect to such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Master Indenture.

"Refunding Bonds" means any Bonds issued under the Indenture to refund or defease all or a portion of any series of Outstanding Bonds or any Subordinated Obligation.

"Registrar" means, with respect to the Bonds or any Series of Bonds, the bank, trust company or other entity designated in a Supplemental Indenture or a resolution of the Authority to perform the function of Registrar under the Master Indenture or any Supplemental Indenture, and which bank, trust company or other entity has accepted the position in accordance with the Master Indenture.

"Repayment Obligations" means an obligation arising under a written agreement of the Authority and a Credit Provider pursuant to which the Authority agrees to reimburse the Credit

Provider for amounts paid through a Credit Facility to be used to pay debt service on any Bonds or an obligation arising under a written agreement of the Authority and a Liquidity Provider pursuant to which the Authority agrees to reimburse the Liquidity Provider for amounts paid through a Liquidity Facility to be used to purchase Bonds.

"Required Reserve" means, with respect to any series of Bonds, the amount required to be maintained in the Reserve Fund, if any, for such series of Bonds pursuant to the Supplemental Indenture authorizing the issuance of such series of Bonds. The Required Reserve for the Initial Bonds (and any Additional Bonds secured by the General Account within the Reserve Fund) is the lesser of (i) the Maximum Aggregate Annual Debt Service on all Initial Bonds and such Additional Bonds, or (ii) the amount permitted to be held in the General Account within the Reserve Fund by the arbitrage bond regulations issued by the United States Department of the Treasury under Section 148 of the Code, as such regulations are, at the time, applicable and in effect; provided, however, that any Required Reserve may be provided in whole or in part by one or more Reserve Fund Surety Policies. The Required Reserve for the Series 2021 Bonds is the lesser of (i) the greatest amount of principal and interest payable on the Series 2021 Bonds in the then current or any future Fiscal Year, (ii) 125% of the average annual principal and interest payable on the Series 2021 Bonds, or (iii) 10% of the proceeds of the Series 2021 Bonds.

"Reserve Fund" means the trust fund created pursuant to the Master Indenture and that is required to be funded for the purpose of providing additional security for any applicable Outstanding Bonds issued pursuant to the terms of the Master Indenture and as specified in any Supplemental Indenture.

"Reserve Fund Surety Policy" means with respect to the Initial Bonds (and any Additional Bonds secured by the General Account within the Reserve Fund pursuant to the Master Indenture), an insurance policy or surety bond, or a letter of credit, deposited with the Trustee for the credit of the Reserve Fund or any accounts therein in lieu of or partial substitution for cash or securities on deposit therein. The entity providing such Reserve Fund Surety Policy will be rated in one of the two highest Rating Categories by at one Rating Agency which is then maintaining a rating on the Bonds at the time such instrument is provided. With respect to any Additional Bonds which are not secured by the General Account within the Reserve Fund pursuant to the Master Indenture, the Reserve Fund Surety Policy will be as defined in the Supplemental Indenture authorizing the issuance of such series of Bonds. "Reserve Fund Surety Policy" means with respect to Series 2021 Bonds an insurance policy or surety bond, or a letter of credit, deposited with the Trustee for the credit of the Reserve Fund or any accounts or subaccounts therein in lieu of or partial substitution for cash or securities on deposit therein. The entity providing such Reserve Fund Surety Policy must be rated at the time such instrument is provided in one of the two highest Rating Categories by at least one Rating Agency which is then maintaining a rating on the Series 2021 Bonds.

"Reserve Policy" means the debt service reserve insurance policy issued by the Insurer and deposited in the 2021 Reserve Account. The Reserve Policy shall constitute a Reserve Fund Surety Policy for all purposes of the Master Indenture and the Third Supplemental Indenture.

"Responsible Officer" means, when used with respect to the Trustee, the president, any vice president, any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any senior associate, any associate or any other officer of the Trustee within the corporate trust office (or any successor corporate trust office) at the Trustee's address set forth in the Master Indenture (the "Corporate Trust Office") customarily performing functions similar to those performed by the persons who at the time will be such officers, respectively, or to whom any corporate trust matter is referred at the Corporate Trust Office because of such person's knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this.

"Serial Bonds" means Bonds for which no sinking installment payments are provided.

"Series" means Bonds designated as a separate Series by a Supplemental Indenture and, with respect to a Commercial Paper Program, means the full Authorized Amount of such program, regardless of when or whether issued, unless portions thereof are, by Supplemental Indenture, designated as separate Series.

"Settlement Agreement" means that certain Settlement Agreement dated December 15, 2015, by and among the Authority, the City of Ontario and the City of Los Angeles, California and its Board of Airport Commissioners and the Los Angeles World Airports (collectively, "Los Angeles"), pursuant to which Los Angeles will transfer management and control of the Ontario International Airport to the Authority and certain other Airport Assets on the Transfer Date (each as defined therein) subject to the terms and conditions set forth therein.

"Significant Portion" means any Ontario Airport Facilities or portions thereof which, if such facilities had been sold or disposed of by the Authority at the beginning of an annual period which includes the month of commencement of the 12-month period ending on the day of such disposition would have resulted in a reduction in Net Pledged Revenues for such annual period of more than 5% when the actual Net Pledged Revenues for such annual period are decreased by the Pledged Revenues directly attributable to such Ontario Airport Facilities and increased by the expenses of the Authority directly attributable to such Ontario Airport Facilities.

"S&P" means Standard & Poor's Ratings Group, a corporation organized and existing under the laws of the State of New York, its successors and their assigns.

"Specified Ontario Project" means a Project at Ontario International Airport or a group of alternative Projects which are described in a certificate of an Authorized Authority Representative delivered to the Consultant preparing the certificate described in the Master Indenture, the revenues and expenses of which Project or of the alternative Projects are to be taken into account by such Consultant in preparing the certificate under the Master Indenture in connection with the issuance of Additional Bonds.

"State" means the State of California.

"Subordinated Obligation" means any bond, note or other debt instrument issued or otherwise entered into by the Authority which ranks junior and subordinate to the Bonds and which may be paid from moneys constituting Net Pledged Revenues only if all amounts of principal and interest which have become due and payable on the Bonds whether by maturity or redemption have been paid in full and the Authority is current on all payments, if any, required to be made to replenish any bond reserve fund created for any Bonds. The Commission may henceforth by Supplemental Indenture elect to have the provisions of this Master Indenture applicable to the Bonds apply to other Subordinated Obligations issued thereunder, including any obligations to pay remaining Settlement Payments, except that such Subordinated Obligations will be secured on a junior and subordinate basis to the Bonds from the Net Pledged Revenues as provided in the Master Indenture. No bond, note or other instrument of indebtedness will be deemed to be a "Subordinated Obligation" for purposes of the Master Indenture and payable on a subordinated basis from Net Pledged Revenues unless specifically designated by the Commission as a "Subordinated Obligation" in a Supplemental Indenture or other written instrument. In connection with any Subordinated Obligation with respect to which a Swap is in effect or proposes to be in effect, the term "Subordinated Obligation" includes, collectively, both such Subordinated Obligation and either such Swap or the obligations of the Authority under each such Swap, as the context requires. The term "Subordinated Obligations" also includes a Swap or the obligations of the Authority under such Swap which has been entered into in connection with a Subordinated Obligation, as the context requires, although none of the Subordinated Obligations with respect to which such Swap was entered into remain outstanding. In connection with any Bonds with respect to which a Qualified Swap is in effect or proposed to be in effect, the term "Subordinated Obligation" includes any Swap Termination Payment payable by the Authority.

"Supplemental Indenture" means any document supplementing or amending the Master Indenture or providing for the issuance of Bonds and entered into as provided in the Master Indenture.

"Surplus Revenue Fund" mean the fund created pursuant to and described in the Master Indenture.

"Swap" means any financial arrangement between the Authority and a Swap Provider which provides that (a) each of the parties will pay to the other an amount or amounts calculated as if such amount were interest accruing during the term of the arrangement at a specified rate (whether fixed or a variable rate or measured against some other rate) on a Designated Debt, and payable from time to time or at a designated time or times (whether before, during or after the term of the arrangement); (b) if such amount is to be paid before it is deemed to have accrued, the amount paid will reflect the present value of such future amount (i.e., an upfront premium), while an amount to be paid after it is deemed to have accrued will reflect the time value of such funds; (c) payment dates and calculated accrual rates need not be the same for each payor, but to the extent payment dates coincide, the arrangement may (but need not) provide that one will pay to the other any net amount due under such arrangement.

"Swap Agreement" means an agreement between the Authority and a Swap Provider for a Swap.

"Swap Policy" means any insurance policy or similar agreement insuring payment of the Authority's obligations under a particular Qualified Swap.

"Swap Provider" means a party to a Swap with the Authority.

"Swap Termination Payment" means any amounts due and payable by the Authority or a Qualified Swap Provider, in connection with the termination of a Qualified Swap.

"Synthetic Fixed Rate Debt" means indebtedness issued by the Authority which: (i) is combined, as Designated Debt, with a Qualified Swap and creates, in the opinion of a Consultant, a substantially fixed-rate maturity or maturities for a term not exceeding such maturity or maturities, or (ii) consisting of an arrangement in which two inversely related variable-rate securities are issued in equal principal amounts with interest based on offsetting indices resulting in a combined payment which is economically equivalent to a fixed rate.

"Tax Certificate" means the agreement or certificate of the Authority prepared by Bond Counsel and delivered by the Authority at the time of issuance and delivery of any Series of Bonds, the interest on which is excluded from gross income for federal income tax purposes pursuant to a favorable opinion of such Bond Counsel, making certifications and representations of the Authority as to the status of such Bonds under the Code.

"Tender Indebtedness" means any Bonds or portions of Bonds a feature of which is an obligation on the part of the Bondholders, under the terms of such Bonds, to tender all or a portion of such Bonds to the Authority, the Trustee, the Paying Agent or other fiduciary or agent or Credit Provider for payment or purchase and requiring that such Bonds or portions of Bonds be purchased if properly presented

"Term Bonds" means Bonds of a series which are payable on or before their specified maturity dates from sinking installment payments established pursuant to the Supplemental Indenture for such series for that purpose and calculated to retire the Bonds on or before their specified maturity dates.

"Third Supplemental Indenture" means the Third Supplemental Trust Indenture dated as of April 1, 2021, between the Authority and the Trustee and which sets forth the terms of the Series 2021 Bonds.

"Treasurer" means the Treasurer of the Authority as set forth in the Joint Powers Agreement.

"Transfer Date" has the meaning set forth in the Settlement Agreement.

"Trustee" means the entity named as such until a successor replaces it and, thereafter, means such successor.

"2021A Construction Fund" means the 2021A Construction Fund established pursuant to the Third Supplemental Indenture.

"2021B Construction Fund" means the 2021B Construction Fund established pursuant to the Third Supplemental Indenture.

"2021A Construction Interest Fund" means the 2021A Construction Interest Fund established pursuant to the Third Supplemental Indenture.

"2021B Construction Interest Fund" means the 2021B Construction Interest Fund established pursuant to the Third Supplemental Indenture.

"2021A Interest Subaccount" means the 2021A Interest Subaccount established within the Interest Account of the Debt Service Fund pursuant to the Third Supplemental Indenture.

"2021B Interest Subaccount" means the 2021B Interest Subaccount established within the Interest Account of the Debt Service Fund pursuant to the Third Supplemental Indenture.

"2021C Interest Subaccount" means the 2021C Interest Subaccount established within the Interest Account of the Debt Service Fund pursuant to the Third Supplemental Indenture.

"2021A Principal Subaccount" means the 2021A Principal Subaccount established within the Principal Account of the Debt Service Fund pursuant to the Third Supplemental Indenture.

"2021B Principal Subaccount" means the 2021B Principal Subaccount established within the Principal Account of the Debt Service Fund pursuant to the Third Supplemental Indenture.

"2021C Principal Subaccount" means the 2021C Principal Subaccount established within the Principal Account of the Debt Service Fund pursuant to the Third Supplemental Indenture

"2021 Reserve Account" means the Bond Reserve Account, Series 2021 established within the Reserve Fund pursuant to the Third Supplemental Indenture.

"Unissued Program Bonds" means the bonds, notes or other indebtedness authorized to be issued pursuant to a Program and payable from Net Pledged Revenues, issuable in an amount up to the Authorized Amount relating to such Program, which have been approved for issuance by the Commission pursuant to a resolution or supplemental indenture adopted by the Commission and with respect to which Program the items described in the applicable provisions of the Master Indenture have been filed with the Trustee but which have not yet been authenticated and delivered pursuant to the Program documents.

"United States Obligations" means direct and general obligations of the United States of America, or obligations that are fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, including, with respect only to direct and general obligations and not to guaranteed obligations, evidences of ownership of proportionate interests in future interest and/or principal payments of such obligations, provided that investments in such proportionate interests must be limited to circumstances wherein: (1) a bank or trust company acts as custodian and holds the underlying United States Obligations; (2) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States Obligations; and (3) the underlying United States Obligations are held in a special account separate from the custodian's general assets and are not available to satisfy any claim of the custodian, any person or entity claiming through the custodian or any person or entity to whom the custodian may be obligated. "United States Obligations" will include any stripped interest or principal portion of United States Treasury securities and any stripped interest portion of Resolution Funding Corporation securities.

"Variable Rate Indebtedness" means any Bond or Bonds the interest rate on which is not, at the time in question, fixed to maturity, excluding any Commercial Paper Program.

THE MASTER TRUST INDENTURE

The following is a summary of certain provisions of the Master Indenture. Such summary is only a brief description of limited provisions of such document and is qualified in its entirety by reference to the full text of the Master Indenture.

Grant to Secure the Bonds; Pledge of Airport Revenues

To secure the payment of the interest, principal and premium, if any, on the Bonds and the performance and observance by the Authority of all the covenants, agreements and conditions expressed or implied herein or contained in the Bonds, the Authority hereby pledges and assigns to the Trustee and grants to the Trustee a lien on and security interest in all right, title and interest of the Authority in and to all of the following and provides that, except as otherwise authorized in the Indenture, such lien and security interest will be prior in right to any other pledge, lien or security interest created by the Authority in the following: (a) the Net Pledged Revenues, subject only to the provisions of the Master Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, (b) all moneys and securities (excluding moneys and securities on deposit in any Rebate Fund) held from time to time by the Trustee under the Master Indenture, moneys and securities held in the Reserve Fund and any Reserve Fund Surety Policy, provided at any time in satisfaction of all or a portion of the Required Reserve, moneys and securities held in the Debt Service Fund, whether or not held by the Trustee and to the extent provided in any Supplemental Indenture moneys and securities held in any Construction Fund whether or not held by the Trustee, (c) earnings on amounts included in provisions (a) and (h) above (except to the extent excluded from the definition of "Net Pledged Revenues" by this Master Indenture), and (d) any and all other funds, assets, rights, property or interests therein, of every kind or description which may from time to time hereafter, by delivery or by writing of any kind, be sold, transferred, conveyed, assigned, pledged, mortgaged, granted or delivered to or deposited with the Trustee as additional security under the Master Indenture, for the equal and proportionate benefit and security of all Bonds, all of which, regardless of the time, or times of their authentication and delivery or maturity, will, with respect to the security provided by the Master Indenture, be of equal rank without preference, priority or distinction as to any Bond over any other Bond or Bonds, except as to the timing of payment of the Bonds. Any security or Credit Facility provided for specific Bonds or a specific Series of Bonds may, as provided by Supplemental Indenture, secure only such specific Bonds or Series of Bonds and, therefore, will not be included as security for all Bonds under the Master Indenture and moneys and securities held in trust as provided in the Master Indenture exclusively for Bonds which have become due and payable and moneys and securities which are held exclusively to pay Bonds which are deemed to have been paid under the Master Indenture will be held solely for the payment of such specific Bonds. In addition, nothing in the Indenture will prevent additional security being provided to specific Bonds or Series of Bonds or the creation of a bond reserve fund therefor under any Supplemental Indenture.

The Authority represents and states under the Indenture that it has not previously created any charge or lien on or any security interest in the Net Pledged Revenues and the Authority covenants that, until all the Bonds authorized and issued under the provisions of the Master Indenture and the interest thereon will have been paid or are deemed to have been paid, it will not, except as specifically provided in the Master Indenture, grant any prior or parity pledge of or any security interest in the Net Pledged Revenues or any of the other security which is pledged pursuant to the Master Indenture, or create or permit to be created any charge or lien thereon or any security interest therein ranking prior to or on a parity with the charge or lien of the Bonds from time to time Outstanding under the Indenture. The Authority may grant a lien on or security interest in the Net Pledged Revenues to secure Subordinated Obligations.

All Airport Revenues, when and as received by or on behalf of the Authority, will be deposited by the Authority pursuant to the Master Indenture in the Airport Revenue Fund. The Net Pledged Revenues will, immediately upon receipt thereof; become subject to the lien thereon and pledge of this Master Indenture.

All Pledged Revenues deposited into the Airport Revenue Fund will be transferred to and deposited as described in the Official Statement under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Flow of Funds."

Earnings on the various funds and accounts created under the Master Indenture will be transferred to the Airport Revenue Fund, provided that earnings on any accounts created under any

Supplemental Indenture with respect to any Series of Bonds will be deposited as provided in such Supplemental Indenture, except that (i) during the continuation of an Event of Default earnings on such funds and accounts will be deposited into the Interest Subaccount or Principal Subaccount created under the respective Supplemental Indentures, (ii) earnings on any Construction Fund may, if so provided by a Supplemental Indenture, be retained in such Construction Fund, and (iii) earnings on any account in the Reserve Fund may, if so provided by a Supplemental Indenture, be retained in such account under the conditions therein described.

Disbursements from the Debt Service Fund

Subject to any more restrictive requirements for a Series of Bonds as set forth in the Supplemental Indenture relating to such Series, so long as any of the Bonds are Outstanding, the Trustee will deliver to the Treasurer, as to each Series of Bonds Outstanding, a written demand requesting that the Treasurer, not later than the first Business Day prior to the payment date therefore, transfer from (A) each account in the Interest Account to the Trustee or the applicable Paying Agent the full amount required to pay the interest on Bonds of that Series as it becomes due on such payment date, provided that such deposits will not be required to the extent the Trustee or a Paying Agent holds sufficient funds payable as capitalized interest in respect of such Bonds to pay the interest due on such Bonds on such payment date and (B) each account in the Principal Account to the Trustee or the applicable Paying Agent the full amount required to pay the principal amount of Bonds of that Series as such principal amount becomes due on such payment date and the full amount required to pay the sinking installment payment, if any, due with respect to Term Bonds of such Series as such sinking installment payment becomes due on such payment date. Each such transfer will be accompanied by written instructions from the Treasurer directing the Trustee to pay the Owners of the Bonds of a given Series from the amounts so transferred the interest and principal to be paid and, if any, the Term Bonds to be redeemed. The Authority will not give (or instruct the Trustee to give) notice of the redemption of any Bonds unless either (1) moneys are on deposit in the Principal Account (or any subaccount, as applicable) to provide for payment of such Bonds, or (2) such notice states that the redemption of such Bonds is conditioned upon the deposit with the Trustee of such moneys.

Money held by the Trustee for any Series of Bonds may be temporarily invested in accordance with the written direction of the Authority, as provided in the Master Indenture or as provided in any Supplemental Indenture with respect to any Series of Bonds, but such investment will not affect the obligation of the Authority to cause the full amount required by the terms of the Master Indenture to be available at the time required to meet payments of principal of and interest on Bonds of the Series for which it is accumulated. Maintenance and Operation of Ontario Airport Facilities

Subject to the transfer of any Ontario Airport Facilities pursuant to the Master Indenture, the Authority covenants that the Ontario Airport Facilities will at all times be operated and maintained in good working order and condition and that all lawful orders of any governmental agency or authority having jurisdiction in the premises will be complied with (provided the Authority will not be required to comply with any such orders so long as the validity or application thereof will be contested in good faith), and that all licenses and permits necessary to construct or operate any of the Ontario Airport Facilities will be obtained and maintained and that all necessary repairs, improvements and replacements of the Ontario Airport Facilities will be made, subject to sound business judgment. Subject to the transfer of any Ontario Airport Facilities pursuant to the Master Indenture, the Authority will, from time to time, duly pay and discharge, or cause to be paid and discharged, except to the extent the imposition or payment thereof is being contested in good faith by the Authority, all taxes (if any), assessments or other governmental charges lawfully imposed upon the Ontario Airport Facilities or upon any part thereof, or upon the Pledged Revenues, when the same will become due, as well as any lawful claim for labor, materials or supplies or other charges which, if unpaid, might by law become a lien or charge upon the Pledged Revenues or Ontario Airport Facilities or any part thereof constituting part of Ontario International Airport.

Insurance; Application of Insurance Proceeds

Subject, in each case, to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions:

(i) the Authority will procure and maintain or cause to be procured and maintained commercial insurance or provide Qualified Self Insurance with respect to the facilities constituting Ontario International Airport and public liability insurance in the form of commercial insurance or Qualified Self Insurance and, in each case, in such amounts and against such risks as are, in the judgment of the Authority, prudent and reasonable taking into account, but not being controlled by, the amounts and types of insurance or self-insured programs provided by similar airports;

(ii) the Authority will procure and maintain reasonable fidelity insurance or bonds on the position of Treasurer and on any other employees of the Authority who handle or are responsible for funds of the Authority; and

(iii) the Authority will place on file with the Trustee annually within 120 days after the close of each Fiscal Year a certificate of an Authorized Authority Representative containing a summary of all insurance policies and self-insured programs then in effect with respect to Ontario International Airport and the operations of the Authority. The Trustee may conclusively rely upon such certificate and will not be responsible for the sufficiency or adequacy of any insurance required under the Master Indenture or obtained by the Authority a certification to the effect that the Authority is in compliance with the requirements of the Indenture.

"Qualified Self Insurance" means insurance maintained through a program of self insurance or insurance maintained with a fund, company or association in which the Authority may have a material interest and of which the Authority may have control, either singly or with others. Each plan of Qualified Self Insurance will be established in accordance with law, will provide that reserves be established or insurance acquired in amounts adequate to provide coverage which the Authority determines to be reasonable to protect against risks assumed under the Qualified Self Insurance plan, including any potential retained liability in the event of the termination of such plan of Qualified Self Insurance, and such self-insurance program will be reviewed at least once every 12 months by a Consultant who will deliver to the Authority a report on the adequacy of the reserves established thereunder. If the Consultant determines that such reserves are inadequate, he will make a recommendation as to the amount of reserves that should be established and maintained, and the Authority will comply with such recommendation unless it can establish to the satisfaction of and receive a certification from a Consultant that a lower amount is reasonable to provide adequate protection to the Authority.

If, as a result of any event, any part of an Ontario Airport Facility or any Ontario Airport Facilities is destroyed or severely damaged, the Authority will create within the Airport Revenue Fund a special subaccount and will credit the Net Proceeds received as a result of such event of damage or destruction to such subaccount and such Net Proceeds will, within a reasonable period of time taking into account any terms under which insurance proceeds are paid and any insurance restrictions upon the use or timing of the use of insurance proceeds, be used to: (1) repair or replace the Ontario Airport Facilities, or portion thereof, which were damaged or destroyed, (2) provide additional revenue-producing Ontario Airport Facilities, (3) redeem Bonds, or (4) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be deemed to be paid; provided, however, that the Authority will first deliver to the Trustee a certificate of a Consultant showing that, after taking into account the use of the Net Proceeds for the redemption of such specified Bonds, would, nevertheless, be met.

Transfer of Ontario Airport Facility or Ontario Airport Facilities

The Authority will not, except as permitted in the Master Indenture, transfer, sell or otherwise dispose of an Ontario Airport Facility or Ontario Airport Facilities. Any transfer of an asset over which the Authority retains substantial control in accordance with the terms of such transfer will not, for so long as the Authority has such control, be deemed a disposition of an Ontario Airport Facility or Ontario Airport Facilities.

The Authority may transfer, sell or otherwise dispose of Ontario Airport Facilities only if such transfer, sale or disposition complies with one or more of the following provisions:

(a) The property being disposed of is inadequate, obsolete or worn out; or

(b) The property proposed to be disposed of and all other Ontario Airport Facilities disposed of during the 12-month period ending on the day of such transfer (but excluding property disposed of under (a) above), will not, in the aggregate, constitute a Significant Portion, the proceeds are deposited into the Airport Revenue Fund to be used as described below and the Authority believes that such disposal will not prevent it from fulfilling its obligations under the Indenture; or

(c) Prior to the disposition of such property, there is delivered to the Trustee (i) a certificate of a Consultant to the effect that notwithstanding such disposition, but taking into account the use of such proceeds in accordance with the expectations of the Authority as evidenced by a certificate of an Authorized Authority Representative, the Consultant estimates that Authority will be in compliance with the rate covenant under the Master Indenture during each of the five Fiscal Years immediately following such disposition, and (ii) a certificate of an Authorized Authority Representative that each of the requirements set forth in the next two paragraphs have been complied with.

Ontario Airport Facilities which were financed with the proceeds of obligations the interest on which is then excluded from gross income for federal income tax purposes will not be disposed of, except under the terms of provision (a) above, unless the Authority has first received a written opinion of Bond Counsel to the effect that such disposition will not cause the interest on such obligations to become includable in gross income for federal income tax purposes.

No such disposition will be made which would cause the Authority to be in default of any other covenant contained under the Master Indenture.

Eminent Domain

If a Significant Portion of any Ontario Airport Facility or Ontario Airport Facilities are taken by eminent domain proceedings or conveyance in lieu thereof, the Authority shall create within the

Airport Revenue Fund special account and credit the Net Proceeds received as a result of such taking or conveyance to such account and shall within a reasonable period of time, after the receipt of such amounts, use such proceeds to (1) replace the Ontario Airport Facility or Ontario Airport Facilities which were taken or conveyed, (2) provide an additional revenue-producing Ontario Airport Facility or Ontario Airport Facilities, (3) redeem Bonds, or (4) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be deemed to be paid as provided under "— Defeasance."

Investments

Moneys held by the Trustee in the funds and accounts created under the Master Indenture and under any Supplemental Indenture will be invested and reinvested as directed by the Authority, in Permitted Investments subject to the restrictions set forth under the Master Indenture and any Supplemental Indenture and subject to the investment restrictions imposed upon the Authority by the Joint Powers Agreement and the laws of the State. The Authority will direct such investments by written certificate (upon which the Trustee may conclusively rely) of an Authorized Authority Representative; in the absence of any such instructions, the Trustee will hold such funds uninvested. Investments will mature not later than such times as will be necessary to provide moneys when needed for payment to be made from such funds and accounts. The Trustee will sell and reduce to cash a sufficient amount of any such investments whenever the cash balance in any such funds is insufficient to pay the amounts due therefrom. The Trustee will not be liable for any loss resulting from following the written directions of the Authority or as a result of liquidating investments to provide funds for any required payment, transfer, withdrawal or disbursement from any fund or account in which such Permitted Investment is held. The Trustee may buy or sell any Permitted Investment through its own (or any of its affiliates) investment department.

Earnings on the various funds and accounts created under any Supplemental Indenture will be deposited as provided in such Supplemental Indenture, except that (i) during the continuation of an Event of Default earnings on such funds and accounts (to the extent not required to be deposited in any Rebate Fund) will be deposited into the respective Debt Service Funds created under the respective Supplemental Indentures, and (ii) earnings on a bond reserve fund (to the extent not required to be deposited in a Rebate Fund) will be applied as required by the Supplemental Indenture creating such bond reserve fund.

Issuance of Series of Bonds; Supplemental Indenture; Application of Bond Proceeds

Bonds may be issued, from time to time under the Master Indenture, provided that prior to or simultaneous with the original delivery of each Series of Bonds, certain conditions, consisting of the delivery of certain documents and opinions described in the Master Indenture and the delivery of certificates (the "Certificates") regarding debt service coverage must be met. Such Certificates are described in the Official Statement under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds."

Other Obligations

Repayment Obligations Afforded Status of Bonds. If a Credit Provider or Liquidity Provider makes payment of principal of or interest on a Bond or advances funds to purchase or provide for the purchase of Bonds and is entitled to reimbursement thereof, pursuant to a separate written agreement with the Authority, but is not reimbursed, the Authority's Repayment Obligation under such written agreement may, if so provided in the written agreement and to the extent provided in such agreement and the applicable Supplemental Indenture, be afforded the status of a Bond issued under the Master Indenture, and, if afforded such status, the Credit Provider or Liquidity Provider will be the Bondholder and such Bond will be deemed to have been issued at the time of the original Bond for which the Credit Facility or Liquidity Facility was provided and will not be subject to the provisions of the Master Indenture governing the issuance of Additional Bonds; provided, however, notwithstanding the stated terms of the Repayment Obligation, the payment terms of the Bond held by the Credit Provider or Liquidity Provider will be calculated as a Bond issued under the Master Indenture.

Ontario Special Facilities and Ontario Special Facility Obligations. The Authority will be permitted to designate new or existing Ontario Airport Facilities as Ontario Special Facilities as permitted under this caption. The Authority may, from time to time (1) designate a separately identifiable existing facility or planned facility as an "Ontario Special Facility," (2) pursuant to an indenture other than the Master Indenture and without a pledge of any Net Pledged Revenues, incur debt primarily for the purpose of acquiring, constructing, renovating or improving or providing financing or refinancing to a third party to acquire, construct, renovate or improve, such facility, (3) provide that the contractual payments derived from such Ontario Special Facility, together with other income and revenues available to the Authority from such Ontario Special Facility to the extent necessary to make the payments required by clause (a) of the second succeeding paragraph, be "Ontario Special Facilities Revenue" and not included as Net Pledged Revenues unless on terms provided in any supplemental indenture, and (4) provide that the debt so incurred will be an "Ontario Special Facility Obligation" and the principal of and interest thereon will be payable solely from the Ontario Special Facilities Revenue.

Ontario Special Facility Obligations will be payable as to principal, redemption premium, if any, and interest solely from Ontario Special Facilities Revenue, which will include contractual payments derived by the Authority under and pursuant to a contract (which may be in the form of a lease) relating to an Ontario Special Facility by and between the Authority and another person, firm or corporation, either public or private, as will undertake the operation of an Ontario Special Facility.

No Ontario Special Facility Obligations will be issued by the Authority unless there will have been filed with the Trustee a certificate of an Authorized Authority Representative stating that: (a) The estimated Ontario Special Facilities Revenue pledged to the payment of obligations relating to the Ontario Special Facility will be at least sufficient to pay the principal of and interest on such Ontario Special Facility Obligations as and when the same become due and payable, all costs of operating and maintaining such Ontario Special Facility not paid for by the operator thereof or by a party other than the Authority and all sinking fund, reserve or other payments required by the indenture or resolution authorizing the Ontario Special Facility Obligations as the same become due; (b) With respect to the designation of any separately identifiable existing Ontario Airport Facilities or Ontario Airport Facility as an "Ontario Special Facility" or "Ontario Special Facilities," the estimated Pledged Revenues and Net Pledged Revenues, calculated without including the new Ontario Special Facilities Revenue and without including any operation and maintenance expenses of the Ontario Special Facility as Maintenance and Operation Expenses, will be sufficient so that the Authority will be in compliance with Section 5.04(a) and (b) hereof during each of the first five complete Fiscal Years immediately following the anticipated closing date of such transaction or financing; and (c) No Event of Default then exists.

Obligations Under Qualified Swap; Non qualified Swap. The obligation of the Authority to make Regularly Scheduled Swap Payments under a Qualified Swap with respect to a Series of Bonds or to reimburse a provider of a Swap Policy with respect to such Qualified Swap may be on a parity with the obligation of the Authority to make payments with respect to such Series of Bonds and other Bonds under the Master Indenture. The Authority may provide in any Supplemental Indenture that interest rate swap payment, obligations under a Qualified Swap will be secured by a pledge of or lien on the Net Pledged Revenues on a parity with the Bonds of such Series and all other Bonds, regardless of the principal amount, if any, of the Bonds of such Series remaining Outstanding. In the event that a Swap Termination Payment or any other amounts other than as described above are due and payable by the Authority under a Qualified Swap, such Swap Termination Payment and any such other amounts shall constitute a Subordinated Obligation under the Master Indenture. Obligations of the Authority to make payments, including termination payments, under a Nonqualified Swap shall constitute Subordinated Obligations under the Master Indenture.

Defeasance

Discharge of Master Indenture. The Authority may pay and discharge the entire indebtedness on all Bonds Outstanding in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of (including redemption premiums, if any) and interest on all such Bonds Outstanding, as and when the same become due and payable (not including Bonds the principal of or interest on which has been paid by a Credit Provider until said principal and interest will have been paid by the Authority); or

(b) by depositing with the Trustee, in trust, at or before maturity, money which, together with the amounts then on deposit with the Trustee under the Master Indenture for the payment of debt service on such Bonds, including any reserve funds, is fully sufficient to pay or redeem all such Bonds Outstanding, including all principal, interest and redemption premiums, if any; or

(c) by delivering to the Trustee, for cancellation by it, all such Bonds Outstanding; or

(d) by depositing with the Trustee, in trust, Government Obligations in such amount which, in the determination of an Independent certified public accountant, who will certify such determination to the Trustee, will, together with the income or increment to accrue thereon and any other moneys of the Authority made available for such purpose, be fully sufficient to pay and discharge the indebtedness on all such Bonds (including all principal, interest and redemption premiums, if any) at or before their respective maturity dates; and if the Authority will also pay or cause to be paid all other sums payable by the Authority, then and in that case, at the election of the Authority (evidenced by a Certificate of the Authority signifying its intention to pay and discharge all such indebtedness and that the Master Indenture and all other obligations of the Authority under the Master Indenture with respect to such Bonds will cease and terminate, which will be filed with the Trustee), and notwithstanding that any such Bonds will not have been surrendered for payment, the pledge of the Pledged Revenues and other funds provided for in the Master Indenture and all other obligations of the Authority under the Master Indenture with respect to such Bonds will cease, terminate and be completely discharged, and the Owners of such Bonds not so surrendered and paid will thereafter be entitled to payment only out of the money or Government Obligations deposited with the Trustee as aforesaid for their payment (subject, however, to the provisions of the Indenture governing payment of Bonds after the discharge of the Master Indenture). The discharge of the obligations of the Authority under the Master Indenture will be without prejudice to the rights of the Trustee to charge for and be reimbursed by the Authority for any expenditure which it may thereafter incur in connection herewith.

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, will be deemed to be paid and retired.

Discharge of Liability on Bonds. If the Authority will pay and discharge any of the Bonds Outstanding in any one or more of the ways set forth in the Master Indenture (whether upon or prior to their maturity or the redemption date of such Bonds), and provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption will have been given as provided in the Supplemental Indenture related to such Bonds or provision satisfactory to the Trustee will have been made for the giving of such notice, then all liability of the Authority in respect of such Bonds will cease, determine and be completely discharged and the Owners thereof will thereafter be entitled only to payment out of the money or Government Obligations deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of the following paragraph.

Payment of Bonds after Discharge of Master Indenture. Notwithstanding any provisions of the Master Indenture, any moneys deposited with the Trustee in trust for the payment of the principal of, or interest or premium on, any Bonds and remaining unclaimed for two years after the principal of all the Outstanding Bonds has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in the Master Indenture) will then be repaid to the Authority (without liability for interest), and the Owners of such Bonds will thereafter be entitled to look only to the Authority for payment thereof, and all liability of the Trustee with respect to such moneys will thereupon cease. In the event of the repayment of any such moneys to the Authority as aforesaid, the Owners of the Bonds in respect of which such moneys were deposited will thereafter be deemed to be general creditors of the Authority for amounts equivalent to the respective amounts deposited for the payment of such Bonds and so repaid to the Authority (without interest thereon).

Defaults and Remedies

Events of Default. Each of the following events will constitute and is referred to under the Master Indenture as an "Event of Default":

(a) a failure to pay the principal of or premium, if any, on any of the Bonds, when the same will become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Bonds when such interest will become due and payable;

(c) failure to pay the purchase price of any Bond when such purchase price will be due and payable upon an optional or mandatory tender date as provided in any Supplemental Indenture;

(d) a failure by the Authority to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a), (b) and (c) above) that are to be observed or performed by the Authority and which are contained under the Master Indenture or a Supplemental Indenture, which failure, except for a violation under the rate covenant which will be controlled by the provisions set forth therein, will continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Authority by the Trustee, which notice may be given at the discretion of the Trustee and will be given at the written request of holders of 25% or more of the Principal Amount of the Bonds then Outstanding, unless the Trustee, or the Trustee and holders of Bonds in a Principal Amount not less than the Principal Amount of Bonds the holders of which requested such notice, will agree in writing to an extension of such period prior to its expiration; provided, however, that such period will be deemed extended if corrective action is initiated by the Authority within such period and is being diligently pursued until such failure is corrected;

(e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 of 11 United States Code (as the same may from time to time be hereafter amended), or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against the Authority and, if instituted against the Authority, said proceedings are consented to or are not dismissed within 60 days after such institution; or the occurrence of any other Event of Default as is provided in a Supplemental Indenture; or

(f) with respect to any Series of Bonds, the occurrence of any other Event of Default as is provided in a Supplemental Indenture authorizing the issuance of such Series.

If, on any date on which payment of principal of or interest on the Bonds is due and sufficient moneys are not on deposit with the Trustee or Paying Agent to make such payment, the Trustee will give telephone notice of such insufficiency to the Authority.

Remedies. (a) Upon the occurrence and continuance of any Event of Default, the Trustee in its discretion, may and upon the written direction of the holders of 25% or more of the Principal Amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction, will, in its own name and as the Trustee of an express trust:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, and require the Authority to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Joint Powers Agreement or any other law to which it is subject and the Master Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Master Indenture;

(ii) bring suit upon the Bonds;

(iii) commence an action or suit in equity to require the Authority to account as if it were the trustee of an express trust for the Bondholders; or

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

(b) The Trustee will be under no obligation to take any action with respect to any Event of Default unless the Trustee has actual knowledge of the occurrence of such Event of Default. Nothing herein will be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bondholder any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Bondholder in any such proceeding without the approval of the Bondholders so affected.

Bondholders' Right To Direct Proceedings. Anything under the Master Indenture to the contrary notwithstanding, holders of a majority in Principal Amount of the Bonds then Outstanding will have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee to be taken in connection with the enforcement of the terms described in the Master Indenture or exercising any trust or power conferred on the Trustee by the Master Indenture; provided that such direction will not be otherwise than in accordance with the provisions of the law and the Indenture and that there will have been provided to the Trustee security and indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Trustee.

Limitation on Right To Institute Proceedings. No Bondholder will have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power under the Indenture, or any other remedy under the Indenture or on such Bonds, unless such Bondholder or Bondholders previously will have given to the Trustee written notice of an Event of Default as provided above and unless also holders of 25% or more of the Principal Amount of the Bonds then Outstanding will have made written request of the Trustee to do so, after the right to institute such suit, action or proceeding under the Master Indenture will have accrued, and will have afforded the Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and unless there also will have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee will not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the institution of such suit, action or proceeding; it being understood and intended that no one or more of the Bondholders will have any right in any manner whatever by his or their action to affect, disturb or prejudice the security thereof, or to enforce any right under the Indenture or under the Bonds, except in the manner provided under the Master Indenture, and that all suits, actions and proceedings at law or in equity will be instituted, had and maintained in the manner provided under the Master Indenture and for the equal benefit of all Bondholders.

Application of Moneys. If an Event of Default shall occur and be continuing, all amounts then held or any moneys received by the Trustee, by any receiver or by any Bondholder pursuant to any right given or action taken under the default and remedy provisions of the Master Indenture (which shall not include moneys provided through a Credit Facility, which moneys will be restricted to the specific use for which such moneys were provided), after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances incurred or made by the Trustee (including attorneys' fees and disbursements), will be applied as follows:

(a) All such moneys will be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at the rate per annum as provided in any Supplemental Indenture, as the case may be, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (ii) second, to the payment to the persons entitled thereto of the unpaid principal amount of any of the Bonds which shall have become due with interest on such Bonds at such rate as provided in a Supplemental Indenture from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full Bonds on any particular date determined to be the payment date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

(b) If the principal of all the Bonds subject to acceleration shall have been declared due and payable, all such moneys will be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on overdue interest and principal, as aforesaid, without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds subject to acceleration shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled, then, subject to the provisions of clause (b) above, which will be applicable in the event that the principal of all the Bonds shall later become due and payable, the moneys will be applied in accordance with the provisions of clause (a) above.

Whenever moneys are to be applied as described under this caption "Application of Moneys,", such moneys will be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which will be an interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and interest to be paid on such date shall cease to accrue. The Trustee shall give notice of the deposit with it of any such moneys and of the fixing of any such date by first-class United States mail, postage prepaid, to all Bondholders and shall not be required to make payment to any Bondholder until such Bonds will be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Trustee, Paying Agent and Registrar

Duties of Trustee. If an Event of Default has occurred and is continuing, the Trustee will exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. The Trustee will perform the duties set forth under the Master Indenture and no implied duties or obligations will be read into the Master Indenture against the Trustee. Except during the continuance of an Event of Default, in the absence of any negligence on its part or any knowledge to the contrary, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Master Indenture on their face. However, the Trustee will examine the certificates and opinions to determine whether they conform to the requirements of the Master Indenture.

The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that: (i) the Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer unless the Trustee was negligent in ascertaining the pertinent facts; and (ii) the Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it from Bondholders or the Authority in the manner provided under the Master Indenture.

The Trustee will not, by any provision of the Master Indenture, be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Master Indenture, or in the exercise of any of its rights or powers, if repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it. The Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Master Indenture at the request or direction of any of the holders of the Bonds, unless such holders will have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

Notice of Defaults. If (i) an Event of Default has occurred or (ii) an event has occurred which with the giving of notice and/or the lapse of time would be an Event of Default and, with respect to such events for which notice to the Authority is required before such events will become Events of Default, such notice has been given, then the Trustee will promptly, after obtaining actual notice of such Event of Default or event described in the Master Indenture, give notice thereof to each Bondholder. Except in the case of a default in payment or purchase on any Bonds, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Bondholders.

Eligibility of Trustee. The Master Indenture will always have a Trustee that is a trust company, banking association or a bank having the powers of a trust company and is organized and doing business under the laws of the United States or any state or the District of Columbia, is authorized to conduct trust business under the laws of the State, is subject to supervision or examination by United States, state or District of Columbia authority and has (together with its corporate parent) a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition.

Replacement of Trustee. The Trustee may resign by notifying the Authority in writing prior to the proposed effective date of the resignation. The holders of a majority in Principal Amount of the Bonds may remove the Trustee by notifying the removed Trustee and may appoint a successor Trustee with the Authority's consent. The Authority may remove the Trustee, by notice in writing delivered to the Trustee at least 60 days prior to the proposed removal date; provided, however, that the Authority will have no right to remove the Trustee during any time when an Event of Default has occurred and is continuing or when an event has occurred and is continuing or condition exists which with the giving of notice or the passage of time or both would be an Event of Default.

No resignation or removal of the Trustee will be effective until a new Trustee has taken office and delivered a written acceptance of its appointment to the retiring Trustee and to the Authority. If no successor Trustee will have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bondholder (on behalf of itself and all other Bondholders) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Immediately thereafter, the retiring Trustee will transfer all property held by it as Trustee to the successor Trustee, the resignation or removal of the retiring Trustee will then (but only then) become effective and the successor Trustee will have all the rights, powers and duties of the Trustee under the Master Indenture.

If the Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under the Master Indenture, the Authority will promptly appoint a successor Trustee. If a Trustee is not performing its duties under the Master Indenture and a successor Trustee does not take office within 60 days after the retiring Trustee delivers notice of resignation or the Authority delivers notice of removal, the retiring Trustee, the Authority or the holders of a majority in Principal Amount of the Bonds may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Successor Trustee or Agent by Merger. If the Trustee, any Paying Agent or Registrar consolidates with, merges or converts into, or transfers all or substantially all its assets (or, in the case of a bank or trust company, its corporate trust assets) to, another corporation and meets the qualifications set forth under the Master Indenture, the resulting, surviving or transferee corporation without any further act will be the successor Trustee, Paying Agent or Registrar.

Accounting Records and Reports of the Trustee. The Trustee will at all times keep, or cause to be kept, proper records in which complete and accurate entries will be made of all transactions made by it relating to the proceeds of the Bonds and all funds and accounts established by it pursuant hereto. Such records will be available for inspection with reasonable prior notice by the Authority on each Business Day during reasonable business hours and by any Bondholder, or his agent or representative duly authorized in writing, at reasonable hours and under reasonable circumstances. The Trustee will provide to the Authority each month a report of any Bond proceeds received during that month, if any, and the amounts deposited into each fund and account held by it under the Indenture and the amount disbursed from such funds and accounts, the earnings thereon, the ending balance in each of such funds and accounts and the investments of each such fund and account. The Trustee will annually, within 30 days after the end of the Fiscal Year, furnish to the Authority and to each Bondholder who will have filed his name and address with the Trustee for such purpose (at such Bondholder's cost) a statement (which need not be audited) covering receipts, disbursements, allocation and application of Bond proceeds, Pledged Revenues and any other moneys in any of the funds and accounts established by it pursuant hereto or any Supplemental Indenture for the preceding year.

Modifications to Master Indenture

Supplemental Indentures Not Requiring Consent of Bondholders. The Authority may, from time to time and at any time, without the consent of or notice to the Bondholders, execute and deliver Supplemental Indentures supplementing and/or amending the Master Indenture or any Supplemental Indenture as follows:

(a) to provide for the issuance of a Series or multiple Series of Bonds under the Master Indenture and to set forth the terms of such Bonds and the special provisions which will apply to such Bonds;

(b) to cure any formal defect, omission, inconsistency or ambiguity in, or answer any questions arising under, the Master Indenture or any Supplemental Indenture, provided such supplement or amendment is not materially adverse to the Bondholders;

(c) to add to the covenants and agreements of the Authority under the Master Indenture or any Supplemental Indenture other covenants and agreements, or to surrender any right or power reserved or conferred upon the Authority, provided such supplement or amendment will not adversely affect the interests of the Bondholders;

(d) to confirm, as further assurance, any interest of the Trustee in and to the Net Pledged Revenues or in and to the funds and accounts held by the Trustee or in and to any other moneys, securities or funds of the Authority provided pursuant hereto or to otherwise add additional security for the Bondholders;

(e) to evidence any change made in the terms of any Series of Bonds if such changes are authorized by the Supplemental Indenture at the time the Series of Bonds is issued and such change is made in accordance with the terms of such Supplemental Indenture;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;

(g) to modify, alter, amend or supplement the Master Indenture or any Supplemental Indenture in any other respect which is not materially adverse to the Bondholders or the Credit Provider, if any;

(h) to qualify the Bonds or a Series of Bonds for a rating or ratings by any of Fitch, Moody's and S&P;

(i) to accommodate the technical, operational and structural features of Bonds which are issued or are proposed to be issued or of a Program which has been authorized or is proposed to be authorized, including, but not limited to, changes needed to accommodate commercial paper, auction bonds, variable rate or adjustable rate bonds, discounted or compound interest bonds or other forms of indebtedness which the Authority from time to time deems appropriate to incur;

(j) to accommodate the use of a Credit Facility or Liquidity Facility for specific Bonds or a specific Series of Bonds; and

(k) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the federal income taxation of the interest on the Bonds, including, without limitation, the segregation of Pledged Revenues into different funds.

Before the Authority will execute any Supplemental Indenture, there will have been delivered to the Authority and Trustee an opinion of Bond Counsel to the effect that such Supplemental Indenture is authorized or permitted by the Master Indenture, the Joint Powers Agreement and other applicable law, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Authority in accordance with its terms and will not cause interest on any of the Bonds which is then excluded from gross income of the recipient thereof for federal income tax purposes to be included in gross income for federal income tax purposes.

Supplemental Indenture Requiring Consent of Bondholders. Except for any Supplemental Indenture entered into that does not require consent of Bondholders and any Supplemental Indenture entered into pursuant to the immediately succeeding paragraph, the holders of not less than a majority in aggregate Principal Amount of the Bonds then Outstanding will have the right from time to time to consent to and approve the execution by the Authority of any Supplemental Indenture deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained under the Master Indenture or in a Supplemental Indenture; provided, however, that, unless approved in writing by the holders of all the Bonds then Outstanding or unless such change affects less than all Series of Bonds and the following paragraph is applicable, nothing under the Master Indenture contained will permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Bonds or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds or the rate of interest thereon; and provided that nothing contained in the Master Indenture, will, unless approved in writing by the holders of all the Bonds then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by the Master Indenture) upon or pledge of the Net Pledged Revenues, ranking prior to or on a parity with the claim created under the Master Indenture, (iv) except with respect to additional security which may be provided for a particular Series of Bonds, a preference or priority of any Bond or Bonds over any other Bond or Bonds with respect to the security granted therefor under the Granting Clauses of the Master Indenture, or (v) a reduction in the aggregate Principal Amount of Bonds the consent of the Bondholders of which is required for any such Supplemental Indenture. Nothing under the Master Indenture contained, however, will be construed as making necessary the approval by Bondholders of the execution of any Supplemental Indenture not requiring Bondholder consent as authorized in the Master Indenture, including the granting, for the benefit of particular Series of Bonds, security in addition to the pledge of the Net Pledged Revenues.

The Authority may, from time to time and at any time, execute a Supplemental Indenture which amends the provisions of an earlier Supplemental Indenture under which a Series or multiple Series of Bonds were issued. If such Supplemental Indenture is executed for one of the purposes set forth in the Master Indenture as not requiring Bondholder consent, no notice to or consent of the Bondholders will be required. If such Supplemental Indenture contains provisions which affect the rights and interests of less than all Series of Bonds Outstanding and consent of the Bondholders is required pursuant to the Master Indenture, then this paragraph (rather than the paragraph above) will control and, subject to the terms and provisions contained in this paragraph, and not otherwise, the holders of not less than 51% in aggregate Principal Amount of the Bonds of all Series which are affected by such changes will have the right from time to time to consent to any Supplemental Indenture deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Indenture and affecting only the Bonds of such Series; provided, however, that, unless approved in writing by the holders of all the Bonds of all the affected Series then Outstanding, nothing contained under the Master Indenture will permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Bonds of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds of such Series or the rate of interest thereon. Nothing contained under the Master Indenture, however, will be construed as making necessary the approval by Bondholders of the adoption of any Supplemental Indenture as authorized under the Master Indenture to be adopted without Bondholder approval, including the granting, for the benefit of particular Series of Bonds, security in addition to the pledge of the Net Pledged Revenues.

If at any time the Authority shall desire to enter into any Supplemental Indenture that requires Bondholder consent under the Master Indenture, the Authority shall cause notice of the proposed execution of the Supplemental Indenture to be given by first class United States mail, postage prepaid, to all Bondholders, or all Bondholders of the affected Series. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the Authority for inspection by all Bondholders and it shall not be required that the Bondholders approve the final form of such Supplemental Indenture but it will be sufficient if such Bondholders approve the substance thereof.

Rights of Credit Provider

The Master Indenture states that if a Credit Facility is provided for a Series of Bonds or for specific Bonds, unless otherwise provided by the Authority in the Supplemental Indenture under which such Bonds are issued, the Credit Provider will have (a) the right to make requests of, direct or provide consent to actions under the Indenture or to otherwise direct proceedings all as provided in the Master Indenture to the same extent and in place of the owners of the Bonds, when such request, direction or consent is required from owners of Bonds, which are secured by the Credit Facility and for such purposes the Credit Provider will be deemed to be the Bondholder of such Bonds; and (b) the right to act in place of the owners of the Bonds which are secured by the Credit Facility for purposes of removing a Trustee or appointing a Trustee. The rights granted to any such Credit Provider will be disregarded and be of no effect if the Credit Provider is in default of its payment obligations under its Credit Facility.

All of the remaining Initial Bonds are insured by Assured Guaranty Municipal Corp. (the "2016 Bond Insurer"). The Supplemental Indenture providing for the issuance of the Initial Bonds provides that so long as the 2016 Bond Insurer is not in default under the 2016 Municipal Bond Insurance Policy, the 2016 Bond Insurer will be deemed to be the sole holder of the Initial Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Initial Bonds are entitled to take pursuant to the Master Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee.

THE THIRD SUPPLEMENTAL TRUST INDENTURE

The following is a summary of certain provisions of the Third Supplemental Indenture. Such summary is only a brief description of limited provisions of such document and is qualified in its entirety by reference to the full text of the Third Supplemental Indenture.

General Terms of the Series 2021 Bonds

The Third Supplemental Indenture sets forth the terms of the Series 2021 Bonds, most of which terms are described earlier in this Official Statement under "DESCRIPTION OF THE SERIES 2021 BONDS."

Establishment of Funds and Subaccounts

The Third Supplemental Indenture establishes the following funds and accounts to be held and administered by the Trustee: the 2021 Reserve Account of the Reserve Fund and the 2021A Construction Fund, 2021B Construction Fund, 2021A Construction Interest Fund and 2021B Construction Interest Fund. The Third Supplemental Indenture also establishes the following funds and accounts to be held and administered by the Treasurer: a 2021A Interest Subaccount, 2021B Interest Subaccount and 2021C Interest Subaccount within the Interest Account of the Debt Service Fund; a 2021A Principal Subaccount, 2021B Principal Subaccount and 2021C Principal Subaccount within the Principal Account of the Debt Service Fund and a Rebate Fund, Series 2021.

The Treasurer will keep and maintain records and reports in respect of the foregoing funds, accounts and subaccounts and make such records and reports available to the Authority and the Trustee, as if such records and reports were subject to the provisions of the Master Indenture governing retention of books and records. Upon and during an Event of Default, the Treasurer will immediately transfer the foregoing funds, accounts and subaccounts and the deposits therein to the Trustee (together with the Treasurer's records and reports relating thereto), and such funds, accounts and subaccounts will be held and administered by the Trustee for so long as any Event of Default continues, following which the Trustee will, but only upon the request of the Authority, transfer such funds, accounts and subaccounts and the deposits therein back to the Treasurer (together with the Trustee's records and reports relating thereto) to hold and administer in accordance with the provisions of the Master Indenture.

Debt Service Fund

For so long as the Treasurer holds and administers the Debt Service Fund and the accounts and subaccounts therein, the Authority will instruct the Treasurer to transfer funds from the Airport Revenue Fund into the Debt Service Fund at the times and in the amounts required by the Master Indenture in respect to the Series 2021 Bonds. To the extent the Trustee holds and administers the Debt Service Fund and the accounts and subaccounts therein, the Authority will instruct the Treasurer to withdraw funds and make payments from the Airport Revenue Fund to the Trustee for deposit into the Debt Service Fund at the times and in the amounts required by the Master Indenture in respect to the Series 2021 Bonds. The Trustee or the Treasurer, as applicable, shall make deposits or transfers into the Debt Service Fund as follows:

(a) Interest Subaccounts. On or before the first day of each month, the Treasurer or the Trustee, as applicable, shall deposit ratably into the 2021A Interest Subaccount, 2021B Interest Subaccount and 2021C Interest Subaccount an amount equal to at least one-sixth of the aggregate amount of interest becoming due and payable on the Series 2021A Bonds, Series 2021B Bonds and Series 2021C Bonds during the next ensuing six months (taking into account amounts to be deposited in the each such subaccount as described under " —Transfer of Charges" or " — Construction Interest Fund"), until the requisite half-yearly amount of interest on all such Bonds is on deposit in such subaccount. Amounts on deposit in each subaccount must be used to pay interest on the Bonds for which such subaccount was established.

(b) Principal Subaccounts. On or before the first day of each month, the Treasurer or the Trustee, as applicable, shall deposit ratably into the 2021A Principal Subaccount, 2021B Principal Subaccount and 2021C Principal Subaccount an amount equal to at least one-twelfth of the aggregate Principal Amounts becoming due and payable on the Series 2021A Bonds, Series 2021B Bonds and Series 2021C Bonds on the next succeeding May 15 (taking into account amounts to be deposited in each such subaccount as described under " —Transfer of Charges"). Amounts on deposit in each such subaccount must be used to pay principal on the Bonds for which such subaccount was established.

The Debt Service Fund will be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments. Earnings on the interest subaccounts and the principal subaccounts will be transferred into the Airport Revenue Fund unless an Event of Default exists under the Master Indenture, in which event the earnings will be retained in such account pursuant to the Master Indenture.

Reserve Fund

The 2021 Reserve Account is established in accordance with the Master Indenture as a separate account within the Reserve Fund available only for the payment of the Series 2021 Bonds which account shall have its own Required Reserve. The 2021 Reserve Account shall constitute additional security for the Series 2021 Bonds.

A Reserve Fund Surety Policy shall be acceptable in lieu of a deposit of cash or securities into the 2021 Reserve Account, or may be substituted for amounts on deposit in either the 2021 Reserve

Account. The Required Reserve for the Series 2021 Bonds shall be initially satisfied with the Reserve Policy which shall be deposited in the 2021 Reserve Account.

The Authority shall notify the Trustee in writing of the necessity for a claim upon the Reserve Policy and provide notice to the Insurer in accordance with the terms of the Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the Series 2021 Bonds. As and to the extent that reimbursement payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The Authority is obligated to pay Policy Costs from Net Pledged Revenues from the flow of funds as provided in this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Flow of Funds — Reserve Fund" commencing in the first month following each unreimbursed draw on the Reserve Policy, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such unreimbursed draw.

If moneys have been withdrawn from the 2021 Reserve Account or a payment has been made under a Reserve Fund Surety Policy other than the Reserve Policy, the Treasurer shall transfer to the Trustee as provided in the Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Flow of Funds — Reserve Fund" in accordance with the next succeeding sentence the full amount so withdrawn and the expenses and interest, if any, required under the terms of any other Reserve Fund Surety Policy, or so much as shall be required to restore the 2021 Reserve Account to the Required Reserve for the Series 2021 Bonds and to pay such interest, if any. Repayments of money advanced from the 2021 Reserve Account shall be made in 12 substantially equal monthly installments each due on the first Business Day of the month commencing with the first month after such withdrawal occurs and if repayment are with respect to a draw under a Reserve Fund Surety Policy other than the Reserve Account, the Trustee shall pay to the provider of such Reserve Fund Surety Policy the amount received by the Trustee from the Authority which is designated to be used to reimburse the provider of such Reserve Fund Surety Policy.

The Third Supplemental Indenture contains provisions regarding how repayments by the Authority to the 2021 Reserve Account or on a Reserve Fund Surety Policy are credited, the priority of payment of cash and Reserve Fund Surety Policies in the 2021 Reserve Account and the investment and application of moneys in the 2021 Reserve Account as well as remedial provisions for the benefit of the Insurer.

The Master Indenture requires an annual valuation of the Reserve Fund. For purposes of determining the amount on deposit in the Reserve Fund, any Reserve Fund Surety Policy held by, or the benefit of which is available to, the Trustee as security for the Series 2021 Bonds shall be deemed to be a deposit in the face amount of the Reserve Fund Surety Policy or the stated amount of the Reserve Fund Surety Policy provided, except that, if the amount available under a Reserve Fund Surety Policy has been reduced as a result of a payment having been made thereunder or as a result of the termination, cancellation or failure of such Reserve Fund Surety Policy and not reinstated or another Reserve Fund

Surety Policy provided, then, in valuing the Reserve Fund, the value of such Reserve Fund Surety Policy shall be reduced accordingly.

Transfer of Charges

Passenger Facility Charges and Customer Facility Charges budgeted to pay principal or interest on Series 2021 Bonds shall be deposited in the appropriate subaccount in the Debt Service Fund in the same manner as Pledged Revenues. Transfers of such amounts to the Trustee will be irrevocable.

Construction Fund

The Third Supplemental Indenture established the 2021A Construction Fund and the 2021B Construction Fund and sets forth the terms and provisions for the disbursement by the Trustee to pay the Costs of the Project. The 2021A Construction Fund is pledged to the holders of the Series 2021A Bonds as additional security. The 2021B Construction Fund is pledged to the holders of the Series 2021B Bonds as additional security.

Construction Interest Fund

Moneys on deposit in the 2021A Construction Interest Fund shall be credited to the 2021A Interest Subaccount and applied without further authorization or direction in the amount scheduled for each Interest Payment Date as established upon the issuance of the Series 2021 Bonds and provided to the Trustee by the Authority. The 2021A Construction Interest Fund is pledged to the holders of the Series 2021A Bonds as additional security.

Moneys on deposit in the 2021B Construction Interest Fund shall be credited to the 2021B Interest Subaccount and applied without further authorization or direction in the amount scheduled for each Interest Payment Date as established upon the issuance of the Series 2021 Bonds and provided to the Trustee by the Authority. The 2021B Construction Interest Fund is pledged to the holders of the Series 2021B Bonds as additional security.

Continuing Disclosure

The Authority covenants and agrees under the Third Supplemental Indenture that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate applicable to such party. Notwithstanding any other provision of the Master Indenture, failure of the Authority to comply with the Continuing Disclosure Certificate will not be considered an Event of Default under the Master Indenture; however, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, after indemnification to its satisfaction, will) or any Bondholder or Beneficial Owner of the Series 2021 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations described in this paragraph. For purposes of this paragraph, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2021 Bond (including persons holding Series 2021 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes. Notwithstanding anything to the contrary, in no event will the Trustee be deemed to have breached its fiduciary duty or any other duty or obligation arising under the Third Supplemental Indenture or under any related document in connection with the performance of any of the terms contained in the Continuing Disclosure Certificate.

Bond Insurance Provisions

The payment when due of the principal of and interest on the Series 2021 Bonds will be insured by the Bond Insurance Policy. The Third Supplemental Indenture sets forth certain covenants of the Authority in favor of the Insurer with respect to the Series 2021 Bonds. Advances by the Insurer under the Bond Insurance Policy together with interest thereon at the Late Payment Rate are secured by a lien on and pledge of the Net Pledged Revenues and on a parity with the Series 2021 Bonds. See "THE MASTER TRUST INDENTURE — Other Obligations — Repayment Obligations Afforded Status of Bonds." For additional information concerning these covenants and the rights of the Insurer, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Rights of the Insurer" in this Official Statement.

APPENDIX E
AMENDMENTS TO MASTER INDENTURE

The Master Indenture will be amended by the Third Supplemental Indenture as set forth below. Additions are indicated by underlining and deletions are indicate by strike-throughs.

Such amendments to the Master Indenture will become effective immediately upon the issuance of the Series 2021 Bonds. Purchasers of the Series 2021 Bonds shall be deemed to consent to such amendments.

Added or Amended Definitions

The following definition will be added or amended as follows:

"Airport Revenues" shall mean, except to the extent specifically excluded herefrom, all income, receipts, earnings and revenues received by the Authority from the Ontario International Airport, for any given period, as determined in accordance with generally accepted accounting principles, as modified from time to time, including, but not limited to: (1) all rates, tolls, fees, rentals, charges and other payments made to or owed to the Authority for the use or availability of property or facilities at Ontario International Airport; (2) all amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the Authority at Ontario International Airport; and (3) all rental or business interruption insurance proceeds, received by, held by, accrued to or entitled to be received by the Authority or any successor thereto from the possession, management, charge, superintendence and control of Ontario International Airport (or any Ontario Airport Facilities or activities and undertakings related thereto) or from any other facilities wherever located with respect to which the Authority receives payments which are attributable to Ontario Airport Facilities or activities or undertakings related thereto, all of which is required to be deposited in the Airport Revenue Fund pursuant to Section 4.04 hereof. "Airport Revenues" includes all income, receipts and earnings from the investment of amounts held in the Airport Revenue Fund, any Construction Fund allowed to be pledged by the terms of a Supplemental Indenture, the Reserve Fund and earnings on the Maintenance and Operation Reserve Fund established and the amount, if any, related to coverage paid in a prior Fiscal Year that is available to be spent in the current Fiscal Year and that is credited by the Authority against requirements in calculating for the given Fiscal Year terminal rentals and landing fees charged to airline users of Ontario International Airport pursuant to any residual methodology employed by the Authority in calculating such rentals and fees; provided, however, that for purposes of calculating Airport Revenues for a given Fiscal Year, such amount may not exceed 25% of Debt Service for the Fiscal Year for which such determination is being made. <u>"Airport Revenues" shall not include (a) Released Revenues or (b) revenues from any Separate Improvement, including, but not limited to, payments under any contract or agreement with respect to such Separate Improvement, and accordingly any amounts referred to in the foregoing clause (a) or (b) shall not be required to be deposited in the Airport Revenue Fund pursuant to Section 4.04(a) hereof.</u>

<u>"Excluded Revenues" means any revenues or amounts excluded (a) from the definition of Pledged Revenues (other than Ontario Airport Special Facilities Revenue which shall be applied only as provided in Section 5.07 hereof), or (b) from the definition of Airport Revenues, or any combination of either.</u>

<u>"Released Revenues" shall mean any category of income, receipts or other revenues released from the definition of Airport Revenues and Pledged Revenues pursuant to Section 2.16 hereof.</u>

<u>"Separate Improvements" shall mean any Separate Improvement as defined in Section 2.15 hereof.</u>

Amendment to Section 2.11 of the Master Indenture

Section 2.11 of the Master Indenture shall be amended to read as follows:

Section 2.11. Tests for Issuance of Bonds. Subject to the provisions under subsection (i) or (ii) of the last paragraph of this Section 2.11 and excepting the Initial Bonds, and in addition to the requirements of Section 4.04(b)(4) hereof, as a condition to the issuance of any Series of Bonds, there shall also be delivered to the Trustee either:

(a) a certificate prepared by an Authorized Authority Representative showing that the Net Pledged Revenues, as calculated by the Authority, for any 12 consecutive months out of the 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds or preceding the first issuance of the proposed Program Bonds were at least equal to 125% of ~~Maximum~~average Aggregate Annual Debt Service calculated as if the proposed Series of Bonds and the full Authorized Amount of such proposed Program Bonds (as applicable) were then Outstanding; or

~~(b) a certificate, dated as of a date between the date of pricing of the Bonds being issued and the date of delivery of such Bonds, prepared by a Consultant showing that:~~

~~(i) the Net Pledged Revenues (as calculated by said Consultant) for any 12 consecutive months out of the 24 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds or the establishment of a Program were at least equal to 125% of Maximum Aggregate Annual Debt Service;~~

~~(ii) for each Fiscal Year during the period from the date of delivery of such certificate until the last Estimated Completion Date, as certified to the Consultant by an Authorized Authority Representative, the Consultant estimates that the Authority will be in compliance with Section 5.04(a) and (b) hereof; and~~

(~~iii)~~ b) a certificate prepared by a Consultant showing that the estimated Net Pledged Revenues for each of the first three complete Fiscal Years immediately following the last Estimated Completion Date or the date Refunding Bonds are issued, as certified to the Consultant by an Authorized Authority Representative, will be at least equal to 125% of ~~Maximum~~ Aggregate Annual Debt Service calculated as if the proposed Series of Bonds and the full Authorized Amount of such proposed Program Bonds (as applicable) were then Outstanding.

For purposes of subsections (b)~~(ii) and (iii)~~ above, in estimating Net Pledged Revenues, the Consultant may take into account (1) Net Pledged Revenues from Specified Ontario Projects being financed or Ontario Airport Facilities reasonably expected to become available during the period for which the estimates are provided, (2) any increase in fees, rates, charges, rentals or other sources of Pledged Revenues which have been approved by the Authority and will be in effect during the period for which the estimates are provided, (3) any other increases in Pledged Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to Maintenance and Operation Expenses, the Consultant shall use such assumptions as the Consultant believes to be reasonable, taking into account: (i) historical Maintenance and Operation Expenses, (ii) Maintenance and Operation Expenses associated with Specified Ontario Projects and any other new Ontario Airport Facilities, and (iii) such other factors, including inflation and changing operations or policies of the Authority, as the Consultant believes to be appropriate. The Consultant shall include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Net Pledged Revenues and shall also set forth the calculations of ~~Maximum~~ Aggregate Annual Debt Service, which calculations may be based upon information provided by another Consultant.

For purposes of preparing the certificate or certificates described above, the Consultant or Consultants may rely upon financial statements prepared by the Authority which have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available; provided, however, that an Authorized Authority Representative shall certify as to their accuracy and that such financial statements were prepared substantially in accordance with generally accepted accounting principles, subject to year-end adjustments.

Neither of the certificates described above under Section 2.11 (a) or (b) shall be required for the Initial Bonds or:

(i) if the Bonds being issued are for the purpose of refunding then Outstanding Bonds and there is delivered to the Trustee, instead, a certificate of the Authorized Authority Representative showing that ~~Maximum~~ Aggregate Annual Debt Service in each Fiscal Year after the issuance of such Refunding Bonds will not exceed ~~Maximum~~ Aggregate Annual Debt Service prior to the issuance of such Refunding Bonds in each such Fiscal year and certifying that the final maturity of the Refunding Bonds will not be later than the final maturity of the Outstanding Bonds being refunded; or

(ii) if the Bonds being issued constitute Notes and there is delivered to the Trustee, instead, a certificate prepared by an Authorized Authority Representative showing that the principal amount of the proposed Notes being issued, together with the principal amount of any Notes then Outstanding, does not exceed 10% of the Pledged Revenues for any 12 consecutive months out of the 18 months immediately preceding the issuance of the proposed Notes and there is delivered to the Trustee a Certificate of an Authorized Authority Representative setting forth calculations showing that for each of the Fiscal Years during which the Notes will be Outstanding, and taking into account the debt service becoming due on such Notes, the Authority will be in compliance with Section 5.04 (a) and (b) hereof; or

(iii) if the Bonds being issued are for the purpose of providing funds to complete the acquisition, construction or installation of a Specified Ontario Project for which Bonds have previously been issued and the proposed new issuance of Bonds does not exceed 10% of the aggregate principal amount of such previously issued Bonds; provided that only one Series of completion Bonds may be issued in respect of any Project pursuant to this sub-paragraph (iii).

Amendment to Section 5.11 of the Master Indenture

Section 5.11 of the Master Indenture shall be amended to read as follows:

Section 5.11. Accounts. The Authority covenants that it will keep and provide accurate books and records of account showing all Pledged Revenues received and all expenditures of the Authority and that it will keep or cause to be kept accurate books and records of account showing all moneys, Net Pledged Revenues, accounts and funds (including the Airport Revenue Fund and all accounts provided for herein) which are or shall be in the control or custody of the Authority; and that all such books and records pertaining to Ontario International Airport shall be open upon reasonable notice during business hours to the Trustee and to the Owners of not less than ten percent (10%) of the Principal Amount of Bonds then Outstanding, or their representatives duly authorized in writing. ~~Within 180 days after the close of each~~Not later than the end of the ninth month following the end of the Authority's Fiscal Year, so long as any of the Bonds remain Outstanding, the Authority will prepare and file with the Trustee audited financial statements including a statement of the income and expenses for such Fiscal Year and a balance sheet prepared as of the close of such Fiscal Year for the Authority all accompanied by a certificate or opinion in writing of an independent certified public accountant of recognized standing, selected by the Authority, which opinion shall include a statement that said financial statements present fairly in all material respects the financial position of the Authority and are prepared in accordance with generally accepted accounting principles, provided, however, the Trustee shall hold such financial statements solely as an accommodation to the holders of the Bonds and shall have no duty or obligation to review, verify or analyze such financial statements or be deemed to have notice of any information contained therein or of any default or Event of Default which may be disclosed therein in any manner.

Addition of Sections to the Master Indenture

A new Section 2.15 shall be added to the Master Indenture which shall provide as follows:

Section 2.15. Separate Improvements. Nothing contained in this Master Indenture shall prevent the Authority from authorizing and issuing bonds, notes, warrants, certificates or other obligations or evidences of indebtedness, other than Bonds or Subordinated Obligations, and establish reserves in connection therewith, payable from and secured by a pledge of and lien on Excluded Revenues for the purpose of acquiring, constructing, renovating, remodeling or rehabilitating Separate Improvements, which (a) produce revenues (which shall be Excluded Revenues) or (b) have pledged or committed to the payment of all or a portion of the principal, premium, interest and other costs described below, Excluded Revenues, or combination of (a) and (b), sufficient to pay principal of, premium, if any, and interest on the bonds, notes, warrants, certificate or other obligations or evidences of indebtedness issued with respect to any such Separate Improvement and all operation and maintenance and other costs connected with the ownership, operation, maintenance, repair, renewals and rehabilitation of any such Separate Improvement (including, without limitation, insurance, utilities, payments in lieu of taxes and assessments) and the administrative costs of the Authority associated with any such Separate Improvement. Any amount attributable to administrative costs shall be free and clear of all charges under any agreement or obligation entered into or issued as described herein, shall be in addition to all other amounts required to be provided for as described herein, and shall constitute Airport Revenues and be paid into the Airport Revenue Fund. A Separate Improvement ("Separate Improvement") shall be any facility or improvement at or related to the Ontario International Airport, including but not be limited to, roads, tunnels, stations, toll facilities, interchanges, multimodal facilities, property or property rights or other facilities, any of which (i) may be located off, adjacent to or on the Ontario International Airport to the extent necessary to provide services to or from the Ontario International Airport, (ii) may be owned in whole or in part by the Authority or other public or private entity or entities and (iii) shall not be treated as a part of the Ontario International Airport for the purposes of this Master Indenture. Nothing contained in this Master Indenture shall prevent the Authority from leasing, mortgaging, or entering into public private partnership, design build or similar arrangements with respect to the design, building, financing, operating and maintaining of any such Separate Improvement.

A new Section 2.16 shall be added to the Master Indenture which shall provide as follows:

Section 2.16. Released Revenues. The Authority may by a Supplemental Indenture cause a category of income, receipts or other revenues then included in the definition of "Airport Revenues" and "Pledged Revenues" as defined in Section 1.01 of the Master Indenture to be excluded from such definitions for all purposes of the Master Indenture, which exclusion shall be effective without Bondholder consent, from the date of adoption of such Supplemental Indenture after receipt by the Trustee of the following:

(a) a certificate of the Authorized Authority Representative that no Event of Default exists hereunder; and

(b) a certificate or report of the Authorized Authority Representative or a Consultant to the effect that Net Pledged Revenues for each of the two Fiscal Years for which audited financial statements are available immediately preceding the date of such certificate or report were sufficient to satisfy the rate covenant set forth in Section 5.04(b) hereof for each of such two Fiscal Years, assuming for the purposes of complying with Section 5.04(b) one hundred fifty percent (instead of one hundred twenty-five percent).

APPENDIX F

FORMS OF BOND COUNSEL OPINIONS

Form of Series 2021A Bond Opinion

[LETTER HEAD OF HAWKINS DELAFIELD & WOOD LLP]

April __, 2021

Board of Commissioners
Ontario International Airport Authority
1923 E Avion Street
Ontario, California 91761

Ladies and Gentlemen:

ONTARIO INTERNATIONAL AIRPORT AUTHORITY
ONTARIO INTERNATIONAL AIRPORT REVENUE BONDS, SERIES 2021A (NON-AMT)
$57,750,000

At your request we have examined into the validity of Fifty-Seven Million Seven Hundred Fifty Thousand Dollars ($57,750,000) principal amount of Ontario International Airport Revenue Bonds, Series 2021A (Non-AMT) (the "Series 2021A Bonds") of the Ontario International Airport Authority (the "Authority"). The Series 2021A Bonds are issued in fully registered form; are dated their date of delivery; are of the denomination of $5,000 or any integral multiple thereof; are numbered consecutively from RA-1 upwards, bear interest payable November 15, 2021 and semi-annually thereafter each November 15 and May 15 at the rates per annum set forth in the schedule below; and mature and become payable as to principal on May 15 in each of the years and in the principal amounts as follows:

Year (May 15)	Principal Amount	Interest Rate
2041	$ 2,790,000	4.00%
2046	24,415,000	5.00
2051	30,545,000	4.00

The Series 2021A Bonds are subject to redemption prior to maturity upon the terms and conditions and at the prices set forth therein.

The Series 2021A Bonds recite that they are issued pursuant to the Joint Exercise of Powers Act, California Government Code Section 6500, *et seq.* and pursuant to the Master Trust Indenture, dated as of November 1, 2016, as amended (the "Master Indenture"), as amended and supplemented by the Third Supplemental Trust Indenture, dated as of April 1, 2021 (the "Third Supplemental Indenture," and together with the Master Indenture, collectively, the "Indenture"), each by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and the resolution of the Board of Commissioners of the Authority authorizing the issuance of the Series 2021A Bonds. We have examined the Constitution and statutes of the State of California and certified copies of proceedings of the Board of Commissioners of the Authority authorizing the issuance of the Series 2021A Bonds. We have also examined a specimen Series 2021A Bond. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

In our opinion:

1. The Series 2021A Bonds have been duly authorized and issued and constitute legally valid, binding obligations of the Authority, enforceable against the Authority in accordance with their terms and the terms of the Indenture.

2. Each of the Master Indenture and the Third Supplemental Indenture has been duly executed and delivered by the Authority and constitutes the legally valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms. The Series 2021A Bonds, assuming due authentication by the Trustee, are entitled to the benefits of the Indenture.

3. Under existing statutes, interest on the Series 2021A Bonds is exempt from State of California personal income taxes.

4. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the Series 2021A Bonds is (i) excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) not treated as a preference item in calculating the alternative minimum tax imposed on under the Code. In rendering the opinions in this paragraph (4), we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the Series 2021A Bonds, and have assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of the interest on the Series 2021A Bonds from gross income under Section 103 of the Code. Under the Code, noncompliance with such requirements may cause the interest on the Series 2021A Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is discovered.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Series 2021A Bonds, or the ownership or disposition thereof, except as stated in paragraphs (3) and (4) above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series 2021A Bonds.

The foregoing opinions are qualified to the extent that the enforceability of the Series 2021A Bonds and the Indenture may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditors' rights or remedies and are subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), and to the limitations on legal remedies against governmental entities in the State of California (including, but not limited to, rights of indemnification). We express no opinion regarding the availability of equitable remedies. Further, the opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or events occur.

We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the Series 2021A Bonds and express no opinion relating thereto.

Very truly yours,

Hawkins Delafield & Wood LLP

Form of Series 2021B Bond Opinion

[LETTER HEAD OF HAWKINS DELAFIELD & WOOD LLP]

April __, 2021

Board of Commissioners
Ontario International Airport Authority
1923 E Avion Street
Ontario, California 91761

Ladies and Gentlemen:

ONTARIO INTERNATIONAL AIRPORT AUTHORITY
ONTARIO INTERNATIONAL AIRPORT REVENUE BONDS, SERIES 2021B (AMT)
$41,685,000

At your request we have examined into the validity of Forty-One Million Six Hundred Eighty-Five Thousand Dollars ($41,685,000) principal amount of Ontario International Airport Revenue Bonds, Series 2021B (AMT) (the "Series 2021B Bonds") of the Ontario International Airport Authority (the "Authority"). The Series 2021B Bonds are issued in fully registered form; are dated their date of delivery; are of the denomination of $5,000 or any integral multiple thereof; are numbered consecutively from RB-1 upwards, bear interest payable November 15, 2021 and semi-annually thereafter each November 15 and May 15 at the rates per annum set forth in the schedule below; and mature and become payable as to principal on May 15 in each of the years and in the principal amounts as follows:

Year (May 15)	Principal Amount	Interest Rate	Year (May 15)	Principal Amount	Interest Rate
2028	$ 910,000	5.00%	2035	$3,360,000	4.00%
2029	2,505,000	5.00	2036	3,490,000	4.00
2030	2,630,000	5.00	2037	3,630,000	4.00
2031	2,765,000	5.00	2038	3,775,000	4.00
2032	2,900,000	5.00	2039	3,930,000	4.00
2033	3,045,000	5.00	2040	4,085,000	4.00
2034	3,200,000	5.00	2041	1,460,000	4.00

The Series 2021B Bonds are subject to redemption prior to maturity upon the terms and conditions and at the prices set forth therein.

The Series 2021B Bonds recite that they are issued pursuant to the Joint Exercise of Powers Act, California Government Code Section 6500, *et seq.* and pursuant to the Master Trust Indenture, dated as of November 1, 2016, as amended (the "Master Indenture"), as amended and supplemented by the Third Supplemental Trust Indenture, dated as of April 1, 2021 (the "Third Supplemental Indenture," and together with the Master Indenture, collectively, the "Indenture"), each by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and a resolution of the Board of Commissioners of the Authority authorizing the issuance of the Series 2021B Bonds. We have examined the Constitution and statutes of the State of California and certified copies of proceedings of the Board of Commissioners of the Authority authorizing the issuance of the Series 2021B Bonds. We have also examined a specimen Series 2021B Bond. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

In our opinion:

1. The Series 2021B Bonds have been duly authorized and issued and constitute legally valid, binding obligations of the Authority, enforceable against the Authority in accordance with their terms and the terms of the Indenture.

2. Each of the Master Indenture and the Third Supplemental Indenture has been duly executed and delivered by the Authority and constitutes the legally valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms. The Series 2021B Bonds, assuming due authentication by the Trustee, are entitled to the benefits of the Indenture.

3. Under existing statutes, interest on the Series 2021B Bonds is exempt from State of California personal income taxes.

4. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the Series 2021B Bonds is (i) excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any Series 2021B Bond for any period during which the Series 2021B Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed or refinanced with the proceeds of the Series 2021B Bonds or a "related person," and (ii) treated as a preference item in calculating the alternative minimum tax imposed under the Code. In rendering the opinions in this paragraph (4), we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the Series 2021B Bonds, and have assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of the interest on the Series 2021B Bonds from gross income under Section 103 of the Code. Under the Code, noncompliance with such requirements may cause the interest on the Series 2021B Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is discovered.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Series 2021B Bonds, or the ownership or disposition thereof, except as stated in paragraphs (3) and (4) above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series 2021B Bonds.

The foregoing opinions are qualified to the extent that the enforceability of the Series 2021B Bonds and the Indenture may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditors' rights or remedies and are subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), and to the limitations on legal remedies against governmental entities in the State of California (including, but not limited to, rights of indemnification). We express no opinion regarding the availability of equitable remedies. Further, the opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or events occur.

We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the Series 2021B Bonds and express no opinion relating thereto.

Very truly yours,

Hawkins Delafield & Wood LLP

Form of Series 2021C Bond Opinion

[LETTER HEAD OF HAWKINS DELAFIELD & WOOD LLP]

April __, 2021

Board of Commissioners
Ontario International Airport Authority
1923 E Avion Street
Ontario, California 91761

Ladies and Gentlemen:

ONTARIO INTERNATIONAL AIRPORT AUTHORITY
ONTARIO INTERNATIONAL AIRPORT REVENUE BONDS, SERIES 2021C (TAXABLE)
$3,905,000

At your request we have examined into the validity of Three Million Nine Hundred Five Thousand Dollars ($3,905,000) principal amount of Ontario International Airport Revenue Bonds, Series 2021C (Taxable) (the "Series 2021C Bonds") of the Ontario International Airport Authority (the "Authority"). The Series 2021C Bonds are issued in fully registered form; are dated their date of delivery; are of the denomination of $5,000 or any integral multiple thereof; are numbered consecutively from RC-1 upwards, bear interest payable November 15, 2021 and semi-annually thereafter each November 15 and May 15 at the rates per annum set forth in the schedule below; and mature and become payable as to principal on May 15 in each of the years and in the principal amounts as follows:

Year (May 15)	Principal Amount	Interest Rate
2027	$2,385,000	1.875%
2028	1,520,000	2.050

The Series 2021C Bonds are subject to redemption prior to maturity upon the terms and conditions and at the prices set forth therein.

The Series 2021C Bonds recite that they are issued pursuant to the Joint Exercise of Powers Act, California Government Code Section 6500, et seq. and pursuant to the Master Trust Indenture, dated as of November 1, 2016, as amended (the "Master Indenture"), as amended and supplemented by the Third Supplemental Trust Indenture, dated as of April 1, 2021 (the "Third Supplemental Indenture," and together with the Master Indenture, collectively, the "Indenture"), each by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and the resolution of the Board of Commissioners of the Authority authorizing the issuance of the Series 2021C Bonds. We have examined the Constitution and statutes of the State of California and certified copies of proceedings of the Board of Commissioners of the Authority authorizing the issuance of the Series 2021C Bonds. We have also examined a specimen Series 2021C Bond. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

In our opinion:

1. The Series 2021C Bonds have been duly authorized and issued and constitute legally valid, binding obligations of the Authority, enforceable against the Authority in accordance with their terms and the terms of the Indenture.

2. Each of the Master Indenture and the Third Supplemental Indenture has been duly executed and delivered by the Authority and constitutes the legally valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms. The Series 2021C Bonds, assuming due authentication by the Trustee, are entitled to the benefits of the Indenture.

3. Under existing statutes, interest on the Series 2021C Bonds is exempt from State of California personal income taxes.

4. Interest on the Series 2021C Bonds is included in gross income of the holder thereof for federal income tax purposes.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Series 2021C Bonds, or the ownership or disposition thereof, except as stated in paragraphs (3) and (4) above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series 2021C Bonds.

The foregoing opinions are qualified to the extent that the enforceability of the Series 2021C Bonds and the Indenture may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditors' rights or remedies and are subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), and to the limitations on legal remedies against governmental entities in the State of California (including, but not limited to, rights of indemnification). We express no opinion regarding the availability of equitable remedies. Further, the opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or events occur.

We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the Series 2021C Bonds and express no opinion relating thereto.

Very truly yours,

Hawkins Delafield & Wood LLP

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APPENDIX G

BOOK-ENTRY ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the subcaption "— General" below has been provided by DTC. The Authority makes no representations as to the accuracy or the completeness of such information. The beneficial owners of the Series 2021 Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE CITY, THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2021 BONDS UNDER THE INDENTURE, (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2021 BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL, PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE OWNER OF THE SERIES 2021 BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF SERIES 2021 BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

DTC will act as securities depository for the Series 2021 Bonds. The Series 2021 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2021 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Trustee.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of 2020 Bond certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies DTCC, is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The Authority undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on DTC's website as described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned website. Information on such website is not incorporated herein

Purchases of the Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2020 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Bonds DTC records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Indenture. For example, Beneficial Owners of Series 2021 Bonds may wish to ascertain that the nominee holding the Series 2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2021 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in each maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's Money Market Instrument Procedures. Under its usual procedures, DTC will mail an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Series 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Series 2021 Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Authority, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest on the Series 2021 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2021 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2020 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

No Assurance Regarding DTC Practices

THE AUTHORITY WILL HAVE NO RESPONSIBILITY OR OBLIGATION WITH RESPECT TO THE PAYMENTS TO THE DIRECT PARTICIPANTS, ANY INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS, OR THE PROVISION OF NOTICE TO THE DIRECT PARTICIPANTS, ANY INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE SERIES 2021 BONDS. NO ASSURANCE CAN BE GIVEN BY THE AUTHORITY THAT DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR OTHER NOMINEES OF THE BENEFICIAL OWNERS WILL MAKE PROMPT TRANSFER OF PAYMENTS TO THE BENEFICIAL OWNERS, THAT THEY WILL DISTRIBUTE NOTICES RECEIVED AS THE REGISTERED OWNER OF THE SERIES 2021 BONDS TO THE BENEFICIAL OWNERS, THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

In the event the Authority determines not to continue the book-entry system or DTC determines to discontinue its services with respect to the Series 2021 Bonds and the Authority does not select another qualified depository, the Authority shall deliver one or more Series 2021 Bonds in such principal amount or amounts, in authorized denominations, and registered in whatever name or names, as DTC shall designate. In such event, transfers and exchanges of Series 2021 Bonds will be governed by the provisions of the Indenture.

Risks of Book-Entry System

The Authority makes no assurance, and the Authority shall incur no liability, regarding the fulfillment by DTC of its obligations under the book-entry system with respect to the Series 2021 Bonds.

In addition, Beneficial Owners of the Series 2021 Bonds may experience some delay in their receipt of distributions of principal of, premium, if any, and interest on, the Series 2021 Bonds since such distributions will be forwarded by the Authority to DTC and DTC will credit such distributions to the accounts of the Direct Participants which will thereafter credit them to the accounts of the Beneficial Owners either directly or through Indirect Participants.

Since transactions in the Series 2021 Bonds can be effected only through DTC, Direct Participants, Indirect Participants and certain banks, the ability of a Beneficial Owner to pledge Series 2021 Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Series 2021 Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will not be recognized by the Authority as registered owners of the Series 2021 Bonds, and Beneficial Owners will only be permitted to exercise the rights of registered owners indirectly through DTC and its Participants.

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APPENDIX H

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the ONTARIO INTERNATIONAL AIRPORT AUTHORITY (the "Authority") in connection with the issuance of its $57,750,000 Ontario International Airport Revenue Bonds, Series 2021A (Non-AMT) (the "Series 2021A Bonds"), $41,685,000 Ontario International Airport Revenue Bonds, Series 2021B (AMT) (the "Series 2021B Bonds") and $3,905,000 Ontario International Airport Revenue Bonds, Series 2021C (Taxable) (the "Series 2021C Bonds" and, together with the Series 2021A Bonds and the Series 2021B Bonds, the "Series 2021 Bonds"). The Series 2021 Bonds are being issued pursuant to a Master Trust Indenture dated as of November 1, 2016 (the "Master Trust Indenture"), as amended and supplemented, including as amended and supplemented by the Third Supplemental Trust Indenture, dated as of April 1, 2021 (the "Third Supplemental Indenture") between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Master Trust Indenture, as amended and supplemented, is referred to herein as the "Indenture." In connection therewith the Authority covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. The Disclosure Certificate is being executed and delivered by the Authority for the benefit of the Holders and Beneficial Owners of the Series 2021 Bonds and in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission ("SEC").

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in the Disclosure Certificate unless otherwise defined in this section, the following capitalized terms have the following meanings:

"Annual Report" means any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of the Disclosure Certificate.

"Beneficial Owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2021 Bonds (including persons holding Series 2021 Bonds through nominees, depositories, or other intermediaries).

"Dissemination Agent" shall mean any dissemination agent designated in writing by the Authority. Initially, The Bank of New York Mellon Trust Company, N.A. shall be the Dissemination Agent.

"EMMA System" means the MSRB's Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

"Financial Obligation" shall mean, for the purposes of the Listed Events set out in Section 5(a)(10) and 5(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Listed Event" means any of the events listed in Section 5(a) of the Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" means the State of California.

"Underwriter" means Morgan Stanley & Co. LLC, the initial underwriter of the Series 2021 Bonds.

SECTION 3. Provision of Annual Reports.

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than the end of the ninth month following the end of the Authority's Fiscal Year (presently June 30), commencing with the report for the 2020-21 Fiscal Year, provide to the MSRB through the EMMA System (in an electronic format and accompanied by identifying information all as prescribed by the MSRB) an Annual Report that is consistent with the requirements of Section 4 of the Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents composing a package and may cross-reference other information as provided in Section 4 of the Disclosure Certificate, except that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Authority's Fiscal Year changes, then the Authority shall give notice of such change in the same manner as for a Listed Event under Section 5(c). If the Authority is not the Dissemination Agent, the Authority shall provide the Annual Report to the Dissemination Agent not later than 15 business days prior to the date specified for providing the Annual Report to the MSRB. The Authority shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Authority and shall have no duty or obligation to review such Annual Report.

(b) If the Authority is unable to provide to the MSRB an Annual Report by the date required in Section 3(a), the Authority shall send (or shall cause the Dissemination Agent to send) to the MSRB a notice in substantially the form attached hereto as Exhibit A.

SECTION 4. Content of Annual Reports. The Authority's Annual Report shall contain the CUSIP numbers of the Series 2021 Bonds and include by reference the following:

(a) The audited financial statements of the Authority for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If, however, the Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), then the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) An annual report containing information of the type shown in the following tables contained in the Official Statement for the Series 2021 Bonds, dated March 31, 2021, to reflect actual results of the most recently completed fiscal year (projections need not be updated):

(1) Table 5 – HISTORICAL ENPLANED PASSENGERS BY AIRLINE

(2) Table 6 - HISTORICAL LANDED WEIGHT BY AIRLINE

(3) Table 7 - HISTORICAL CARGO TRAFFIC DATA

(4) Table 8 - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(5) Table 9 – TOP TEN REVENUE PRODUCERS

(6) Table 4-12 (from Report of the Airport Consultant) – Debt Service Coverage Ratio

(7) Table 4-13 (from Report of the Airport Consultant) – Required Fund Deposits

Any or all of the items listed above may be included by specific reference to other documents, including the audited financial statements or the official statements of debt issues of the Authority, that have been submitted to the MSRB or the Securities and Exchange Commission, subject to the following: if any document included by reference is a final official statement, then it must be available from the MSRB, and the Authority shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice to the MSRB of the occurrence of any of the following events with respect to the Series 2021 Bonds in a timely manner not more than 10 business days after the event:

(1) Principal and interest payment delinquencies;

(2) Unscheduled draws on debt service reserves reflecting financial difficulties;

(3) Unscheduled draws on credit enhancements reflecting financial difficulties;

(4) Substitution of credit or liquidity providers, or their failure to perform;

(5) Issuance by the Internal Revenue Service (the "IRS") of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(6) Tender offers;

(7) Defeasances;

(8) Rating changes; or

(9) Bankruptcy, insolvency, receivership or similar event of the Authority.

(10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

Note: for the purposes of the event identified in Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

(b) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice to the MSRB of the occurrence of any of the following events with respect to the Series 2021 Bonds, if material:

(1) Unless described in Section 5(a)(5), adverse tax opinions or other material notices or determinations by the IRS with respect to the tax status of the Series 2021 Bonds or other material events affecting the tax status of the Series 2021 Bonds;

(2) Modifications to rights of holders of the Series 2021 Bonds;

(3) Optional, unscheduled or contingent bond calls;

(4) Release, substitution, or sale of property securing repayment of the Series 2021 Bonds;

(5) Non-payment related defaults;

(6) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(7) Appointment of a successor or additional trustee or the change of name of a trustee.

(8) Incurrence of a Financial Obligation of the Authority, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect Bond holders.

(c) Whenever the Authority obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the Authority shall as soon as possible determine if such event would be material under applicable federal securities laws. If the Authority determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Authority shall file a notice of such occurrence with EMMA in a timely manner not more than 10 business days after the event.

SECTION 6. Termination of Reporting Obligation. The Authority's obligations under the Disclosure Certificate shall terminate (a) upon the legal defeasance, prior redemption, or payment in full of all of the Series 2021 Bonds; or (b) if, in the opinion of nationally recognized bond counsel, the Authority ceases to be an "obligated person" (within the meaning of the Rule) with respect to the Series 2021 Bonds, or the Series 2021 Bonds otherwise cease to be subject to the requirements of the Rule. If such termination occurs prior to the final maturity of the Series 2021 Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of the Disclosure Certificate, the Authority may amend the Disclosure Certificate (with the consent of the Dissemination Agent if its rights or duties are affected thereby), and any provision of the Disclosure Certificate may be waived, if all of the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law (or interpretation thereof), or change in the identity, nature, or status of an obligated person with respect to the Series 2021 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2021 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (1) is approved by the Holders of the Series 2021 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders or (2) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2021 Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate that results in a change to the information provided in any subsequent Annual Report, the Authority shall describe such amendment or waiver in the next Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, then the Authority shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and the Annual Report for the year in which the change is made must present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 8. Dissemination Agent. The Authority may, from time to time, discharge the then-current Dissemination Agent (with or without appointing a new Dissemination Agent). If at any time there is not a designated Dissemination Agent, the Authority shall be the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Authority agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents, against any losses, expenses, costs, suits, claims, judgments, damages and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of its powers end duties hereunder, including the costs and expenses (including attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have the same rights and protections hereunder as afforded to it as Trustee under Article IX of the Indenture. The Dissemination Agent shall not be liable hereunder except for its gross negligence or willful misconduct.

It is understood and agreed that any information that the Dissemination Agent may be instructed to file with the MSRB shall be prepared and provided to it by the Authority. The Dissemination Agent has undertaken no responsibility with respect to any reports, notices or disclosures provided to it under this Disclosure Certificate, and has no liability to any person, including any holder of Bonds, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Authority shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Authority.

The Authority shall pay the Dissemination Agent its fees as set forth in a separate fee schedule, and reimburse the Dissemination Agent for its expenses incurred hereunder (including, without limitation, legal fees and expenses.

SECTION 9. Additional Information. Nothing in the Disclosure Certificate prevents the Authority (a) from disseminating any other information, using the means of dissemination set forth in the Disclosure Certificate or any other means of communication; or (b) from including any other information in any Annual Report or notice of occurrence of a Listed Event in addition to that required by the Disclosure Certificate. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that specifically required by the Disclosure Certificate, the Authority shall have no obligation under the Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Authority to comply with any provision of the Disclosure Certificate, the Underwriter or any Holder or Beneficial Owner of the Series 2021 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an Event of Default under the Indenture or result in any pecuniary liability of the Authority, and the sole remedy under the Disclosure Certificate in the event of any failure of the Authority or the Dissemination Agent to comply with the Disclosure Certificate shall be an action to compel performance hereunder.

SECTION 11. Beneficiaries. The Disclosure Certificate shall inure solely to the benefit of the Authority, the Underwriter, and the Holders and Beneficial Owners from time to time of the Series 2021 Bonds, and it creates no rights in any other person or entity.

SECTION 12. Governing Law This Disclosure Certificate shall be governed by the laws of the state of California.

ONTARIO INTERNATIONAL AIRPORT AUTHORITY

By: ____________________________________

Mark Thorpe
Title: Chief Executive Officer

Dated: April 21, 2021

Accepted:

The Bank of New York Mellon Trust Company, N.A.,
as Dissemination Agent

____
By: Authorized Representative
Dated: April 21, 2021

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: ONTARIO INTERNATIONAL AIRPORT AUTHORITY

Name of Issue: $57,750,000 Ontario International Airport Revenue Bonds, Series 2021A (Non-AMT)
$41,685,000 Ontario International Airport Revenue Bonds, Series 2021B (AMT)
$3,905,000 Ontario International Airport Revenue Bonds, Series 2021C (Taxable)

Date of Issuance: April 21, 2021

NOTICE IS HEREBY GIVEN that the Authority has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate of the Authority dated April 21, 2021 (the "Continuing Disclosure Certificate"). The Authority anticipates that the Annual Report will be filed by _____________.

Dated: ___________ __, _____

ONTARIO INTERNATIONAL AIRPORT AUTHORITY

By: ____________________________________
Authorized Representative

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APPENDIX I

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

ONTARIO INTERNATIONAL AIRPORT AUTHORITY • ONTARIO INTERNATIONAL AIRPORT REVENUE BONDS, SERIES 2021A, (NON-AMT), SERIES 2021B (AMT) AND SERIES 2021C (TAXABLE)

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