

**FINANCING AGREEMENT**  
**BETWEEN THE AIRPORTS DIVISION OF THE DEPARTMENT OF PUBLIC**  
**WORKS**  
**AND THE COUNTY OF SAN MATEO**

**THIS AGREEMENT**, entered into this \_\_\_\_ day of \_\_\_\_\_, 2026, by and between the County of San Mateo, a political subdivision of the State of California, hereinafter called “County” and the Airports Division of the Department of Public Works of the County of San Mateo (“Airport”, together the “Parties”).

**WITNESSETH**

**WHEREAS**, on March 10, 2026, the San Mateo County Board of Supervisors approved Resolution \_\_\_\_\_ that authorized the Airport to enter into an Agreement with the County to receive \$5,500,000 in funds for the construction of the 795 Skyway Road Building Replacement Project (Project) at the San Carlos Airport; and

**WHEREAS**, the Project was originally designed in 2019 and was delayed due to the COVID-19 pandemic; and

**WHEREAS**, the Project will demolish and replace the existing structure which has far exceeded its useful life and presents ongoing safety and code compliance issues; and

**WHEREAS**, the Board of Supervisors did, on January 27, 2026, adopt Resolution No. 081664, which adopted the plans and specifications (the “Plans and Specifications”), including conformance with prevailing wage scale requirements and called for sealed proposals for the Project; and

**WHEREAS**, the Airport is providing \$3,500,000 in financing from reserves, \$3,500,000 will be funded by Measure K, and an additional \$5,500,000 in financing is required to complete the Project; and

**WHEREAS**, the Airport does not presently have adequate available funds to fund the remaining \$5,500,00 required to complete the Project; and

**WHEREAS**, subject to the terms and conditions set forth herein, it is necessary and desirable that the sum of \$5,500,000 be provided to the Airport from the County General Fund to allow the Airport to fully fund the demolition and construction costs of the Project; and

**WHEREAS**, the parties agree that the County's provision of financing to the Airport will be secured by the future revenues received from tenants occupying the future 795 Skyway Road building.

**NOW, THEREFORE**, in consideration of the covenants and conditions herein contained, COUNTY and AIRPORT agree as follows:

**1. Financing Amount** — County agrees to provide the Airport with FIVE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$5,500,000) to be used by the Airport to construct the Project (the Financing). The Airport will receive the full Financing in one lump sum upon execution of this Agreement.

**2. Source of Financing** — County will provide the Financing to the Airport from the County General Fund and disbursement will be deposited into the Airport Enterprise Fund.

**3. Term of Financing** — Airport agrees to transmit to County a portion of revenues received from tenants of the future 795 Skyway Road building. The term of the payment schedule from the Airport to the County, once commenced, shall include a total of fifteen (15) payments. The Airport shall make one (1) payment per fiscal year to the County no

later than June 30 of each fiscal year during the term of the Financing. The Parties acknowledge and agree that the Financing provided is not forgivable under the terms of this Agreement.

**4. Interest Rate and Economic Conditions Reopener** — Airport and County agree on the repayment schedule stated herein. The repayment schedule was established based on the Financing amount of \$5,500,00, a 3.75% interest rate being equivalent to the County investment pool interest earnings at the time of Board approval, and the economic conditions existing in February 2026. In the event that the County investment pool interest earnings fall, or economic conditions in the San Francisco Bay Area change significantly as it relates to the ability to lease or receive rents on government-owned commercial properties, the Parties agree to meet and discuss a new repayment schedule in favor of the Airport reflective of those changes.

**5. Repayment Schedule** — Airport agrees to prepare and update a repayment schedule for the Financing and shall deliver said schedule to the County Controller with each payment. The repayment schedule shall be based on one payment of FIVE HUNDRED THIRTY-ONE THOUSAND THREE HUNDRED TWENTY-SEVEN DOLLARS (\$531,327) (“Annual Payment”) by the Airport per fiscal year. These payments shall begin on June 30, 2028, or two years after June 30 of the fiscal year in which Financing is disbursed and funds are available to the Airport, whichever is later, and payments shall continue annually for an additional thirteen (13) years for a total of fourteen (14) annual payments. Therefore and in consideration of the terms of the Financing provided, the Airport shall pay to County a total amount not-to-exceed SEVEN MILLION FOUR HUNDRED THIRTY-EIGHT THOUSAND FIVE HUNDRED SEVENTY-EIGHT DOLLARS (\$7,438,578) and this amount will fully absolve Airport’s obligation to provide repayment to County. Airport agrees to make these payments as they come due from future Revenues received from tenants occupying the future 795 Skyway Road

building. For purposes of this Agreement, “Revenues” means, for each fiscal year, all gross income and revenue received or receivable by the Airport from tenants occupying the future 795 Skyway Road building. The Airport shall be allowed to provide payments at an accelerated schedule without a prepayment penalty. In the event that Airport receives less Revenues than the Annual Payment in any given fiscal year subject to repayment, or if Airport pays more than the Annual Payment in any given fiscal year, the Parties shall meet to discuss and mutually agree on adjustments to the repayment schedule. For the avoidance of doubt, it is the intent of this Section that in the event the Airport pays back the Financing amount early either in part or in whole, that the repayment schedule shall be revised to reflect early repayment of the principal amount of the Financing, by adjusting downward the then-existing principal amount and therefore lowering the subsequent interest accrual in the repayment schedule.

**6. Continuous Use of Project** — The Airport agrees that, except as otherwise provided in this Agreement, it will not abandon, substantially discontinue use of, or dispose of the newly constructed Project or any significant part or portion thereof without the prior written consent of the County.

**7. Security** — The Airport agrees that repayment of the Financing under this Agreement shall be and is hereby secured by a lien on and pledge of all “Net Revenues” collected by the Airport from the Project as such Net Revenues become available. For purposes of this Agreement, “Net Revenues” means, for each fiscal year, the Airport's Revenues, less the Airport's operations and maintenance costs (i.e., the reasonable and necessary costs paid or incurred for maintaining and operating the completed Project). The Airport's repayment obligation pursuant to this Agreement shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Airport, with the exception that the Airport's obligations under this Agreement shall be subordinate to the Airport's obligations to

the Federal Aviation Administration (FAA) and the State of California (Department of Transportation's Division of Aeronautics). The Airport is obligated to repay the Financing notwithstanding any individual default by its tenants or others in payment to the Airport of fees, rent, charges, taxes, assessments, tolls or other charges, unless mutually agreed under the terms of this Agreement or its subsequent amendment.

**8. Obligations Binding on Successors in Interest** — The Parties agree that their obligations under this Agreement shall be binding on their respective permitted successors and assignees. Therefore, for example, if another agency or entity assumes ownership of and/or responsibility for the Airport, that agency or entity shall have the responsibility to make the payments to the County required under this Agreement.

**9. Governing Law** — This Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

**10. Amendment** — No amendment of the terms of this Agreement shall be valid unless it is in writing and signed by the parties. No oral understanding or agreement not incorporated into this Agreement is binding on any of the Parties.

**11. Accounting** — The Airport shall maintain an accounting of all funds advanced to it pursuant to this Agreement and shall provide any documentation and records to the County Controller, or designee, upon request.

AIRPORT

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Director, Department of Public Works

APPROVED AS TO FORM

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John Nibbelin, County Attorney

COUNTY

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Michael P. Callagy, County Executive Officer

ATTEST

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Clerk of the Board

Resolution No.: \_\_\_\_\_