



JUDICIAL COUNCIL OF CALIFORNIA

455 Golden Gate Avenue · San Francisco, California 94102-3688

www.courts.ca.gov

REPORT TO THE JUDICIAL COUNCIL

For business meeting on December 16, 2016

| | |
|--|--|
| Title | Agenda Item Type |
| Court Facilities: Lease-Revenue Bond Issuance, Fall 2015, Spring and Fall 2016 | Information Only |
| Submitted by | Date of Report |
| Martin Hoshino Administrative Director Judicial Council | November 14, 2016 |
| | Contact |
| | Natalie Daniel, 916-263-1687 Natalie.Daniel@jud.ca.gov |

Executive Summary

As authorized and directed by the Judicial Council, the Administrative Director presents this report on actions taken in connection with lease-revenue bonds issued by the State Public Works Board in fall 2015, and spring and fall 2016, for the financing of court facilities projects.

Previous Council Action

At its August 27, 2010, meeting, the Judicial Council (1) authorized the execution of documents in connection with issuances of bonds by the State Public Works Board (SPWB) for the financing of court facilities projects, (2) “delegated to the Administrative Director of the Courts or his designee the authority to execute bond documents on behalf of the Judicial Council,”¹ and (3) directed that the Administrative Director of the Courts report to the council at least once a year on actions taken under that authority.

Policy and Cost Implications

Lease-revenue bonds are a form of long-term borrowing in which the debt obligation is secured by a revenue stream created from lease payments made by the occupying entity to the SPWB, which retains title to the facility until the debt is retired. Lease-revenue bonds do not require

¹ Judicial Council of Cal., mins. (Aug. 27, 2010), item 9, www.courts.ca.gov/documents/min20100827.pdf.

voter approval because the transaction is set up to mirror a typical financing lease, that is, lease payments are due on a year-to-year basis and required only if the facility can be occupied.

When a lease-revenue, bond-funded courthouse project is completed and a court occupies the courthouse, the lease payments for the completed facility are funded from the Immediate and Critical Needs Account of the State Court Facilities Construction Fund established by Senate Bill 1407 (Perata; Stats. 2008, ch. 311).

Implementation Efforts

No new lease-revenue bonds were issued by the SPWB on behalf of the Judicial Council in fall 2015 and spring and fall 2016. A refunding of existing bonds for the Court of Appeal, Fourth Appellate District was approved by the SPWB in fall 2016. The refunding generated savings of \$4,283,576.47 as shown in Attachment A. The savings will accrue to the General Fund.

Next Steps

Faced with a projected insolvency of the Immediate and Critical Needs Account, the Judicial Council, at its August 26, 2016 meeting, approved the recommendations from its Court Facilities Advisory Committee that the schedules of active SB 1407 courthouse capital projects be modified or put on hold until funding can be restored.

Relevant Strategic Plan Goals and Operational Plan Objectives

The issuance of bonds to finance construction and renovation of courthouses supports Goal VI, Branchwide Infrastructure for Service Excellence, by creating safer and more functional facilities for conducting court business (Goal VI.A.1).

Attachments and Links

1. Attachment A: Court of Appeal, Fourth Appellate District Refunding Debt Service Schedule

Court of Appeal, Fourth Appellate District Refunding Debt Service Schedule

Oct 11, 2016 5:29 pm Prepared by Loop Capital Markets

Page 64

Savings

State Public Works Board of the State of California
2016C-8: Refunding of 2009I-8 (Fourth Appellate)
Final Numbers (10/5/2016)
(By Project)

| Date | Prior Debt Service | Prior Receipts | Prior Net Cash Flow | Refunding Debt Service | Savings | Present Value |
|-----------|----------------------|-------------------|----------------------|------------------------|---------------------|----------------------------|
| | | | | | | to 10/13/2016 @ 2.2444919% |
| 6/30/2017 | 1,260,262.50 | 630,106.74 | 630,155.76 | 506,412.50 | 123,743.26 | 121,530.76 |
| 6/30/2018 | 1,260,262.50 | | 1,260,262.50 | 920,750.00 | 339,512.50 | 329,807.75 |
| 6/30/2019 | 1,260,262.50 | | 1,260,262.50 | 920,750.00 | 339,512.50 | 322,528.01 |
| 6/30/2020 | 1,260,262.50 | | 1,260,262.50 | 920,750.00 | 339,512.50 | 315,408.96 |
| 6/30/2021 | 2,107,425.00 | | 2,107,425.00 | 1,783,625.00 | 323,800.00 | 294,099.81 |
| 6/30/2022 | 2,105,837.50 | | 2,105,837.50 | 1,783,250.00 | 322,587.50 | 286,579.52 |
| 6/30/2023 | 2,105,883.40 | | 2,105,883.40 | 1,785,500.00 | 320,383.40 | 278,344.78 |
| 6/30/2024 | 2,106,356.25 | | 2,106,356.25 | 1,785,250.00 | 321,106.25 | 272,842.99 |
| 6/30/2025 | 2,108,812.50 | | 2,108,812.50 | 1,782,500.00 | 326,312.50 | 271,237.59 |
| 6/30/2026 | 2,108,914.46 | | 2,108,914.46 | 1,787,000.00 | 321,914.46 | 261,722.13 |
| 6/30/2027 | 2,105,414.39 | | 2,105,414.39 | 1,783,625.00 | 321,789.39 | 255,915.77 |
| 6/30/2028 | 2,107,320.56 | | 2,107,320.56 | 1,782,375.00 | 324,945.56 | 252,810.50 |
| 6/30/2029 | 2,109,173.60 | | 2,109,173.60 | 1,783,000.00 | 326,173.60 | 248,252.50 |
| 6/30/2030 | 2,105,820.39 | | 2,105,820.39 | 1,785,250.00 | 320,570.39 | 238,674.56 |
| 6/30/2031 | 2,109,820.29 | | 2,109,820.29 | 1,788,250.00 | 321,570.29 | 234,285.32 |
| 6/30/2032 | 2,105,588.94 | | 2,105,588.94 | 1,784,475.00 | 321,113.94 | 228,963.85 |
| 6/30/2033 | 2,109,504.45 | | 2,109,504.45 | 1,781,350.00 | 328,154.45 | 229,030.62 |
| 6/30/2034 | 2,106,088.71 | | 2,106,088.71 | 1,783,375.00 | 322,713.71 | 220,405.83 |
| 6/30/2035 | 2,105,022.96 | | 2,105,022.96 | 1,783,500.00 | 321,522.96 | 214,904.68 |
| | 36,648,033.40 | 630,106.74 | 36,017,926.66 | 30,030,987.50 | 5,986,939.16 | 4,877,345.93 |

Savings Summary

| | |
|-------------------------------|---------------------|
| PV of savings from cash flow | 4,877,345.93 |
| Less: Prior funds on hand | -593,467.50 |
| Plus: Refunding funds on hand | -301.96 |
| Net PV Savings | 4,283,576.47 |