



## JUDICIAL COUNCIL OF CALIFORNIA

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# REPORT TO THE JUDICIAL COUNCIL

*Item No.: 20-058*

For business meeting on November 13, 2020

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**Title**

Court Facilities: Lease Revenue Bond  
Issuance, Fall 2019 and Spring 2020

**Agenda Item Type**

Information Only

**Date of Report**

October 22, 2020

**Submitted by**

Judicial Council staff  
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### Executive Summary

The Administrative Director presents this report on actions taken in connection with lease-revenue bonds issued by the State Public Works Board (SPWB) in fall 2019 and spring 2020, for the financing of court facilities projects as authorized and directed by the Judicial Council. No new lease-revenue bonds were issued by the SPWB on behalf of the Judicial Council in fall 2019 and spring 2020. However, a refunding of existing bonds was completed by the SPWB, and two new interim loans, and five renewals of interim loans were approved so that construction on capital outlay projects could begin.

### Relevant Previous Council Action

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

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<sup>1</sup> Judicial Council of Cal., mins. (Aug. 27, 2010), item 9, p. 14, [www.courts.ca.gov/documents/min20100827.pdf](http://www.courts.ca.gov/documents/min20100827.pdf).

## Analysis/Rationale

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 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 three potential fund sources, the General Fund, the State Court Facilities Construction Fund, or the Immediate and Critical Needs Account (an account within the State Court Facilities Construction Fund).

When funds are available, interim loans are requested to obtain resources to construct a building before selling bonds. Once construction is completed on a project that received interim loans, the bond funds are used to pay back the interim loan.

Although no new bonds were issued, a refunding of existing bonds for the Susanville courthouse in Lassen County was approved by the SPWB in spring 2020. This refunding generated savings of \$4,232,262, as shown in Attachment A. The savings will accrue to the State Court Facilities Construction Fund.

Additionally, the two projects listed below were approved in fall 2019 and spring 2020 to obtain interim Pooled Money Investment Account and General Fund loans to start construction.

- Glenn County—Renovation and Addition to Willows Courthouse .....\$18,213,000
- Stanislaus County—New Modesto Courthouse.....\$76,269,000

Furthermore, the five projects listed below were approved in fall 2019 to obtain a renewal of an interim General Fund loan for additional funds to be used during construction:

- Imperial County—New El Centro Courthouse.....\$10,901,000
- Riverside County—New Indio Juvenile and Family Courthouse .....\$996,000
- Shasta County—New Redding Courthouse .....\$11,997,000
- Siskiyou County—New Yreka Courthouse.....\$34,503,000
- Tuolumne County—New Sonora Courthouse.....\$38,325,000

## Fiscal Impact and Policy Implications

None.

## Attachments and Links

1. Attachment A: Summary of Refunding Results (Susanville Courthouse, Lassen County)



## SUMMARY OF REFUNDING RESULTS

### STATE PUBLIC WORKS BOARD OF THE STATE OF CALIFORNIA Refunding of Susanville Courthouse BAB

Dated Date	04/22/2020
Delivery Date	04/22/2020
Arbitrage yield	1.847158%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	10,965,000.00
True Interest Cost	2.118892%
Net Interest Cost	2.453844%
All-In TIC	2.183475%
Average Coupon	5.000000%
Average Life	10.760
Weighted Average Maturity	10.784
Par amount of refunded bonds	13,645,000.00
Average coupon of refunded bonds	8.000000%
Average life of refunded bonds	10.990
Remaining weighted average maturity of refunded bonds	10.990
PV of prior debt to 04/22/2020 @ 1.675095%	18,764,541.78
<b>Net PV Savings</b>	<b>4,232,262.12</b>
Percentage savings of refunded bonds	31.016945%