



# JUDICIAL COUNCIL OF CALIFORNIA

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## REPORT TO THE JUDICIAL COUNCIL

For business meeting on November 30, 2018

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Title

Court Facilities: Lease-Revenue Bond  
Issuance, Fall 2017 and Spring 2018

Agenda Item Type

Information Only

Date of Report

November 5, 2018

Submitted by

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### 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 (SPWB) in fall 2016 and spring 2017, for the financing of court facilities projects. No new lease-revenue bonds were issued by the SPWB on behalf of the Judicial Council in fall 2017 and spring 2018. However, in the fall of 2018, the Judicial Council requested and was granted approval of interim general fund loans to start construction on five capital outlay projects, with the payback from funds generated in a future bond sale.

### Relevant Previous Council Action

At its meeting on August 27, 2010, the Judicial Council (1) authorized the execution of documents in connection with issuances 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 of the Courts 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 Immediate and Critical Needs Account, an account within the State Court Facilities Construction Fund, the State Court Facilities Construction Fund (directly from the fund) or the General Fund.

Although no bonds were issued or refunded since the last report, the Judicial Council requested and was approved to obtain interim general fund loans to start construction on the five capital outlay projects listed below:

- Imperial County - New El Centro Courthouse
- Riverside County - New Indio Juvenile and Family Courthouse
- Shasta County - New Redding Courthouse
- Siskiyou County - New Yreka Courthouse
- Tuolumne County - New Sonora Courthouse

The interim loans for the five projects will provide the Judicial Council will sufficient funding for a year of construction, at a total estimated value of \$140.7 million and will be repaid with funds generated from future bond sales. Once the bonds are sold for these projects and the construction is completed, the annual lease payments will be funded by the General Fund.

## **Fiscal Impact and Policy Implications**

The Judicial Council will begin the process of entering into all necessary contracts to begin construction on the five listed projects.

## **Attachments and Links**

N/A