



Judicial Council of California

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REPORT TO THE JUDICIAL COUNCIL

Item No.: 23-043

For business meeting on November 17, 2023

Title

Court Facilities: Lease-Revenue Bond
Issuance, Fall 2022 and Spring 2023

Agenda Item Type

Information Only

Date of Report

September 28, 2023

Submitted by

Judicial Council staff
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Director

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Executive Summary

The Acting Administrative Director presents this report on actions taken in connection with lease-revenue bonds issued by the State Public Works Board in fall 2022 and spring 2023, for the financing of court facilities projects as authorized and directed by the Judicial Council. No new lease-revenue bonds were issued on behalf of the Judicial Council during this time period. However, a refunding of existing bonds occurred for three capital-outlay projects, and interim loans were issued for nine capital-outlay projects in construction.

Relevant Previous Council Action

At its meeting on August 27, 2010, the Judicial Council (1) “[a]uthorized 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,”¹ and (3) directed that the Administrative Director report to the council at least once a year on actions taken under that authority.

¹ Judicial Council of Cal., mins. (Aug. 27, 2010), item 9, p. 14, 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 State Public Works Board (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 two potential fund sources, the General Fund or 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, bonds are sold to fund repayment of the interim loans.

New lease-revenue bonds

No new lease-revenue bonds were issued by the SPWB, on behalf of the Judicial Council, in fall 2022 and spring 2023.

Refunding of existing bonds

Refunding of existing bonds, on behalf of the Judicial Council, was approved by the SPWB in spring 2023 for the following three projects:

- Kings County—New Hanford Courthouse;
- Santa Clara County—Family Justice Center; and
- Sutter County—New Yuba City Courthouse.

This refunding generated savings of \$52.6 million as shown in Attachment A. The savings will accrue to the State Court Facilities Construction Fund.

Interim loans

Additionally, the project listed below was approved in spring 2023 to obtain a new interim General Fund loan to start construction:

- Lake County—New Lakeport Courthouse\$6,720,000

Furthermore, the eight projects listed below were approved in fall 2022 and spring 2023 to obtain a renewal of interim Pooled Money Investment Account or General Fund loans for additional funds to be used during construction:

- Glenn County—Renovation and Addition to Willows Courthouse\$4,580,000
- Imperial County—New El Centro Courthouse.....\$6,335,000
- Riverside County—New Indio Courthouse\$36,302,000
- Riverside County—New Mid-County Courthouse.....\$45,205,000
- Sacramento County—New Sacramento Courthouse\$171,650,000
- Shasta County—New Redding Courthouse.....\$5,906,000
- Sonoma County—New Santa Rosa Courthouse.....\$62,097,000
- Stanislaus County—New Modesto Courthouse.....\$122,220,000

Fiscal Impact and Policy Implications

None.

Attachments and Links

1. Attachment A: Summary of Refunding Results

SUMMARY OF REFUNDING RESULTS

State Public Works Board of the State of California
Judicial Council

Dated Date	04/20/2023
Delivery Date	04/20/2023
Arbitrage yield	2.425985%
Escrow yield	4.451027%
Value of Negative Arbitrage	-722,485.73
Bond Par Amount	270,495,000.00
True Interest Cost	2.747432%
Net Interest Cost	3.056969%
All-In TIC	2.770222%
Average Coupon	5.000000%
Average Life	8.583
Par amount of refunded bonds	315,435,000.00
Average coupon of refunded bonds	4.942049%
Average life of refunded bonds	8.729
PV of prior debt to 04/20/2023 @ 2.425985%	378,717,137.32
Net PV Savings	52,620,917.16
Percentage savings of refunded bonds	16.682016%
Percentage savings of refunding bonds	19.453564%