



JUDICIAL COUNCIL OF CALIFORNIA

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REPORT TO THE JUDICIAL COUNCIL

For business meeting on: November 14, 2019

Title

Court Facilities: Lease Revenue Bond
Issuance, Fall 2018 and Spring 2019

Agenda Item Type

Information Only

Date of Report

October 22, 2019

Submitted by

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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 2018 and spring 2019, 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 2018 and spring 2019. As reported previously in fall 2018, there are five projects for which interim loans were issued to start construction with 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 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,”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.

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 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, the five projects listed below were approved in fall 2018 to obtain interim General Fund loans to start construction:

- Imperial County – New El Centro Courthouse.....\$19,099,000
- Riverside County – New Indio Juvenile and Family Courthouse.....\$21,010,000
- Shasta County – New Redding Courthouse.....\$46,762,000
- Siskiyou County – New Yreka Courthouse\$30,206,000
- Tuolumne County – New Sonora Courthouse\$23,634,000

Fiscal Impact and Policy Implications

None.

Attachments and Links

None.