



JUDICIAL COUNCIL OF CALIFORNIA

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REPORT TO THE JUDICIAL COUNCIL

Item No.: 22-049

For business meeting on: December 2, 2022

Title

Court Facilities: Lease-Revenue Bond
Issuance, Fall 2021 and Spring 2022

Submitted by

Judicial Council staff
Martin Hoshino, Administrative Director

Agenda Item Type

Information Only

Date of Report

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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 in fall 2021 and spring 2022, for the financing of court facilities projects as authorized and directed by the Judicial Council. New lease-revenue bonds were issued for one capital outlay project, refunding of existing bonds occurred for three capital outlay projects, and interim loans were issued for five 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

New bonds were issued by the SPWB in fall 2021 to pay back the interim loans for the Siskiyou County–New Yreka Courthouse. A schedule showing the base rental payments for which bonds were issued is included as Attachment A.

Refunding of existing bonds

Refunding of existing bonds was approved by the SPWB in fall 2021 for the following three projects:

- Butte County—New North Butte County Courthouse;
- Solano County—Renovation to Old Solano Courthouse; and
- Yolo County—New Woodland Courthouse.

The refunding bond sale that occurred in the fall 2021 was a forward delivery sale, which means bonds were priced during that time but will close on a future date. The closing date for the fall 2021 bond sale was September 29, 2022. This refunding generated savings of \$32,136,530.64, as shown in Attachment B. The savings will accrue to the State Court Facilities Construction Fund.

Interim loans

Additionally, the two projects listed below were approved in fall 2021 to obtain new interim General Fund loans to start construction:

- Riverside County—New Indio Courthouse.....\$4,344,000
- Riverside County—New Mid-County Civil Courthouse.....\$30,739,000

Furthermore, the three projects listed below were approved in fall 2021 and spring 2022 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\$11,877,000
- Sacramento County—New Sacramento Courthouse\$185,217,000
- Shasta County—New Redding Courthouse.....\$13,992,000

Fiscal Impact and Policy Implications

None.

Attachments and Links

1. Attachment A: Schedule of Base Rental Payments
2. Attachment B: Summary of Refunding Results

SCHEDULE I

\$94,550,000

State Public Works Board of the State of California
Lease Revenue Bonds
2021 Series D
(Various Capital Projects)

SCHEDULE OF BASE RENTAL PAYMENTS

SISKIYOU – NEW YREKA COURTHOUSE

<i>Payment Date</i>	<i>Principal</i>	<i>Interest</i>	<i>Total Base Rental Payments</i>
04/15/2022		\$1,180,116.66	\$1,180,116.66
10/15/2022	\$1,285,000	1,295,250.00	2,580,250.00
04/15/2023		1,263,125.00	1,263,125.00
10/15/2023	1,345,000	1,263,125.00	2,608,125.00
04/15/2024		1,236,225.00	1,236,225.00
10/15/2024	1,400,000	1,236,225.00	2,636,225.00
04/15/2025		1,208,225.00	1,208,225.00
10/15/2025	1,455,000	1,208,225.00	2,663,225.00
04/15/2026		1,179,125.00	1,179,125.00
10/15/2026	1,515,000	1,179,125.00	2,694,125.00
04/15/2027		1,148,825.00	1,148,825.00
10/15/2027	1,585,000	1,148,825.00	2,733,825.00
04/15/2028		1,109,200.00	1,109,200.00
10/15/2028	1,670,000	1,109,200.00	2,779,200.00
04/15/2029		1,067,450.00	1,067,450.00
10/15/2029	1,755,000	1,067,450.00	2,822,450.00
04/15/2030		1,023,575.00	1,023,575.00
10/15/2030	1,845,000	1,023,575.00	2,868,575.00
04/15/2031		977,450.00	977,450.00
10/15/2031	1,930,000	977,450.00	2,907,450.00
04/15/2032		938,850.00	938,850.00
10/15/2032	2,015,000	938,850.00	2,953,850.00
04/15/2033		888,475.00	888,475.00
10/15/2033	2,120,000	888,475.00	3,008,475.00
04/15/2034		835,475.00	835,475.00
10/15/2034	2,220,000	835,475.00	3,055,475.00
04/15/2035		791,075.00	791,075.00
10/15/2035	2,310,000	791,075.00	3,101,075.00
04/15/2036		744,875.00	744,875.00
10/15/2036	2,405,000	744,875.00	3,149,875.00
04/15/2037		696,775.00	696,775.00
10/15/2037	2,500,000	696,775.00	3,196,775.00

04/15/2038		646,775.00	646,775.00
10/15/2038	2,605,000	646,775.00	3,251,775.00
04/15/2039		594,675.00	594,675.00
10/15/2039	2,710,000	594,675.00	3,304,675.00
04/15/2040		540,475.00	540,475.00
10/15/2040	2,820,000	540,475.00	3,360,475.00
04/15/2041		484,075.00	484,075.00
10/15/2041	2,935,000	484,075.00	3,419,075.00
04/15/2042		425,375.00	425,375.00
10/15/2042	3,070,000	425,375.00	3,495,375.00
04/15/2043		348,625.00	348,625.00
10/15/2043	3,230,000	348,625.00	3,578,625.00
04/15/2044		267,875.00	267,875.00
10/15/2044	3,395,000	267,875.00	3,662,875.00
04/15/2045		183,000.00	183,000.00
10/15/2045	3,570,000	183,000.00	3,753,000.00
04/15/2046		93,750.00	93,750.00
10/15/2046	3,750,000	93,750.00	3,843,750.00

SUMMARY OF REFUNDING RESULTS

**State Public Works Board of the State of California
- Judicial Council - New North Butte County Courthouse -
Lease Revenue Bonds, 2022 Series C (Various Capital Projects) (Forward Delivery)**

*** Verified Final, October 6, 2021 ***

** (Updated SLGS on August 29, 2022) **

Dated Date	09/29/2022
Delivery Date	09/29/2022
Arbitrage yield	1.835757%
Escrow yield	2.463651%
Value of Negative Arbitrage	(22,379.48)
Bond Par Amount	31,780,000.00
True Interest Cost	2.328720%
Net Interest Cost	2.623594%
Average Coupon	4.844084%
Average Life	8.760
Weighted Average Maturity	8.893
Par amount of refunded bonds	39,530,000.00
Average coupon of refunded bonds	4.993648%
Average life of refunded bonds	8.639
Remaining weighted average maturity of refunded bonds	8.639
PV of prior debt to 10/20/2021 @ 1.835757%	49,215,580.58
Net PV Savings	7,934,178.51
Percentage savings of refunded bonds	20.071284%
Percentage savings of refunding proceeds	20.857364%

SUMMARY OF REFUNDING RESULTS

State Public Works Board of the State of California
- Judicial Council - New Woodland Courthouse -
Lease Revenue Bonds, 2022 Series C (Various Capital Projects) (Forward Delivery)
*** Verified Final, October 6, 2021 ***
** (Updated SLGS on August 29, 2022) **

Dated Date	09/29/2022
Delivery Date	09/29/2022
Arbitrage yield	1.835757%
Escrow yield	2.463651%
Value of Negative Arbitrage	(57,930.23)
Bond Par Amount	82,260,000.00
True Interest Cost	2.328857%
Net Interest Cost	2.623763%
Average Coupon	4.844229%
Average Life	8.761
Weighted Average Maturity	8.894
Par amount of refunded bonds	102,325,000.00
Average coupon of refunded bonds	4.993837%
Average life of refunded bonds	8.639
Remaining weighted average maturity of refunded bonds	8.639
PV of prior debt to 10/20/2021 @ 1.835757%	127,398,052.09
Net PV Savings	20,538,174.45
Percentage savings of refunded bonds	20.071512%
Percentage savings of refunding proceeds	20.858212%

SUMMARY OF REFUNDING RESULTS

State Public Works Board of the State of California
- Judicial Council - Old Solano Courthouse -
Lease Revenue Bonds, 2022 Series C (Various Capital Projects) (Forward Delivery)
***** Verified Final, October 6, 2021 *****
**** (Updated SLGS on August 29, 2022) ****

Dated Date	09/29/2022
Delivery Date	09/29/2022
Arbitrage yield	1.835757%
Escrow yield	2.463651%
Value of Negative Arbitrage	(10,340.51)
Bond Par Amount	14,685,000.00
True Interest Cost	2.328731%
Net Interest Cost	2.623684%
Average Coupon	4.844808%
Average Life	8.758
Weighted Average Maturity	8.892
Par amount of refunded bonds	18,265,000.00
Average coupon of refunded bonds	4.993284%
Average life of refunded bonds	8.636
Remaining weighted average maturity of refunded bonds	8.636
PV of prior debt to 10/20/2021 @ 1.835757%	22,738,319.88
Net PV Savings	3,664,177.68
Percentage savings of refunded bonds	20.061197%
Percentage savings of refunding proceeds	20.845414%
Total Net PV Savings for Judicial Council Projects	32,136,530.64