



JUDICIAL COUNCIL OF CALIFORNIA

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REPORT TO THE JUDICIAL COUNCIL

Item No.: 21-056

For business meeting on November 19, 2021

Title

Court Facilities: Lease-Revenue Bond
Issuance, Fall 2020 and Spring 2021

Agenda Item Type

Information Only

Date of Report

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Submitted by

Judicial Council staff
Martin Hoshino, Administrative Director

Contact

Shima Mirzaei, 415-865-7956
shima.mirzaei@jud.ca.gov

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 2020 and spring 2021, 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 six capital outlay projects, and interim loans were issued for six 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 bonds were issued by the SPWB in spring 2021 to pay back the interim loans for the Tuolumne County—New Sonora Courthouse.

Refunding of existing bonds was approved by the SPWB in fall 2020 and spring 2021 for the following six projects:

- Calaveras County—New San Andreas Courthouse
- Madera County—New Madera Courthouse
- Riverside County—New Mid-County Courthouse
- San Benito County—New Hollister Courthouse
- San Bernardino County—New San Bernardino Courthouse
- Tulare County—New Porterville Courthouse

The refunding bond sales that occurred in the fall 2020 and spring 2021 were forward delivery sales, which means they were priced during that time but will close on a future date. The closing date for the fall 2020 bond sale was October 14, 2021 and the closing date for the spring 2021 bond sale will be in March 2022. This refunding is estimated to generate savings of \$87,356,000; this amount will be finalized after the sales are officially closed. The savings will accrue to the State Court Facilities Construction Fund.

Additionally, the two projects listed below were approved in fall 2020 and spring 2021 to obtain new interim General Fund loans to start construction.

- Sacramento County—New Sacramento Courthouse\$116,669,000
- Sonoma County—New Santa Rosa Courthouse.....\$55,462,000

Furthermore, the four projects listed below were approved in fall 2020 and spring 2021 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\$20,239,000
- Imperial County—New El Centro Courthouse.....\$29,096,000
- Shasta County—New Redding Courthouse\$92,755,000
- Siskiyou County—New Yreka Courthouse.....\$3,552,000

Fiscal Impact and Policy Implications

None.

Attachments and Links

None.