



LARRY MILLAR, Director
Public Works/Road/Transportation
County Engineer
BGC5
2019/92

707 Nevada Street, Suite 4
Susanville, CA 96130

☎ 530) 251-8288
FAX: (530) 251-2675

April 16, 2019

TO: Board of Supervisors

FROM: Department of Public Works

SUBJECT: Courthouse Annex – Equity Buy Out of Judicial Council of California

RECOMMENDATIONS:

- 1) That the Board approve entering into an *Equity Rights Purchase Agreement* with the Judicial Council of California; and
- 2) That the Board execute the supplementary *Revocable, Exclusive License for Real Property*.

DISCUSSION:

The *Trial Court Facilities Act of 2002* was legislated by the State to transfer the responsibility for funding and operating trial court facilities from the Counties to the Administrative Office of the Courts.

As a function of the Act, in June of 2007, the Board entered into a *Transfer Agreement* (attached) with the Judicial Council of California, Administrative Office of the Courts, for the transfer of responsibility for the Court facility known as the Lassen County Courthouse Annex (Annex).

A stipulation of the *Transfer Agreement* was that the Judicial Council had an equity interest in the space occupied by the Court in the Annex and an appraisal would be conducted to determine the property value of the occupied space. This value would then be due to the Judicial Council from the County. An appraisal (attached) dated April 2, 2016 was prepared, at the request of the Judicial Council, by Colliers International to determine the value. The value conclusion established in the appraisal for approximately 3,114 square feet of court occupied space was \$250,000. The *Transfer Agreement* divided the equity buy out amount into four (4), approximately equal, payments over a four year period.

This buyout process was expected to begin in July 2011 when the Court anticipated their move to the newly constructed Hall of Justice which was planned for March of 2012.

There was limited communication between the Judicial Council and the County from 2011 until June of 2018 when Judicial Council staff contacted the County to move the buyout process forward. Since June of 2018 the Judicial Council and County have been working to complete the buyout process.

In the intervening time the Judicial Council reorganized and the Administrative Office of the Courts was dissolved which was a party to the original *Transfer Agreement*. Due to the change, Judicial Council staff prepared and requested that two new documents, consisting of an *Equity Rights Purchase Agreement* (attached) and *Revocable, Exclusive License for Real Property* (attached) be executed and agreed to between the parties to facilitate the equity buyout.

The *Equity Rights Purchase Agreement* basically says that the County will pay to the Judicial Council an equity buyout amount, as appraised, of \$250,000 over a five (5) year period in equal payments.

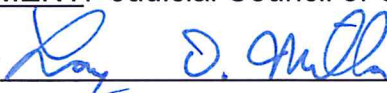
The *Revocable, Exclusive License for Real Property* basically allows the County to utilize the space previously occupied by the Court in the Annex.

ALTERNATIVE: Not Approve.

FINANCIAL IMPACT: The buyback will occur over a five (5) year period in the amount of \$50,000 per year for a total of \$250,000. Funding is available in Fund 119 Accumulated Capital Outlay for the first payment.

OTHER AGENCY INVOLVEMENT: Judicial Council of California

DEPARTMENT APPROVAL:



REVIEWED FOR AGENDA:

