





































## UGAREF CENTRAL PRECINCT, LLC

## Notes to Financial Statements

June 30, 2019 and 2018

**Note 6 – Long-Term Debt (Continued)**

A summary of total interest cost for the years ended June 30, 2019 and 2018, is as follows:

	<u>2019</u>	<u>2018</u>
Interest Expense	\$ 2,065,342	\$ 2,137,833
Premium Amortization	(541,359)	(564,154)
Deferred Loss Amortization	339,174	339,174
Fees	16,752	19,805
Total Interest Cost	<u>\$ 1,879,909</u>	<u>\$ 1,932,658</u>

**Note 7 – Related Party Transactions**

During the years ended June 30, 2019 and 2018, the Central Precinct Entity leased the Central Precinct Entity's facilities to the Board of Regents for monthly lease payments of \$352,896 and \$354,004, respectively, which includes a monthly repair and replacement component of \$9,307 and \$9,037, respectively. During the years ended June 30, 2019 and 2018, capital lease interest income of \$2,274,147 and \$2,352,891, respectively, capital lease principal of \$1,848,918 and \$1,396,974, respectively, and rental income of \$111,688 and \$108,435, respectively, were reported. The lease agreement with the Board of Regents is the sole source of revenue for the Central Precinct Entity, which constitutes a concentration of credit risk, and is renewable on an annual basis after inception for a period of 29 years with de-escalating rents.

The lease agreement provides that certain amounts paid by the Central Precinct Entity be reimbursed by the Board of Regents. During the years ended June 30, 2019 and 2018, these amounts were \$101,813 and \$52,909, respectively.

The Central Precinct Entity also leases the use of land from the Board of Regents where it has constructed property on Board of Regents' land. This ground lease is for a period of up to 3 years during construction and continues for 30 years after construction is complete for a base rental of \$10 per year. Under the ground lease, the ownership of any building or structure constructed on the land passes to the Board of Regents at the end of the ground lease.

The Central Precinct Entity signed an agreement with the Real Estate Foundation to pay for management services of \$3,000 per month for the parking deck and \$6,000 per month for the student center expansion, with periods to coincide with the lease terms of each facility. This agreement can be terminated by either party upon a 30 day written notice. During each of the years ended June 30, 2019 and 2018, the Central Precinct Entity paid \$108,000 to the Real Estate Foundation for services related to this agreement.

During the year ended June 30, 2019, the Central Precinct Entity paid \$6,238 to the University for repair projects on the parking deck.