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Date: 6/26/2014 6:57:06 PM

Subject: SCSU Final Loan Installment

Attachments: Copy of SCBCB Cash Flow 23 Jun (3).xlsx
Utility Bills - May 2014.pdf
Ontario Invoices.pdf
Sodexo Invoices.pdf
Unico Invoices.pdf
Utility Bills - June 2014.pdf
June 26 Invoice Approval.docx

SCSU has presented a cash flow plan dated June 23, 2014 requesting loan funds to cover shortages in debt service and to pay outstanding vendor invoices. The loan agreement requires that loan funds shall be used to cover expenses in the following order: debt service and other secured obligations, payroll and other critical expenses, other accounts payable.

Brenda has been working with Jim Openshaw to determine the accuracy of the University's projections so that an installment payment can be made. A spreadsheet showing the University's estimates at June 23, 2014 and the actual revenues and expenses as of today is attached. Please note that we begin with a cash balance on hand in the bank at June 23, 2014 as confirmed by SCSU officials.

Brenda has asked for confirmation of the actual revenues but has not received copies of deposits yet. She does feel that the revenues reflected in the "actual" column will be in the bank before the end of the fiscal year. Whereas SCSU may receive anticipated revenues for auxiliary services, athletics, and other, those monies will not be received and available for use by June 30, 2014. Brenda has been able to confirm the expenses for payroll and debt service (including bond covenants). Procurement Services has validated the amounts owed for utilities, for the state term contract for Ontario, for Sodexo, and for Unico/DTZ.

When analyzing the estimated revenues and expenses compared to the revenues and expenses that are realistically expected, it appears that the University needs \$602,993 to meet June 30 payroll and debt services. Also, another \$519,861 is needed to cover utilities provided from mid-April to mid-June. Therefore, the total amount needed to cover debt service, payroll, and other critical expenses for June 30 is \$1,122,854. When added with the \$846,903 transferred to SCSU in May, the University will have used \$1,969,757 of the \$5.5 million available loan proceeds to cover payroll and debt service, leaving \$3,530,243 available for vendor payments.

As I have mentioned before, Procurement Services has been contacted by Ontario Investments concerning outstanding invoices owed by SCSU. The company has indicated that the state's ability to use the contract will be

impacted unless they receive payment for \$264,151 in outstanding SCSU payables. Therefore, I recommend that part of the loan proceeds be used to pay Ontario. The University has expressed concerns about payments that need to be made to their food service vendor, Sodexo, and their facilities vendor, Unico/DTZ. I recommend using the remaining loan proceeds of \$3,266,092 to pay those vendors for invoices related directly to student meal plans and for invoices related directly to maintenance of dorms and academic buildings on campus. Procurement Services has reviewed each invoice to verify that the services rendered relate directly to activities provided to students. Summaries of invoices as well as copies of the invoices are attached for your information. Please note that the funds will not cover all of the expenses owed by the school to those vendors. SCSU will need to develop a plan for paying those vendors, as well as other vendors, remaining amounts owed.

The loan agreement between the Board and SCSU requires that loan funds be released no later than June 30, 2014. As such, I would like to release the final installment payment of \$4,653,097 tomorrow. The University will be able to access the funds by Monday. I am preparing a letter to President Elzey outlining the use of the installment funds to include payments for specific invoices and asking him to agree to those payments prior to releasing the funds. Also, Procurement Services will be asking for confirmation of payment from the University and will contact the vendors and also ask for confirmation from each vendor by invoice number.

I appreciate all of your support and assistance as we have released loan funds. Please let me know if you have any concerns.

Thanks,
Marcia



Marcia S. Adams

Executive Director | SC Budget & Control Board

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