



South Carolina
Department of Transportation

Christy A. Hall, P.E.
Acting Secretary of Transportation
(803) 737-1312 Fax (803) 737-2038

September 21, 2015

Mr. Ronald V. Hoffman
Mr. Donnie Hoffman
Hoffman Electric Inc.
2950 Redmond Mill Road
North, SC 29112

Dear Messrs. Hoffman:

This will confirm the meeting held on September 11, 2015 with you, Chief Engineer for Project Delivery Leland Colvin, Chief Counsel McDonald and myself concerning your continuing claims that Hoffman Electric, Inc. has not been properly paid for work performed on several completed projects.

We cannot accept your invoice for \$3,521,480.18 as it is our opinion that it is not a valid invoice nor have you presented anything that would justify payment. It is my understanding that this payment dispute has been going on for many years. In an effort to put this matter to rest, SCDOT proposes to you that the parties obtain a mutually agreeable third-party mediator to hear this matter and make a determination. Our proposal is that the parties would share the expense of the mediator and agree to be bound by the mediator's decision. Accordingly, SCDOT would rescind the waiver of certain items that are due to the agency and request that the mediator consider those in their deliberations. If you are agreeable to this proposal, please sign at the foot of this letter and return it to me. This offer is valid until November 11, 2015.

Sincerely,

Christy A. Hall, P.E.
Acting Secretary of Transportation

cc: Chief Counsel, Linda McDonald
Chief Engineer, Leland Colvin

We concur with the binding, mutually agreeable mediator proposal by SCDOT. We further agree to split the cost of the mediation and agree that Hoffman Electric, Inc. will abide by the mediator's determination, therefore resolving this dispute.

Will Not agree at this
time.

Hoffman Electric, Inc.

Date



HOFFMAN ELECTRIC, INC.

2950 REDMOND MILL RD., NORTH, SC 29112

Ronnie (803)707-5941 Donnie (803)7075944

October 21, 2015

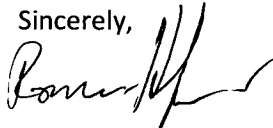
Dear Christy A. Hall

We have received your letter dated September 21, 2015 regarding a potential mediation of our claims for non-payment. Your letter proposes that SCDOT would rescind the waiver of "certain items that are due to the agency" and request that the mediator consider those items in deliberations. You do not identify which items, the basis for rescinding such items, nor the amounts of these items. While we are interested in resolving our claims with SCDOT, we cannot agree to the terms set forth in your letter without further clarification. Please identify each of the "certain items" mentioned in your letter, including the dates, amounts, and descriptions. Please also provide the basis for rescinding your waiver of these "certain items."

Leland Colvin stated that he would provide us with the costs of previous mediators. As of today, we have still not been provided this information nor do we have any estimates on the mediation costs. On two previous occasions, Hoffman Electric requested arbitration which SCDOT refused—in August 2006 and September 2008. It is concerning to us that SCDOT now wants to mediate but also wants to rescind the waiver of "certain items". In the September 11, 2015 meeting, SCDOT referred to arbitration. Please clarify whether the use of the term mediation in your letter is the same as arbitration.

We look forward to your response to clarify the issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Ronnie Hoffman", with a stylized flourish at the end.

Ronnie Hoffman

Cc. Governor Nikki Haley

Chairman Phyllis J. Henderson