



THE HONORABLE CURTIS M. LOFTIS, JR.
State Treasurer

August 24, 2011

Secretary Robert J. St. Onge, Jr.
South Carolina Department of Transportation
955 Park Street
Columbia, South Carolina 29201

Dear Secretary St. Onge:

I am writing to again ask you for information that your agency has yet to provide in a timely and thorough manner regarding past due contractor payments. As a member of the State's Budget and Control Board which oversees the financial health of the State this is of grave concern to me.

The State Treasurer's Office has made repeated written requests for information and has yet to receive an official response from SCDOT. I asked for information regarding the late payments that we have been going round-and-round about in recent weeks. I, along with the public, was told by you and your staff that SCDOT was approximately \$1.2 million behind in payments over 30 days. The informal information your staff provided paints a much darker picture of the overdue payments and fiscal mismanagement by SCDOT. In fact, the information shows that as of August 15th, SCDOT was \$33.3 million behind in payments over 30 days. This is unacceptable, particularly given the fact that SCDOT determines when a bill begins the 30-day process.

I understand that instead of allowing the state to solve this problem for itself, SCDOT was instructed to seek a bailout from Washington; specifically the Federal Department of Transportation. The bailout, as I understand it, consists of a \$52 million advance payment. I would like in writing the details of the arrangement with the Federal DOT and a thorough review of any conditions or "strings" that may be attached to the agreement. Additionally, since SCDOT will be receiving the \$52 million advance payment in one lump sum rather than monthly payments, what are the agency's plans for covering that future shortfall?

Road and bridge construction and maintenance are core functions of government. Economic development, job creation and economic growth cannot happen without proper infrastructure. It is vital to this State that SCDOT get its financial house in order to be able to accurately and reliably forecast cash flow within the current economic environment and the 3 to 5 year forecast conditions. I ask that you provide in writing your plans to do just that.

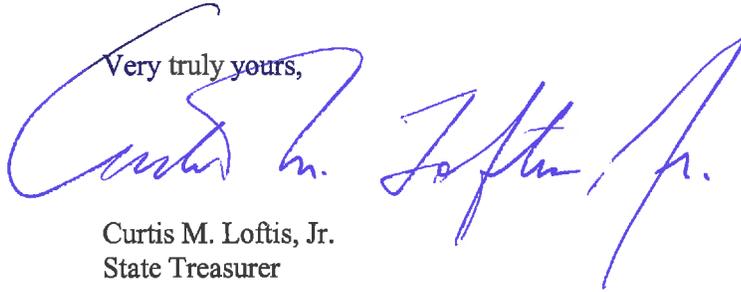
Too often the business of government at every level is done behind closed doors or in a way that precludes public involvement, understanding and oversight. The people elected me to ensure that their business was done in a publically transparent and accountable way. I intend to do everything I can to assure that is exactly what happens.

Secretary St. Onge
August 24, 2011
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I look forward to very soon receiving your thoughtful and detailed official response to this letter as well as the other official correspondences that previously were sent to your office.

Thank you for your prompt attention to this matter.

Very truly yours,

A handwritten signature in blue ink, reading "Curtis M. Loftis, Jr.", written in a cursive style.

Curtis M. Loftis, Jr.
State Treasurer

Enclosures



THE HONORABLE CURTIS M. LOFTIS, JR.
State Treasurer

August 8, 2011

Secretary Robert J. St. Onge, Jr.
South Carolina Department of Transportation
955 Park Street
Columbia, South Carolina 29201

Dear Secretary St. Onge:

Thank you for the telephone update earlier today, as well as the briefing you gave me last week. As we discussed, as State Treasurer I have received numerous calls, notes, messages and other correspondence describing delinquencies of the Department of Transportation in meeting its contractual obligations, including more recently those owed to the State Transportation Infrastructure Bank. I appreciate the assurance you have given me that these deficiencies are in the process of being promptly addressed and rectified.

Notwithstanding, given the uncertainty that is developing with regard to sufficiency over the short term of the Department's cash flow necessary to meet all of its obligations in a timely manner, I seek your further assurance that the plans you are developing include first among your priorities and considerations the debt service that will become due on the State's general obligation highway bonds, which are secured solely by highway tax revenues. While the Department met its debt service obligation of \$9.3 million on August 1, we note that more than \$46 million in additional debt service payments will be due in this fiscal year, the most significant of which will occur in December, 2011 at \$6.4 million, and in February, April and June, 2012 at \$2.1 million, \$17.5 million and \$18.9 million, respectively.

Whenever your plans are finalized, I would greatly appreciate receiving from you cash flow forecasts incorporating for the remainder of this fiscal year projections of the Department's debt service, loan obligations, contractual payments and other expenses, integrated with anticipated revenue collections. These forecasts and assumptions will assist me in addressing questions that may arise from bond raters, investors and other parties with vested interests in the resolution of the financial challenges presently confronting the Department of Transportation.

As committed previously, we remain at your service in the event our assistance would be helpful.

Very truly yours,

A handwritten signature in cursive script that reads "Curtis M. Loftis, Jr.".

Curtis M. Loftis, Jr.
State Treasurer



THE HONORABLE CURTIS M. LOFTIS, JR.
State Treasurer

August 11, 2011

Mr. Robert J. St. Onge, Jr., Secretary
Department of Transportation
955 Park Street
Columbia, S.C. 29201

Dear Mr. Secretary:

As follow-up to Governor Haley's suggestion made Tuesday at the Budget & Control meeting, I would like to receive as soon as possible detailed monthly analysis since January 2010 and projections for the current fiscal year of the Department of Transportation's payables, including particularly information regarding missed and delayed payments, along with a cash flow analysis that matches these payables to the actual and projected revenues. Please also identify the total amount of payments that have been missed or delayed by month and by type (contractors, supplies, debt, etc.) over this time period and the age of those delinquencies by 30 days, 45 days, 60 days, 90 days and more than 90 days.

I would like to receive this information quickly and do not need any special format or presentation if that would cause a delay in receiving this information.

Please do not hesitate to contact me or Bill Leidinger if you have any questions or concerns about my request.

Yours very truly,

A large, handwritten signature in black ink that reads "Curtis M. Loftis, Jr." with a stylized flourish at the end.

Curtis M. Loftis, Jr.
State Treasurer

CMLjr/afw