



Corporate Trust Services  
 60 Livingston Avenue, EP-MN-WS1D  
 St. Paul, MN 55107

Notice #32

**BONDHOLDER UPDATE AND NOTICE OF BANKRUPTCY FILING**

**Re: Connector 2000 Association, Inc. Toll Road Revenue Bonds  
 (Southern Connector Project, Greenville, South Carolina),  
 Series 1998A and Series 1998B**

**CUSIP Prefix 20786L**

U.S. Bank National Association is the trustee (the “Trustee”) for the holders of the Connector 2000 Association, Inc. Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 1998A and Series 1998B (the “Bonds”), which were issued under the Master Indenture of Trust dated as of February 1, 1998, as heretofore amended and supplemented (the “Indenture”) between Connector 2000 Association, Inc. (the “Association”) and the Trustee. Holders and beneficial owners of the Bonds are referred to herein as the “Bondholders.”

Also outstanding under the Indenture are the Series 1998C bonds (the “Subordinate Bonds”). Note that HSBC Bank USA, N.A. acts as the trustee for the holders of Subordinate Bonds (the “Subordinate Bonds Trustee”). Holders and beneficial owners of the Subordinate Bonds (“Subordinate Bondholders”) may direct correspondence to the Subordinate Bonds Trustee at the following address: Sandra E. Horwitz, Vice President/HSBC Bank USA, National Association, 10 East 40th Street, New York, NY 10016, Phone: 212-525-1111, Fax: 212-525-1300, Email: [sandra.e.horwitz@us.hsbc.com](mailto:sandra.e.horwitz@us.hsbc.com).

Capitalized terms used in this notice and not defined herein have the meaning ascribed to such terms in the Indenture.

**I. Background**

**A. Overview of Revenue Shortfall and Defaults.** As advised in the Trustee’s previous notices, the Indenture provides for the Bonds to be repaid from the revenues generated from the operation of the Greenville Southern Connector toll road (the “Connector”), which the Association operates under a license agreement (the “License Agreement”) with the South Carolina Department of Transportation (“SCDOT”). The revenues from the Connector have been (i) less than originally forecast and (ii) insufficient to pay the scheduled debt service on the Bonds.

Available funds were not sufficient to make the debt service payments due on the Bonds or the Subordinate Bonds on January 1, 2010. Therefore, such debt service was not paid, resulting in payment defaults on the bonds for which debt service was due on such date. As set forth in prior notices, revenue and other covenant defaults exist under the Indenture, and SCDOT

has asserted an insolvency default against the Association under the License Agreement. The Trustee directs your attention to the detailed background and historical information (i) set forth in our earlier notices, and (ii) located at the Association website at [www.southernconnector.com](http://www.southernconnector.com) under News and Filings, Official Filings. In our last notice, we informed you that the discussions among the Association, the SCDOT, certain bondholders holding a significant principal amount of Bonds, the Subordinate Bonds Trustee, and their respective advisors had not resulted in that group reaching a consensus on a potential restructuring plan of the Association's indebtedness, as the SCDOT was unwilling to agree to the negotiated proposal. As a result, the Association filed its petition for protection under Chapter 9 of Title 11 of the United States Code, 11 U.S.C. § 101 et seq. (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of South Carolina (the "Bankruptcy Court"). The bankruptcy is pending (the "Bankruptcy Proceeding") as Case Number 10-04467 and has been assigned to Judge David Duncan. Chapter 9 is the part of the Bankruptcy Code that applies to the adjustment of debts of a municipality, which includes a public agency, authority, or instrumentality of a state.

## II. Update.

In our last notice, we had indicated that we would provide you with periodic updates. There are two items that we wanted to bring to your immediate attention. The first relates to the filing of the proof of claim. Note that as part of the Bankruptcy Proceeding, each creditor is required to file a document called a proof of claim describing the claim of the creditors. The deadline to do so in this Bankruptcy Proceeding is September 22, 2010.

First, the Trustee currently is planning to file a proof of claim on behalf of the holders of the Bonds (but this does not apply to the holders of the Subordinate Bonds who may want to consider contacting the Subordinate Bonds Trustee to coordinate the filing of their own proof of claim as to the Subordinate Bonds). In the event that you would like to file a proof of claim for yourself rather than have your Bond included as part of the claim the Trustee will file, you may do so. In terms of the proof of claim we will file with respect to the Bonds, the claim will be for the principal amount of the Bonds plus interest that has accrued (in the case of Current Interest Bonds) or accreted (in the case of Capital Appreciation Bonds) to June 24, 2010, which was the date the Association filed its petition for protection in the Bankruptcy Court.

Secondly, as noted above, the Association filed for protection under Chapter 9 of the Bankruptcy Code. The Bankruptcy Court authorized persons to file objections with the Bankruptcy Court to the Association's decision to have filed for bankruptcy protection under Chapter 9 (as opposed to Chapter 11 or another Chapter of the Bankruptcy Code). The deadline for filing objections, as stated in our last notice, was by July 30, 2010. The SCDOT has elected to object to the Association's decision to file for protection under Chapter 9 and is seeking to have the Association's petition to seek bankruptcy protection dismissed. Our counsel has advised us that there are reasons that are beneficial for the Bankruptcy Proceeding under Chapter 9 to remain in place, and we will be supporting the Association's position and opposing the SCDOT's motion. The hearing on this issue is scheduled to begin on December 6, 2010.

### III. Further Communications and Review with Counsel.

It is too early to predict the outcome of the Bankruptcy Proceeding or the ultimate treatment of the Bonds in or resulting from the Bankruptcy Proceeding. We anticipate communicating with the Bondholders with additional periodic updates regarding the Bankruptcy Proceeding. The Bondholders are also directed to other potential sources of information, including the Association's website [www.southernconnector.com](http://www.southernconnector.com) and the Bankruptcy Court's PACER public document system (fee based; PACER subscription required) found at <https://ecf.scb.uscourts.gov/cgi-bin/login.pl> or accessible with instructions through the Bankruptcy Court's website at [www.scb.uscourts.gov](http://www.scb.uscourts.gov). Bondholders are encouraged to contact the Trustee with any comments or questions about any of the foregoing. Bondholders are strongly encouraged to review thoroughly all matters relating to the Bonds and to discuss those matters with your own legal counsel and/or financial advisor. The Trustee requests that, if any holder of Bonds is going to file any pleadings in the bankruptcy proceeding that the holder first contact the Trustee to discuss the proposed filing.

**ALSO, IF YOU HAVE NOT PREVIOUSLY COMPLETED A CERTIFICATE OF BENEFICIAL INTEREST, PLEASE COMPLETE AND RETURN THE ATTACHED FORM TO THE TRUSTEE AS SOON AS POSSIBLE, SO THAT THE TRUSTEE CAN COMMUNICATE WITH YOU EFFECTIVELY AND EXPEDITIOUSLY ON YOUR RIGHTS RELATED TO THE CONNECTOR AND THE BONDS. THIS IS ESPECIALLY IMPORTANT GIVEN THE ASSOCIATION'S BANKRUPTCY FILING.**

### IV. Additional Information.

The Trustee may invest funds held under the Indenture in a mutual fund for which either (a) the Trustee receives a service fee from the fund or fund service provider, or (b) investment or advisory services are provided by the Trustee or an affiliate of the Trustee. As such, the Trustee and its affiliates may receive compensation for the investment advisory, custodial, distribution and other services provided. A prospectus that explains the services and costs, including the rate, formula and method of calculating such compensation, is available by contacting U.S. Bank at (800) 934-6802, option #4, or at the following web address: [www.usbank.com/corp\\_trust/bondholder\\_contact.html](http://www.usbank.com/corp_trust/bondholder_contact.html).

Holders should not rely on the Trustee as their sole source of information. We encourage Bondholders to keep themselves informed from other sources of available information. The Trustee may conclude that a specific response to particular inquiries from individual holders is not consistent with equal and full dissemination of information to all holders. The Trustee makes no recommendations and gives no investment advice.

Please direct any questions or comments in writing to Susan Jacobsen, U.S. Bank National Association, Corporate Trust Services, 60 Livingston Avenue, EP-MN-WS1D, St. Paul, Minnesota 55107, phone number (651) 495-3954, fax number (651) 495-8100, or by e-mail to [susan.jacobsen2@usbank.com](mailto:susan.jacobsen2@usbank.com).

**U. S. Bank National Association, as Indenture Trustee August 12, 2010**

**CERTIFICATION OF BENEFICIAL OWNERSHIP**

TO: **U.S. Bank National Association, as Trustee**

RE: **Connector 2000 Association, Inc.  
Toll Road Revenue Bonds (Southern Connector Project) Series 1998A and B**

The undersigned hereby certifies that the undersigned is a representative of the beneficial holder of the above referenced securities and represents the following information to be true and correct. The undersigned further agrees to indemnify and hold harmless the Trustee from and against any and all damages, losses, cost and expenses of the Trustee (including without limitation, legal fees and expenses) arising from reliance upon information provided by the beneficial holder and from disclosure by the Trustee to the beneficial holder of any related information and documents.

**1. Beneficial Holder Information:** *(Please print or type information)*

Name of beneficial holder: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Email Address: \_\_\_\_\_

Telephone (area code): ( \_\_\_\_\_ ) \_\_\_\_\_

Fax (area code): ( \_\_\_\_\_ ) \_\_\_\_\_

Name of Representative: \_\_\_\_\_

*(if different)*

**Representative Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**2. Security Registration Information:** *(Please print or type information)*

Registered name on Certificates (or custodian, broker nominee or DTC participant name)

Face amount held \$ : \_\_\_\_\_ \*\*

Cert. # or DTC Participant #'(s): \_\_\_\_\_ Cusip Num.(s): \_\_\_\_\_

Registered holder contact person: \_\_\_\_\_

Telephone (area code): ( \_\_\_\_\_ ) \_\_\_\_\_

\*\*\*If you hold separate CUSIPs, please attach a separate sheet(s) specifying a breakdown of the above information by CUSIP and dollar amount held.

**3. Please note whether you agree to allow the Trustee to disclose your information to the Association if the Association requests that information.**

Yes  No (Check one)

**4. Completed form may be faxed or emailed to ....**

U.S. Bank National Association  
Attn: Susan Jacobsen  
Fax number: (651) 495-8100  
Telephone number: (651) 495-3954  
[susan.jacobsen2@usbank.com](mailto:susan.jacobsen2@usbank.com)

**with original mailed to....**

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St. Paul, MN 55107  
Attn: Susan Jacobsen