



Southern Connector



IN SEPTEMBER 2009, MACQUARIE WAS RETAINED BY COUNSEL TO THE SENIOR BOND TRUSTEE OF THE SOUTHERN CONNECTOR TOLL ROAD TO FACILITATE A GLOBAL RESTRUCTURING OF THE EXISTING BONDS. MACQUARIE NEGOTIATED A PLAN, WHICH WILL BE IMPLEMENTED THROUGH A CHAPTER 9 BANKRUPTCY

DEAL OVERVIEW

- The Southern Connector is a 16-mile toll road in Greenville County, South Carolina operated by the Connector 2000 Association, Inc. (the “Association”), a non-profit entity formed by the South Carolina Department of Transportation
- The project was financed with just over \$200 million in municipal revenue bonds and was completed in July 2001
- Traffic began to fall short of over-optimistic projections, and it became clear that the road’s bond obligations would not be serviceable from toll revenues
- In September 2009, Macquarie was retained by counsel to the Senior Bond Trustee to negotiate and implement a global restructuring of the existing bonds
- After a restricted group of bondholders was organized by the Trustee, Macquarie began discussions with key constituents:
 - South Carolina Legislature, South Carolina Department of Transportation, The Connector 2000 Association, Senior Trustee and Bondholders and Subordinate Trustee
- On January 1, 2010, the Association defaulted on payments of principal and interest
- Macquarie negotiated a restructuring plan and obtained preliminary approval from all stakeholders
- On June 24, 2010, the Association filed for Chapter 9 bankruptcy protection and included a plan term sheet in its court filings
- A Plan of Reorganization was filed, and the Disclosure Statement was approved on January 19, 2011
- A Confirmation Hearing has been set for March 23, 2011

KEY CONSIDERATIONS

- Macquarie identified the differing objectives of stakeholders, and negotiated a deal that was acceptable to all parties and maximized bondholder value
- Navigated complex bureaucratic issues and challenging political landscape in South Carolina, especially during a worldwide recession where any government assistance was perceived as a “bailout”
- Leveraged Macquarie’s deep infrastructure expertise to design a customized and innovative debt structure funded by toll revenues over the next 40 years