

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF SOUTH CAROLINA**

Case 10-04467-dd

**ORDER (I) SCHEDULING HEARING ON CONFIRMATION OF THE FIRST  
AMENDED PLAN FOR ADJUSTMENT OF DEBTS; (II) APPROVING SOLICITATION  
PROCEDURES; (III) ESTABLISHING DEADLINES; AND  
(IV) APPROVING FORM AND MANNER OF  
NOTICE OF THE CONFIRMATION HEARING**

The relief set forth on the following pages, for a total of 14 pages including this page, is hereby ORDERED.

**FILED BY THE COURT  
01/21/2011**



Entered: 01/21/2011

A handwritten signature in black ink, appearing to read "D.R. Duncan", written over a horizontal line.

David R. Duncan  
US Bankruptcy Judge  
District of South Carolina

**IN THE UNITED STATES BANKRUPTCY COURT  
DISTRICT OF SOUTH CAROLINA**

In re:

Connector 2000 Association, Inc.,

Debtor.

Case No. 10-04467-dd  
Chapter 9

**ORDER (I) SCHEDULING HEARING ON CONFIRMATION OF THE FIRST  
AMENDED PLAN FOR ADJUSTMENT OF DEBTS; (II) APPROVING SOLICITATION  
PROCEDURES; (III) ESTABLISHING DEADLINES; AND  
(IV) APPROVING FORM AND MANNER OF  
NOTICE OF THE CONFIRMATION HEARING**

This matter came before the United States Bankruptcy Court for the District of South Carolina (the "Court") on the Motion ("Motion") [Dkt. No. 89] of Connector 2000 Association, Inc. ("Debtor"), for entry of an order: (i) scheduling a hearing on confirmation of the Debtor's First Amended Plan for Adjustment of Debts as amended on January 17, 2011 [Dkt. No. 110] ("First Amended Plan"), (ii) approving solicitation procedures; (iii) establishing a deadline for parties to file ballots and objections to confirmation of the Debtor's First Amended Plan; and (iv) approving the form and manner of notice of the confirmation hearing on the First Amended Plan. Upon consideration of the Motion, this Court finds the notice of the Motion is reasonable and appropriate under the circumstances and that no other or further notice is required; that the only objection received on the Motion has been withdrawn [Dkt. No. 111]; and the Court hereby determines that the relief requested in the Motion is appropriate and in the best interests of the parties in interest in this case.

**IT IS HEREBY FOUND AND DETERMINED THAT:**

- A. This Court has jurisdiction to hear and determine the Motion pursuant to 28 U.S.C. §§ 157 and 1334.

- B. Determination of the Motion is a core proceeding under 28 U.S.C. § 157(b).
- C. A reasonable opportunity to object or be heard regarding the relief requested in the Motion has been afforded to all interested persons and entities.
- D. The Ballots<sup>1</sup> and Master Ballots (and corresponding instructions), copies of which are attached hereto as Exhibits A through G, are sufficiently consistent with Official Form No. 14 and adequately address the particular needs of this Chapter 9 case and are appropriate for each class of claims entitled under the First Amended Plan to vote to accept or reject the First Amended Plan.
- E. The period, set forth below, during which the Debtor may solicit acceptances to the First Amended Plan is a reasonable period of time for creditors to make an informed decision to accept or reject the First Amended Plan.
- F. The procedures for the solicitation and tabulation of votes to accept or reject the First Amended Plan provide for a fair and equitable voting process and are consistent with section 1126 of the Bankruptcy Code<sup>2</sup> as made applicable by section 901(a).
- G. The procedures regarding the Confirmation Hearing Notice and the contents of the Solicitation Package comply with the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, including specifically Bankruptcy Rules 2002 and 3017, and constitute sufficient notice to all interested parties.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED

THAT:

1. The Motion is approved.
2. January 5, 2011, shall be the record date ("Record Date") for purposes of determining which creditors are entitled to vote on the First Amended Plan. For purposes of voting entitlement, the assignee of a transferred and assigned claim (whether a timely-filed or

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<sup>1</sup> Capitalized terms used but not otherwise defined in the text of this Order are intended to have the meanings assigned thereto in the Motion.

<sup>2</sup> Further references to the Bankruptcy Code (11 U.S.C. §§ 101 et seq.) may be by section number only.

scheduled claim) shall be permitted to vote such claim only if the transfer and assignment have been properly noted on the Court's docket as of the close of business on the Record Date.

3. With respect to creditors in Class 1 and Class 2 of the First Amended Plan, only the beneficial owners of the Bonds (collectively, the "Beneficial Holders"), will be asked to vote to accept or reject the First Amended Plan through the Voting Nominee, which will record the votes of the Beneficial Holders on a Master Ballot.

4. Administrative Expense Claims (as defined in the Debtor's First Amended Plan) and Class 3 Claims (Bond Trustee Claims) are unimpaired and deemed to accept the First Amended Plan.

5. With respect to creditors holding Administrative Expense Claims and Class 3 Claims under the First Amended Plan (which are not entitled to vote as set forth above) (collectively, the "Non-Voting Creditors"), the Debtor shall send only the following documents (the "Non-Voting Documents"): (i) a notice entitled Notice of Non-Voting Unimpaired Status, substantially in the form attached to the Solicitation Procedures Order as Exhibit H ("Notice of Non-Voting Status"); and (ii) the Confirmation Hearing Notice (as defined below). The Notice of Non-Voting Status informs the Non-Voting Creditors, among other things, of how to obtain copies of the First Amended Plan, First Amended Disclosure Statement as amended on January 17, 2011 [Dkt. No. 108] ("First Amended Disclosure Statement"), and other solicitation materials. This procedure will conserve the resources of the Debtor and will avoid confusion. Accordingly, Debtor does not have to mail copies of the First Amended Plan and First Amended Disclosure Statement (or any other elements of the Solicitation Package) to the Non-Voting Creditors.

6. Only Classes 1, 2, 4, 5, and 6 are entitled to vote on the First Amended Plan.

7. After entry of the order approving the First Amended Disclosure Statement and at least thirty (30) days prior to the Confirmation Hearing, the following materials shall be distributed to those parties entitled to vote on the First Amended Plan (the "Solicitation Package"):

- (a) the First Amended Disclosure Statement and all attachments [Dkt. No. 108];
- (b) the Order Approving Disclosure Statement [Dkt No. 112];
- (c) the First Amended Plan and all attachments [Dkt. No. 110];
- (d) the appropriate Ballot(s) and Master Ballots, as applicable, and voting instructions;
- (e) the Confirmation Hearing Notice;
- (f) any supplemental solicitation materials the Debtor may file with the Court, as approved;
- (g) this Solicitation Procedures Order;
- (h) a brief letter summarizing the treatment of claims of bondholders in Class 1 and Class 2 and recommending a vote in favor of the Plan; and
- (i) a brief cover letter describing the contents of the Solicitation Package (the "Cover Letter") substantially in the form of Exhibit I attached to the Solicitation Procedures Order.

The Debtor is authorized (but not directed) to send Items (a) and (c) above in electronic format on a CD-ROM with the cover letter (Item (i)) stating that a paper version of such documents will be provided upon request of a creditor to the Solicitation Agent and that the Voting Nominee sending the Solicitation Package shall be authorized and directed to distribute the Solicitation Package in the form received from the Debtor. The Solicitation Package (without ballots or master ballots) will also be posted on the Debtor's website at [www.southernconnector.com](http://www.southernconnector.com).

8. The Solicitation Package shall be mailed, after the Court has approved the contents of the First Amended Disclosure Statement as containing adequate information as

required by section 1125 of the Bankruptcy Code, as made applicable by section 901(a), to the following persons:

- (a) DTC and Voting Nominees;
- (b) with respect to any holders of Class 1 or Class 2 Claims, by the applicable Voting Nominees to the Beneficial Holders as of the Record Date;
- (c) the Securities and Exchange Commission;
- (d) all parties that have filed a notice of appearance in the Chapter 9 Case on or before the date of the approval of the First Amended Disclosure Statement or which are a Special Notice Party in the case; and
- (e) any person or entity that has filed a proof of claim (other than a holder of a Class 1 or Class 2 Claim).

9. Each Voting Nominee will receive reasonably sufficient numbers of Solicitation Packages, including sufficient beneficial Ballots (the "Beneficial Ballots"), to distribute to the Beneficial Holders of the Bonds for whom such Voting Nominee acts. The forms of Beneficial Ballots for Class 1 and Class 2 are attached hereto as Exhibits A and B. In addition, upon written request (with supporting back-up documentation) of any Voting Nominee prior to the Effective Date of the First Amended Plan, the Debtor shall reimburse each Voting Nominee's reasonable, actual, and necessary out-of-pocket expenses associated with the distribution of the Solicitation Package to the Beneficial Holders, the tabulation of the Beneficial Ballots, and the completion of the Master Ballots as an Administrative Expense Claim in accordance with Section II.B.1 of the First Amended Plan.

10. Each Voting Nominee is required to (i) forward a Solicitation Package to the Beneficial Holders of the Bonds for whom such Voting Nominee acts, and (ii) include a return envelope provided by and addressed to the Voting Nominee so that the Beneficial Holders may return the completed Beneficial Ballots to the Voting Nominee so that such Beneficial Ballots are received in sufficient time to allow the Voting Nominee to summarize the individual votes of

its respective Beneficial Holders from their Beneficial Ballots on a Master Ballot and return the Master Ballot to the Solicitation Agent so that it is actually received prior to the Voting Deadline. The Voting Nominees shall retain the Beneficial Ballots for inspection for a period at least one (1) year following the Voting Deadline.

11. The Debtor anticipates that notwithstanding that the proper address was used and proper postage prepaid, some of the Solicitation Packages or Notices may be returned by the United States Postal Service as undeliverable. The Court hereby excuses the Debtor, its Solicitation Agent, or any Voting Nominee from re-mailing such returned Solicitation Packages or Non-Voting Documents or other notices to those entities whose addresses differ from the addresses in the claims register, the Debtor's records or those of any Voting Nominee, as applicable, as of the Record Date.

12. Voting Nominees shall distribute only the Court-approved solicitation materials related to confirmation of the First Amended Plan to their Beneficial Holders, as set forth herein.

13. For purposes of claims estimation and voting on the First Amended Plan only (a) parties-in-interest shall have until 20 calendar days prior to the Confirmation Hearing to object to a claim ("Claims Objection"); and (b) with respect to claims for which any such Claims Objection is filed, claimants shall have until 10 calendar days prior to the Confirmation Hearing (the "Claims Estimation Deadline") to file a Motion pursuant to Bankruptcy Rule 3018 (a "Rule 3018 Motion") to have its claims estimated for voting purposes. A Claims Objection shall include a copy of this Solicitation Procedures Order and notice to such creditor so that such creditor must file its Rule 3018 Motion by the above-specified deadline or such claim shall be excluded from voting. If a Claims Objection is filed which only seeks to reduce the amount of

any claim and the creditor fails to timely file a Rule 3018 Motion, such claim shall be allowed for voting purposes in the proposed reduced amount set forth in the Claims Objection.

14. Any party timely filing and serving a Rule 3018 Motion will be provided a provisional Ballot and be permitted to cast a provisional vote to accept or reject the First Amended Plan. If, and to the extent that, the affected parties are unable to resolve the issues raised by the Rule 3018 Motion prior to the Voting Deadline, then, at or before the Confirmation Hearing, the Court shall determine whether the provisional Ballot should be counted as a vote on the First Amended Plan and the amount of the Ballot for voting purposes.

15. For purposes of voting on the First Amended Plan, the Court will consider those Rule 3018 Motions that have been filed and served in accordance with the provisions of this Order, and, except as otherwise provided herein, the claims referred to in such timely Rule 3018 Motions shall be provisionally counted in determining whether the First Amended Plan has been accepted or rejected, pending a final determination on such Rule 3018 Motions by the Court.

16. Ballots cast by creditors whose claims are not listed on the Debtor's Schedules, but who timely file proofs of claim in unliquidated or unknown amounts that are not the subject of a Claims Objection filed in accordance herewith or with any other procedure approved by the Bankruptcy Court, will be counted for satisfying the numerosity requirement of section 1126(c) of the Bankruptcy Code, but will not be counted toward satisfying the aggregate dollar amount provisions of that section, subject to the exception contained in the following paragraph.

17. The party in interest objecting to a claim will cause any notice of the Claims Estimation Deadline, or any similar deadline established by the Bankruptcy Court, to be sent by the objecting party to the creditor whose claims have been the subject of a Claims Objection. Unless the subject of a Claims Objection, proofs of claim denominated as "unliquidated" or



claims listed in the Debtor's schedules, and not denominated as "disputed" or "contingent," but indicating a minimum liquidated amount will, however, be counted as follows: the minimum liquidated amount shall be counted toward the aggregate dollar amount for voting purposes without any requirement for claims estimation or other actions by the creditor.

18. Section 1126(c) of the Bankruptcy Code provides that a class of claims has accepted a plan if accepted by holders of at least "two-thirds in amount and more than one-half in number" of claims voting on the plan. For purposes of tabulating the "amount" of Class 1 and Class 2 Claims under section 1126(c), (i) the unpaid principal plus accrued and unpaid interest thereon outstanding as of the Petition Date is the correct "amount" to use for the Series 1998A Bonds; and (ii) the accreted value of the Series 1998B Bonds and Series 1998C Bonds as of the Petition Date is the correct "amount" to use for those Capital Appreciation Bonds. This is consistent with the manner of voting under the Original Trust Indenture that governs the Bonds. Therefore, the sum of (i) the unpaid principal plus accrued and unpaid interest thereon outstanding as of the Petition Date of the Series 1998A Bonds plus (ii) the accreted value of the Series 1998B Bonds as of the Petition Date shall be used to determine whether the requirements of section 1126(c) are satisfied for the claims that arise from the Senior Bonds that comprise Class 1. The accreted value of the Series 1998C Bonds as of the Petition Date shall also be used to determine whether the requirements of section 1126(c) are satisfied for the claims arising from Subordinate Bonds that comprise Class 2. It appears that the accreted value of the Capital Appreciation Bonds as of the Petition Date can be determined by a calculation based upon the accreted value tables and formula set forth in the Original Trust Indenture. However, the Debtor believes that the Ballots for the Beneficial Holders of the Capital Appreciation Bonds should report the Beneficial Holder's principal amount reflected on the records of the Voting Nominee

as of the Record Date. Likewise the Ballots for the Beneficial Holders of the Current Interest Bonds report the principal amount reflected on the records of the Voting Nominee. The Voting Nominee shall then report on its Master Ballot the principal amount of claims that voted on the First Amended Plan. The Solicitation Agent (with the assistance of the Debtor and the indenture trustees) will then utilize the accreted value tables for the Original Trust Indenture along with other data on the Bonds to determine (i) the accreted value of the Capital Appreciation Bonds as of the Petition Date, and (ii) the principal and interest balances on the Current Interest Bonds as of the Petition Date. This computation will likely necessitate reporting an adjustment to the values and amounts actually reported on the Ballots of Beneficial Holders and compiled in the Master Ballots, but it will allow the Court to determine whether the “amount” requirement of § 1126 (c) is satisfied. All of the foregoing calculations shall be subject to review and approval by this Court if necessary.

19. A holder of claims in more than one class under the First Amended Plan must execute and submit a separate Ballot for each class of claims in which the claimant holds a claim. Specifically, in the case of the Bonds, each Beneficial Holder must execute a separate Beneficial Ballot for each CUSIP that it holds through any Voting Nominee and must return each such Beneficial Ballot to the appropriate Voting Nominee.

20. Creditors with multiple claims within a particular class must vote all such claims in any such class to either accept or reject the First Amended Plan and may not split their vote(s). Accordingly, an individual Ballot (as opposed to a Master Ballot) that partially rejects and partially accepts the First Amended Plan on account of multiple claims within the same class will not be counted.

21. The following Ballots and Master Ballots will not be counted in determining whether the First Amended Plan has been accepted or rejected or with respect to determining whether any of the numerosity requirements of §1126(c) have been satisfied:

- a. Any Ballot or Master Ballot received after the Voting Deadline except if otherwise determined by order of the Bankruptcy Court;
- b. Any Ballot or Master Ballot containing a vote that this Court determines, after notice and a hearing, was not solicited or procured in good faith or in accordance with the applicable provisions of the Bankruptcy Code;
- c. Any Ballot or Master Ballot that is illegible or contains insufficient information to permit the identification of the claimant;
- d. Any Ballot that partially accepts and partially rejects the First Amended Plan;
- e. Any Ballot or Master Ballot to the extent cast by a person or entity that does not hold a claim in a class that is entitled to vote to accept or reject the First Amended Plan;
- f. Any Ballot or Master Ballot to the extent cast for a claim scheduled as unliquidated, contingent, or disputed or in an amount equal to zero dollars for which no proof of claim was timely filed and is not otherwise subject to a motion filed pursuant to Bankruptcy Rule 3018 (except to the extent allowed to be counted in paragraph 17 above);
- g. Any unsigned Ballot or Master Ballot, or a Ballot or Master Ballot without an original signature, except by order of the Bankruptcy Court; and
- h. Any Ballot or Master Ballot transmitted to the Solicitation Agent or any Voting Nominee by facsimile or other electronic means, except by order of the Bankruptcy Court.

22. The Certification of the vote tabulation will be filed with the Bankruptcy Court.

The certification shall include a schedule of any Master Ballots and Ballots for Classes 4, 5, and 6 that are not counted (collectively, the “Disqualified Ballots”), and as to each such Disqualified Ballot will identify the following information:

- a. The claimant and/or Voting Nominee, as applicable;
- b. CUSIP number, as applicable;
- c. Amount of claim listed; and

d. Reason for disqualification.

23. The Debtor will notify the claimant and/or Voting Nominee, as applicable of each Disqualified Ballot that: (1) the Disqualified Ballot has been disqualified and the reasons for such disqualification; (2) the claimant and/or Voting Nominee, as applicable, of the Disqualified Ballot may appear at the Confirmation Hearing at the date and time set forth in the Confirmation Hearing Notice to request that the Disqualified Ballot be counted; and (3) the claimant and/or Voting Nominee, as applicable, of the Disqualified Ballot shall notify Debtor's attorney in writing at the following address: Stanley H. McGuffin, Haynsworth Sinkler Boyd, P.A., P.O. Box 11889, Columbia, SC 29211-1889, at least five (5) business days prior to the March 25, 2011 Confirmation Hearing that the holder of the Disqualified Ballots intends to appear at the Confirmation Hearing to request the Disqualified Ballot be counted. Debtor's attorney will also promptly notify the Court and the Notice Parties if any claimant and/or Voting Nominee has given notice that it will appear with respect to a Disqualified Ballot dispute.

24. The Debtor will use its commercially reasonable efforts to commence solicitation within five (5) business days of the entry of this Solicitation Procedures Order.

25. The Court hereby sets the following deadlines with respect to voting on the First Amended Plan:

(i) All Ballots of Beneficial Holders in Class 1 and Class 2 must be properly executed, completed and filed with the Voting Nominee so that they are received in sufficient time to allow the Voting Nominee to receive the Beneficial Ballots and summarize the results on a Master Ballot and return the Master Ballots to the Solicitation Agent by the Voting Deadline (as defined below).

(ii) All Master Ballots must be properly executed, completed and submitted to the Solicitation Agent so that they are actually received by the Solicitation Agent no later than 4:00 p.m. prevailing Eastern Time on March 4, 2011, or such date as the Court otherwise determines as reasonable (such date and time specified by the Court, the "Voting Deadline"); and

(iii) All Ballots for creditors in Class 4, Class 5 or Class 6 must be properly executed, completed and submitted to the Solicitation Agent so that they are actually received by the Solicitation Agent no later than the Voting Deadline.

(iv) The Solicitation Agent shall file its tabulation of the votes by March 11, 2011, or such date as the Court otherwise determines as reasonable, with such date being at least three (3) business days before the hearing on confirmation of the First Amended Plan (the "Confirmation Hearing").

26. The Confirmation Hearing shall be scheduled for 10:00 a.m. prevailing Eastern Time on March 25, 2011, before the Honorable David R. Duncan, United States Bankruptcy Judge for the District of South Carolina, at the Donald Stuart Russell Federal Courthouse, 201 Magnolia Street, Spartanburg, South Carolina.

27. The Confirmation Hearing Notice substantially in the form of Exhibit J is approved.

28. All objections to the First Amended Plan shall be filed with the Court and served, in a manner so as to be received on or before 5:00 p.m., prevailing Eastern time on March 16, 2011, which is a date that is at least seven business days prior to the Confirmation Hearing, on the following parties (collectively, the "Notice Parties"): counsel for the Debtor, counsel for the Senior Bonds Trustee, counsel for the Subordinate Bonds Trustee, counsel for the South Carolina

Department of Transportation, counsel for the State of South Carolina; and any other parties who have filed a Notice of Appearance in this case.

29. The Court will consider only timely filed and served written objections which state with particularity the grounds for each objection. Objections not timely filed and served in accordance with the provisions of this Order will be overruled

30. Debtor shall distribute the Confirmation Hearing Notice at least 30 days prior to the Confirmation Hearing as a component of the Solicitation Package. In addition to mailing the Confirmation Hearing Notice (with the Solicitation Packages as described herein), the Debtor shall also publish the Confirmation Hearing Notice (the "Publication Notice") one time after the Disclosure Statement Hearing, and at least 30 days prior to the Confirmation Hearing, in each of the following publications: *The State*, *The Greenville News* and in the national edition of *The Wall Street Journal*. The Publication Notice will provide sufficient notice and due process of the Plan Objection Deadline, the Confirmation Hearing and other relevant deadlines to persons who may not otherwise receive the Confirmation Hearing Notice by mail, which the Court deems adequate and sufficient notice to all creditors and other parties-in-interest under the circumstances.

31. In addition to the mailing and publication, Debtor shall post the Confirmation Hearing Notice and the other contents of the Solicitation Package on its website.

32. This Order will become effective immediately upon its entry.

33. This Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

AND IT IS SO ORDERED.