

# CONNECTOR 2000 ASSOCIATION, INC.

## EVENT NOTICE NO. 2007-2

July 25, 2007

CUSIP Prefix 20786L

*Submitted in compliance with the provisions of the Continuing Disclosure Agreement dated February 11, 1998 (the "Disclosure Agreement") between Connector 2000 Association, Inc., a South Carolina non-profit public benefit corporation (the "Association") and Wachovia Bank, N.A., as successor in trust to First Union National Bank, in its capacity as dissemination agent (the "Trustee") relating to the \$200,177,680 Connector 2000 Association, Inc. Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 1998A, Series 1998B and Series 1998C (the "Bonds").*

### INTRODUCTION

This is an "Event Notice" filed pursuant to that certain Continuing Disclosure Agreement dated February 11, 1998 (the "**Disclosure Agreement**") between Connector 2000 Association, Inc., a South Carolina non-profit public benefit corporation (the "**Association**") and Wachovia Bank, N.A., successor in trust to First Union National Bank, in its capacity as dissemination agent (the "**Trustee**") relating to the \$200,177,680 Connector 2000 Association, Inc. Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 1998A, Series 1998B and Series 1998C (the "**Bonds**"). Capitalized terms not otherwise defined herein have the meaning set forth in the Disclosure Agreement, if defined therein.

The Bonds were sold by the Association on January 27, 1998 to Lehman Brothers, Inc. and Mesriow Financial, Inc., as managing underwriters (the "**Underwriters**") pursuant to a Bond Purchase Agreement executed on that date between the Association and the Underwriters. A final Official Statement dated February 3, 1998 (the "**Official Statement**") was prepared in connection with the sale of the Bonds. The closing of the sale of the Bonds took place February 11, 1998 (the "**Closing Date**").

### THE MATERIAL EVENT

The Association was informed by the Trustee that on July 1, 2007 the Trustee withdrew funds from the Senior Bonds Debt Service Reserve Account to pay a portion of the interest payment due on that date on the Senior Current Interest Bonds of the Association (the "**Series 1998A Bonds**"). A payment of \$1,765,750.00 was due July 1, 2007. This payment was made from the following sources: (a) Toll revenues deposited into the Revenue Account – \$1,462,012.28, and (b) interest on investments credited to the Senior Bonds Debt Service Reserve Account – \$303,737.72. The Trustee had previously withdrawn amounts from the Senior Bonds Debt Service Reserve Account and the balance in such Account is less than the Senior Bonds Debt Service Reserve Account Requirement. The Trustee is taking the position that, since the Indenture requires interest earnings on investments in the Senior Bonds Debt Service Reserve Account be retained in such Account any time the balance of the Account is less than the Senior Bonds Debt Service Reserve Account Requirement, the use of the investment earnings on amounts in the Senior Bonds Debt Service Reserve Account to pay a portion of the interest payment due on the Series 1998A Bonds constituted an unscheduled draw on a debt service reserve fund reflecting financial difficulties and was a "**material event**" as defined in the Disclosure Agreement.