

SOUTH CAROLINA’S FIRST BUILD AMERICA BONDS SOLD

*- School District No. 1 of Anderson County, South Carolina issues \$25,000,000
 as the first Build America Bonds issuer for South Carolina -*

Tuesday, June 9, 2009 - School District No. 1 of Anderson County, South Carolina (the “District”) made history today becoming the first South Carolina issuer of open market Build America Bonds (the “Bonds”). The Bonds were sold by competitive bid and included multi-mode bidding alternatives whereas potential purchasers could offer proposals for either taxable Build America Bonds or traditional tax-exempt bonds. Ross, Sinclair & Associates, LLC served as financial advisor.

As part of the American Recovery and Reinvestment Act of 2009 (“Recovery Act”), taxable bonds known as Build America Bonds were introduced to finance capital expenditures for which it could issue (i) tax credit bonds or (ii) direct payment bonds. Based on the type of Build America Bonds issued, either a bond holder tax credit or an issuer direct subsidy interest payment is received from the United States Treasury equal to 35% of the amount of each interest payment due on such taxable bonds.

The District would determine whether to award the Bonds as taxable direct payment bonds under the Recovery Act or traditional tax-exempt bonds at the time of the sale.

After computing all bid submissions, the District chose to award the bonds as taxable direct payment Build America Bonds as opposed to traditional tax-exempt debt. The Build America Bonds structure was a far more cost effective alternative. The direct payment Build America Bonds were awarded based at a true interest cost of 3.82% in comparison to the tax-exempt alternative at a true interest cost of 4.76%, a difference of 0.94%. The result between the two options over the life of the bonds is a net savings of \$4,233,508 to the taxpayers of School District No. 1 of Anderson County.

A full listing of the bid results is listed below:

	Taxable & Tax-Exempt <u>TIC%</u>	Adjusted Direct Payment <u>TIC%</u>
<u>Bids as Build America Bonds</u>		
Morgan Keegan & Co., Inc.	5.87789%	3.82477%
BMO Capital Markets	5.88879%	3.83183%
Raymond James & Associates, Inc.	6.73794%	4.38838%
Mesirow Financial, Inc.	6.74747%	4.39260%
<u>Bids as Tax-Exempt Bonds</u>		
Southwest Securities, Inc.	4.76461%	

Additionally, to illustrate the cash flows of the financing, attached is the payment schedule outlining the net debt service payments of the District including the direct payment receipts from the United States Treasury.

What’s more, not only do Build America Bonds provide an innovative structure and savings to the Issuer, but under South Carolina Code of Laws Section 6-5-10, General Obligation Build America Bonds are authorized investments for political subdivisions. Given the yield to the bond holder is a taxable rate of interest, Build America Bonds may be viewed as a unique alternative investment to increase returns on investment portfolios.

If you have any questions in regards to Build America Bonds, the Recovery Act or your financing needs, please feel free to contact us at the below.

“We are not only pleased with the outcome of this ground-breaking financing method, but are extremely honored to be the ‘pioneer’ issuer of open market Build America Bonds for South Carolina.” - Dr. Wayne Fowler, Superintendent of School District No. 1 of Anderson County