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# OFFICIAL STATEMENT

New Issue

*In the opinion of Quarles & Brady, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, under existing law, interest on the 1996 Series A Bonds is excluded from gross income and is not an item of tax preference for federal income tax purposes. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the 1996 Series A Bonds. The interest on the 1996 Series A Bonds is not exempt from present Wisconsin income or franchise taxes.*

## \$115,000,000

### STATE OF WISCONSIN

#### TRANSPORTATION REVENUE BONDS, 1996 SERIES A

**DATED: May 15, 1996**

**DUE: July 1, as shown below**

The \$115,000,000 State of Wisconsin Transportation Revenue Bonds, 1996 Series A (the "1996 Series A Bonds") shall be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the 1996 Series A Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Beneficial Owners will not receive certificates representing their interest in the 1996 Series A Bonds purchased. Interest is payable on January 1, 1997 and semiannually on January 1 and July 1 of each year thereafter. Principal is due on July 1 in the amounts and the years shown below. Principal and interest will be paid when due by Bank One Wisconsin Trust Company, National Association, Milwaukee, Wisconsin (the "Trustee") to DTC, which will in turn remit such principal and interest to DTC's Participants for subsequent distribution, directly or indirectly, to the Beneficial Owners of the 1996 Series A Bonds, as described herein. See "THE 1996 SERIES A BONDS; Book-Entry Form".

The proceeds of the 1996 Series A Bonds will be used for the purpose of providing funds to pay the costs of certain State transportation facilities and major highway projects, as described herein.

The 1996 Series A Bonds are payable solely out of Registration Fees, as described herein, in the Redemption Fund held by the Trustee. **The 1996 Series A Bonds are not general obligations of the State of Wisconsin, its agencies, instrumentalities or political subdivisions and the 1996 Series A Bonds do not constitute "public debt" of the State as used in the Constitution and Statutes of the State.** The State has previously issued transportation revenue bonds. The 1996 Series A Bonds are issued on a parity with the previously issued bonds and are subject to redemption prior to maturity as described herein.

<u>Year (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1997	\$3,525,000	5.00%	2007	\$5,565,000	5.25%
1998	3,665,000	5.00	2008	5,860,000	5.40
1999	3,815,000	5.00	2009	6,180,000	5.50
2000	3,985,000	5.00	2010	6,520,000	5.50
2001	4,165,000	5.00	2011	6,885,000	5.60
2002	4,360,000	5.00	2012	7,270,000	5.60
2003	4,570,000	5.00	2013	7,685,000	5.70
2004	4,795,000	5.00	2014	8,130,000	5.70
2005	5,035,000	6.00	2015	8,600,000	5.75
2006	5,290,000	6.00	2016	9,100,000	5.75

(Accrued Interest to be Added)

The rates shown above are the interest rates resulting from the bid for the 1996 Series A Bonds submitted May 30, 1996, by the successful bidder. Certain information concerning the terms of the reoffering of the 1996 Series A Bonds has been provided by the successful bidder. See "CUSIP NUMBERS, REOFFERING YIELDS, AND PRICES".

The 1996 Series A Bonds are being issued pursuant to Chapter 18 of the Wisconsin Statutes, a General Bond Resolution adopted June 26, 1986, a Series Resolution adopted April 18, 1996 and an Award Resolution adopted on May 30, 1996 and in accordance with the Official Notice of Sale. Delivery of the 1996 Series A Bonds is subject to the receipt of an unqualified approving legal opinion of Quarles & Brady, Milwaukee, Wisconsin, Bond Counsel, and other conditions specified in the Official Notice of Sale. It is expected that the 1996 Series A Bonds will be available for delivery on or about June 13, 1996.

May 30, 1996

NOTE: The State has been advised by the underwriters that they have received a Commitment For Municipal Bond Insurance from Financial Guaranty Insurance Company for the 1996 Series A Bonds. Further information on this Commitment and the pending Municipal Bond New Issue Insurance Policy can be obtained from the underwriters and Financial Guaranty Insurance Company.

No dealer, broker, sales representative or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 1996 Series A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State of Wisconsin or other matters contained herein since the date hereof.

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**STATE OFFICIALS  
PARTICIPATING IN THE  
ISSUANCE AND SALE OF 1996 SERIES A BONDS**

**BUILDING COMMISSION MEMBERS**

<b>Voting Members</b>	<b>Term of Office Expires</b>
Governor Tommy G. Thompson, Chairperson	January 4, 1999
Senator Brian D. Rude, Vice Chairperson	January 6, 1997
Senator Carol Buettner	January 6, 1997
Senator Fred A. Risser	January 6, 1997
Representative Sheryl K. Albers	January 6, 1997
Representative Clifford Otte	January 6, 1997
Representative Robert Turner	January 6, 1997
Mr. Bryce Styza, Citizen Member	At the pleasure of the Governor
 <b>Nonvoting, Advisory Members</b>	
Mr. James R. Klauser Secretary Department of Administration	At the pleasure of the Governor
Mr. Adel Tabrizi State Chief Engineer Department of Administration	_____
Mr. Wilbert King State Chief Architect Department of Administration	_____
 <b>Building Commission Secretary</b>	
Mr. Robert Brandherm (also serves as Administrator, Division of Facilities Development of the Department of Administration)	At the pleasure of the Building Commission and Secretary of Administration

**OTHER PARTICIPANTS**

Mr. Frank R. Hoadley Capital Finance Director Department of Administration 101 E. Wilson Street, 10th Floor P.O. Box 7864 Madison, WI 53707-7864 (608) 266-2305	_____
Mr. Lawrence K. Dallia Assistant Capital Finance Director Department of Administration 101 E. Wilson Street, 10th Floor P.O. Box 7864 Madison, WI 53707-7864 (608) 267-7399	_____
Mr. Jack C. Voight State Treasurer	January 4, 1999
Mr. James E. Doyle State Attorney General	January 4, 1999

## SUMMARY DESCRIPTION OF 1996 SERIES A BONDS

*Information set forth on this page is qualified by the entire Official Statement. A full review of the entire Official Statement should be made by potential investors.*

Description:	State of Wisconsin Transportation Revenue Bonds, 1996 Series A.
Principal Amount:	\$115,000,000.
Denominations:	\$5,000 or integral multiples.
Date of Issue:	May 15, 1996.
Record Date:	December 15 or June 15.
Interest Payment:	January 1 and July 1, commencing January 1, 1997.
Maturities:	July 1, 1997 – 2016— <i>See Cover.</i>
Redemption:	<i>Optional</i> —1996 Series A Bonds maturing July 1, 2007 and after are subject to optional redemption at par beginning July 1, 2006— <i>See page 4.</i>
Form:	Book-entry— <i>See pages 2-4.</i>
Paying Agent:	All payments of principal and interest on the 1996 Series A Bonds will be made by Bank One Wisconsin Trust Company, National Association, Milwaukee, Wisconsin. All payments will be made to The Depository Trust Company, which will distribute payments to Beneficial Owners as described herein.
Security:	1996 Series A Bonds are revenue obligations payable solely from Registration Fees— <i>See pages 5-15.</i>
Bond Insurance:	The State has been advised by the underwriters that they have received a Commitment For Municipal Bond Insurance from Financial Guaranty Insurance Company for the 1996 Series A Bonds. Further information on this Commitment and the pending Municipal Bond New Issue Insurance Policy can be obtained from the underwriters and Financial Guaranty Insurance Company.
Authority for Issuance:	1996 Series A Bonds are issued under Chapter 18 and Section 84.59 of the Wisconsin Statutes.
Purpose:	Pay costs of certain transportation facilities and major highway projects— <i>See pages 19-24.</i>
Prior Bonds:	\$660,950,000 outstanding parity bonds.
Additional Bonds:	The State may issue additional transportation revenue obligations— <i>See pages 14-15</i>
Legality of Investment:	The 1996 Series A Bonds are legal investments for all banks, trust companies, savings banks and institutions, savings and loan associations, credit unions, investment companies and other persons or entities carrying on a banking or insurance business in Wisconsin; for all executors, administrators, guardians, trustees and other fiduciaries in Wisconsin; and for the State, the investment board and all public officers, municipal corporations, political subdivisions and public bodies in Wisconsin.
Tax Exemption:	<i>Federal income tax</i> —Not included in gross income, and not an item of tax preference. <i>Wisconsin income and franchise tax</i> —Not exempt <i>See pages 37-40.</i>
Legal Opinion:	Legal opinion to be provided by Quarles & Brady, Milwaukee, Wisconsin.

**OFFICIAL STATEMENT**  
**\$115,000,000**  
**STATE OF WISCONSIN**  
**TRANSPORTATION REVENUE BONDS, 1996 SERIES A**

**INTRODUCTION**

This Official Statement provides certain information in connection with the issuance by the State of Wisconsin (the “State”) of its Transportation Revenue Bonds, 1996 Series A (the “1996 Series A Bonds”) in the aggregate principal amount of \$115,000,000. The 1996 Series A Bonds are issued pursuant to Subchapter II of Chapter 18 of the Wisconsin Statutes, as amended (the “Revenue Obligations Act”), Section 84.59 of the Wisconsin Statutes (the “Act”), and pursuant to a General Resolution (the “General Resolution”) adopted by the State of Wisconsin Building Commission (the “Commission”) on June 26, 1986, a Series Resolution adopted by the Commission on April 18, 1996 and an Award Resolution (the “Award Resolution”) adopted by the Commission on May 30, 1996 (sometimes hereinafter collectively referred to as the “Resolution”). The State has previously issued Transportation Revenue Bonds as follows:

<u>Bond Issue</u>	<u>Dated Date</u>
Transportation Revenue Bonds, 1986 Series A (the “1986 Bonds”)	06/15/1986
Transportation Revenue Bonds, 1988 Series A (the “1988 Bonds”)	04/15/1988
Transportation Revenue Bonds, 1989 Series A (the “1989 Bonds”)	04/15/1989
Transportation Revenue Bonds, 1991 Series A (the “1991 Bonds”)	10/01/1991
Transportation Revenue Bonds, 1992 Series A (the “1992 Series A Bonds”)	07/01/1992
Transportation Revenue Bonds, 1992 Series B (the “1992 Series B Bonds”)	07/01/1992
Transportation Revenue Bonds, 1993 Series A (the “1993 Bonds”)	09/01/1993
Transportation Revenue Bonds, 1994 Series A (the “1994 Bonds”)	07/01/1994
Transportation Revenue Bonds, 1995 Series A (the “1995 Bonds”)	09/01/1995

The 1986 Bonds, 1988 Bonds, 1989 Bonds, 1991 Bonds, 1992 Series A Bonds, 1992 Series B Bonds, 1993 Bonds, 1994 Bonds and the 1995 Bonds (collectively, the “Prior Bonds”) and the 1996 Series A Bonds together with any additional Bonds issued by the State pursuant to the General Resolution are referred to collectively as (the “Bonds”). The 1996 Series A Bonds are issued on a parity with the Prior Bonds. All capitalized terms used in this Official Statement and not otherwise defined herein shall have the same meanings as in the Resolution and as in APPENDIX C.

The 1996 Series A Bonds are the tenth Series of Bonds to be issued under the General Resolution. The Legislature has authorized the issuance of \$1.083 billion of revenue bonds, excluding revenue bonds issued to refund outstanding revenue bonds. To date, \$766 million of such bonds have been issued. The Department expects to request that the Legislature enact supplemental bond authority. See “THE WISCONSIN DEPARTMENT OF TRANSPORTATION” herein.

The Bonds are revenue obligations of the State payable solely from amounts in the Redemption Fund and other funds and accounts created by the General Resolution. The Bonds are secured by a first lien pledge of the Program Income, as defined in APPENDIX C, which includes certain vehicle registration fees authorized under Section 341.25 of the Wisconsin Statutes or any other moneys that the State is authorized to pledge (the “Registration Fees”). See “SECURITY FOR THE BONDS” herein. Program Income is to be used (i) to pay interest on the Bonds, (ii) to pay the

principal or Redemption Price of the Bonds, (iii) to maintain the Reserve Fund at the Debt Service Reserve Requirement and (iv) to pay direct administrative expenses (the “Program Expenses”) of the State’s program of financing Projects (the “Program”). Program Income in excess of the amount needed for such purposes is to be transferred to the Transportation Fund held by the Wisconsin Department of Transportation (the “Department” or “WisDOT”) free of the lien of the pledge of the General Resolution and will be used by the Department for any of its authorized purposes.

The Commission has supervision over all matters relating to the contracting of State public debt and the issuance of various types of State obligations, including State revenue obligations. The Department is the agency of State government that is involved with all forms of transportation in the State, including the construction and reconstruction of State highways and related transportation facilities and the registration of all motor vehicles.

This Official Statement describes the terms of and security for the 1996 Series A Bonds, and the Projects expected to be financed from the proceeds of the 1996 Series A Bonds. Also included are summaries of certain provisions of the General Resolution. All references herein to the Resolution, the Revenue Obligations Act and the Act are qualified in their entirety by reference to such documents, copies of which are available from the Commission. All references to the 1996 Series A Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Resolution.

## **THE 1996 SERIES A BONDS**

### **General**

The 1996 Series A Bonds will be dated May 15, 1996 and will bear interest payable commencing on January 1, 1997 and semiannually thereafter on July 1 and January 1 of each year at the rates, and will mature on the dates and in the amounts set forth on the front cover of this Official Statement.

The 1996 Series A Bonds are issuable only in fully registered form in denominations of \$5,000 or integral multiples thereof for any maturity. Principal of and interest on the 1996 Series A Bonds will be payable to the person or entity who is, as of the fifteenth day of the month preceding each Interest Payment Date, the registered owner of record which initially will be The Depository Trust Company, New York, New York (“DTC”) or its nominee.

Bank One Wisconsin Trust Company, National Association, Milwaukee, Wisconsin, is the trustee for the Bonds (the “Trustee”). In addition, the Trustee serves as registrar (the “Registrar”) and paying agent (the “Paying Agent”) for the 1996 Series A Bonds.

### **Book-Entry Form**

DTC will act as securities depository for the 1996 Series A Bonds. The 1996 Series A Bonds will be issued as fully registered securities in the name of Cede & Co. (DTC’s partnership nominee). One fully registered 1996 Series A Bond will be issued for each maturity set forth on the front cover, each in the principal amount of such maturity, and deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of

securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the 1996 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 1996 Series A Bonds on DTC's records. The ownership interest of each actual purchaser of each 1996 Series A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 1996 Series A Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 1996 Series A Bonds, except in the event that use of the book-entry system for the 1996 Series A Bonds is discontinued.

To facilitate subsequent transfers, all 1996 Series A Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of the 1996 Series A Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 1996 Series A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 1996 Series A Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the 1996 Series A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the 1996 Series A Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 1996 Series A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 1996 Series A Bonds will be made to DTC by the Trustee. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be



governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of the State, the Trustee or DTC, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 1996 Series A Bonds at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The State may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC’s book-entry system has been obtained from DTC; the State takes no responsibility for its accuracy.

No assurance can be given by the State or the Trustee that DTC, Direct Participants and Indirect Participants will promptly transfer payments or notices received with respect to the 1996 Series A Bonds. The State and the Trustee assume no liability for the failure of DTC, Direct Participants or Indirect Participants to transfer to the Beneficial Owner payments or notices received with respect to the Bonds.

Similarly, no assurance can be given by the State or the Trustee that DTC will abide by its procedures or that such procedures will not be changed from time to time. In the event that a successor securities depository is designated, it may establish different procedures.

### **Optional Redemption**

The 1996 Series A Bonds maturing on or after July 1, 2007 shall be redeemable prior to their stated date of maturity, at the option of the Commission, on July 1, 2006 or on any date thereafter, in whole or in part in integral multiples of \$5,000 at par. In the event of partial redemption, the Commission shall direct the maturity or maturities of the 1996 Series A Bonds and the amounts thereof so to be redeemed.

### **Selection of 1996 Series A Bonds**

The 1996 Series A Bonds shall be called for redemption in multiples of \$5,000 and bonds of denominations of more than \$5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bond by \$5,000, and such bonds may be selected for redemption in part. If the 1996 Series A Bonds are in book-entry form and less than all of a particular maturity are to be redeemed, selection of the ownership interests of Beneficial Owners of the 1996 Series A Bonds affected thereby shall be made solely by DTC, the Direct Participants, and the Indirect Participants in accordance with their then prevailing rules. If the 1996 Series A Bonds are in certificated form and less than all of a particular maturity are to be redeemed, selection shall be by lot.

### **Notice of Redemption**

So long as the 1996 Series A Bonds are in book-entry form, a notice of the redemption of any of said 1996 Series A Bonds shall be sent to the securities depository not less than thirty days or more than sixty days prior to the date of redemption.

In the event that the 1996 Series A Bonds are outstanding in certificated form, a notice of the redemption of any of said 1996 Series A Bonds shall be published at least once not less than thirty days prior to the date of redemption in an Authorized Newspaper and shall be mailed not less than thirty days prior to the date of redemption to the registered owners of any 1996 Series A Bonds to be redeemed, but such mailing shall not be a condition precedent to such redemption and failure to mail any such notice or a defect therein shall not affect the validity of any proceedings for the redemption of the 1996 Series A Bonds. Interest on any 1996 Series A Bond so called for prior redemption shall cease to accrue on the redemption date provided payment thereof has been duly made or provided for.

**Transfer of Bonds**

Any 1996 Series A Bond may be transferred by the person in whose name it is registered, in person or by his duly authorized legal representative, upon surrender of the 1996 Series A Bond to the Registrar for cancellation, together with a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any Bond is surrendered for transfer, the Registrar shall deliver 1996 Series A Bonds, in like series, aggregate principal amount, interest rate, maturity and with the same letter designation, if any. The Registrar may require the Bondholder requesting the transfer to pay any tax or other governmental charge required to be paid with respect to the transfer and may charge a sum sufficient to pay the cost of preparing such 1996 Series A Bond. The Registrar shall not be obliged to make any transfer or exchange of 1996 Series A Bonds (i) after the fifteenth day of the month preceding an Interest Payment Date on the 1996 Series A Bond, (ii) fifteen calendar days preceding the date of the mailing of a notice of redemption of 1996 Series A Bonds selected for redemption or (iii) after such 1996 Series A Bond has been called for redemption.

**Sources and Applications of Funds**

It is expected that the proceeds of the 1996 Series A Bonds, other than accrued interest, together with certain other available moneys, shall be applied as follows:

<b>Sources</b>	
Principal Amount of the 1996 Series A Bonds .....	\$115,000,000
Net Original Issue Premium .....	<u>327,102</u>
Total Sources.....	\$115,327,102
<b>Applications</b>	
Deposit to the Program Capital Fund to pay:	
Costs of the Projects <sup>(a)</sup> .....	\$114,375,775
Costs of Issuance .....	230,567
Underwriters Discount .....	<u>720,760</u>
Total Applications .....	\$115,327,102

<sup>(a)</sup> See “THE WISCONSIN DEPARTMENT OF TRANSPORTATION; Projects.” Investment earnings on unspent bond proceeds are not shown here. Available earnings are applied to costs of the Projects.

**SECURITY FOR THE BONDS**

**Sources of Payment for the Bonds**

The Bonds are revenue obligations of the State payable solely from the Redemption Fund created by the General Resolution. The Bonds are secured by a first lien pledge of Program Income, the Funds created by the General Resolution and any other income of the Program pledged to the

payment of interest, principal, and Redemption Price on the Bonds. The 1996 Series A Bonds are issued on a parity with the Prior Bonds.

Program Income is defined by the General Resolution to be moneys derived from Vehicle Registration Fees authorized under Section 341.25 of the Wisconsin Statutes. All moneys derived under Section 341.25 of the Statutes or any other moneys that the State is authorized to pledge shall be collected by the Trustee or the Department as agent of the Trustee and deposited outside the State Treasury in an account with the Trustee defined as the Redemption Fund. Program Income is defined to include all the interest earned or gain realized from the investment of the Redemption Fund. Moneys derived from the Registration Fees are described below.

In accordance with and pursuant to the Revenue Obligations Act, the Act and the General Resolution, Program Income received or to be received by the Trustee in the Redemption Fund is deemed to be revenue of the Trustee and is pledged (i) to pay interest on all Outstanding Bonds, (ii) to pay the principal or Redemption Price of all Outstanding Bonds as the same become due, (iii) to maintain the Debt Service Reserve Requirement in the Reserve Fund and (iv) to pay Program Expenses. The pledge is effective upon the issuance of the Bonds and remains effective until all Bonds issued under the General Resolution are fully paid in accordance with their terms. All Program Income which is in excess of the amounts necessary to meet the requirements of (i) through (iv) above is transferred to the State for deposit in the Transportation Fund and becomes free of the lien of the pledge. The Department uses moneys in the Transportation Fund for any authorized purpose. See "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION" herein.

**The Bonds shall be revenue obligations of the State payable solely out of the Redemption Fund and each Bond shall contain on its face a statement to that effect. The State is not generally liable on the Bonds and the Bonds shall not be a debt of the State for any purpose whatsoever. The 1996 Series A Bonds are issued on a parity with the Prior Bonds.**

The State pledges and agrees with the Bondholders that the State will not limit or alter its powers to fulfill the terms of any agreements (made in the General Resolution or in the Bonds) with the Bondholders, or in any way impair the rights and remedies of the Bondholders until the Bonds, together with interest, including interest on any unpaid installments of interest thereon, Redemption Price and all costs and expenses in connection with any action or proceeding by or on behalf of the Bondholders, are fully met and discharged.

### **Registration Fees**

Registration Fees as enumerated under Section 341.25 are highway user fees collected by the Department of Transportation from owners of most motor vehicles. The following table summarizes the major Registration Fees authorized under Section 341.25. For summary purposes the revenues generated by the Registration Fees can be divided into four broad categories: (i) approximately 46% of total revenues are generated from automobiles, (ii) approximately 40% of total revenues are generated from large trucks (over 8,000 pounds gross weight), (iii) approximately 10% of total revenues are generated from small trucks and (iv) approximately 4% of total revenues are generated by miscellaneous vehicles.

**Section 341.25 Registration Fees**

<b>Vehicle</b>	<b>Annual Fee</b>
Automobile	\$40
Trucks	Weight-based fee ranging from \$45 to \$1,850.
Bus	Fee equal to the fee for a truck of the same weight.
Trailer 12,000 lbs. and under	Fee equal to one-half of the fee for a truck of the same weight.
Trailer over 12,000 lbs.	Fee equal to the fee for a truck of the same weight.
Motor Homes	Weight-based fee ranging from \$45 to \$111.
Mobile Homes and Camping Trailers	Length-based fee ranging from \$12 to \$18.
Motorcycle/Moped	\$20 biennial fee.

**Source: Wisconsin Department of Transportation**

In previous biennial budgets, the Legislature authorized a number of actions which had an impact on the Registration Fees for the Program. Two of these actions served to increase the level of Registration Fees, and the third action affected the timing of the collection of a portion of the Registration Fees.

First, the 1991–93 biennial budget increased the Registration Fees for most motor vehicles, effective September 1, 1991. Registration Fee increases authorized in the budget include: (i) a \$15 increase in the automobile fee, (ii) an increase in truck registration fees ranging from \$15 to \$150, (iii) a \$15 increase in the motor home fee and (iv) a \$6 increase in the biennial motorcycle/moped fee.

Second, the 1989–91 biennial budget increased Program Income by including interstate truck registration revenues collected through the International Registration Plan (IRP) under the statutory pledge of revenues. Wisconsin is one of 48 states and three Canadian provinces that participate in the IRP, which is a multi-state compact for the collecting and sharing of large truck registration fees. Under the IRP, the registration fees on trucks involved in multi-state commercial activity are split between the participating states on the basis of proportionate mileage. Starting in Fiscal Year 1990, IRP revenues have been a component of the Program Income and have served to increase the level of pledged Registration Fees.

Third, the 1989–91 biennial budget converted the registration fee for motorcycles and mopeds from an annual to a biennial fee, in order to obtain certain processing efficiencies. As a result, starting in Fiscal Year 1990, a two-year motorcycle/moped registration fee is now collected in even-numbered fiscal years.

Section 341.25 revenues for the past ten years are as follows:

**Section 341.25 Registration Fees  
1986 to 1995**

<b>Fiscal Year (June 30)</b>	<b>Non-IRP Fees (Amounts in Millions)</b>	<b>Pledged IRP Fees<sup>(a)</sup> (Amounts in Millions)</b>	<b>Total (Amounts in Millions)</b>	<b>% Change</b>
1986	\$113.7	N.A.	\$113.7	—
1987	117.4	N.A.	117.4	3.3%
1988	119.2	N.A.	119.2	1.5
1989	123.5	N.A.	123.5	3.6
1990	126.0	\$33.0	159.0	28.7
1991	126.3	31.4	157.7	-0.8
1992	173.6	34.1	207.7	31.7
1993	192.7	36.0	228.7	10.1
1994	198.5	37.1	235.6	3.0
1995	203.7	42.3	246.0	4.2

<sup>(a)</sup> Prior to Fiscal Year 1990, fees collected under the IRP were not a component of Section 341.25 revenues.

**Source: Wisconsin Department of Transportation**

As indicated in the preceding table, Section 341.25 revenues have historically increased (only once in the past ten years was there a minor reduction from one year to the next). When reviewing past Section 341.25 registration revenues, it is useful to divide total collections into two categories: (i) Non-IRP revenues and (ii) IRP revenues.

The preceding table reflects the steady rate of growth that has occurred in Non-IRP Section 341.25 revenues over the past ten years. The smallest rate of increase (0.2%) in these revenues occurred in Fiscal Year 1991. However, this figure was influenced by the implementation of biennial motorcycle registration during Fiscal Year 1990. If Fiscal Years 1990 and 1991 revenues are adjusted to eliminate the impact of the biennial motorcycle/moped fee, the rate of growth in Fiscal Year 1991 revenues would have totaled 1.9%, which is consistent with past collection trends. Thus, while the biennial fee influences the timing of the collection of a portion of the revenues (the growth rate in the even-numbered Fiscal Years will be greater than in odd-numbered Fiscal Years), the overall rate of growth in Non-IRP Section 341.25 revenues has remained very steady. In Fiscal Year 1992 and 1993 the percentage changes reflect increases in Registration Fees required in the 1991–93 biennial budget. The increases were in effect for nine months of fiscal year 1992 with the remainder occurring in Fiscal Year 1993.

IRP Registration Fee collections have been included in the pledge of Section 341.25 revenues only since the fiscal year ending June 30, 1990. On the basis of the Department's experience with the IRP, it is anticipated that this revenue source will be somewhat more volatile than the other portion of Section 341.25 revenues. For example, over the last ten years, collections under the IRP have ranged from a low of \$27.2 million to a high of \$42.3 million. This volatility is a function of three different factors. First, IRP revenues are directly tied to the level of interstate trucking, which is directly associated with the condition of the national economy. Second, in recent years, the membership in the IRP has been expanding, which has resulted in shifts between states in the allocation of registration fees because of associated changes in proportional mileage. Federal law states that by October 1, 1996, all of the contiguous 48 states must be IRP members. Because all 48 states are now members, this factor will no longer contribute to volatility in the future. Third, under the IRP, each state serves as the collection agent for the fees required to be

paid by trucking firms based in that state and the base state is responsible for forwarding proportional fees to all other states. As a result, administrative issues in other participating states may cause delays in forwarding other states' shares of IRP fees.

Registration Fees are collected throughout the Fiscal Year. In order to smooth out the Department's vehicle registration workload, the Department has staggered vehicle registrations throughout the year. As a result, in Fiscal Year 1995, the flow of quarterly collections of annual Registration Fee revenues ranged from a low of 21.1% to a high of 27.9%. Any future adjustment of Registration Fees may change the monthly distribution of Registration Fees collected.

Future Registration Fee revenues depend on the size of the vehicle fleet in subsequent years and the level of fees imposed on the various vehicle types. The methodology for registration fee revenues projections consists of two components. Projections through the year 2001, are based on an econometric model developed by the Department, which relates the size of the vehicle fleet to anticipated changes in certain key economic variables. This econometric model is also used in the state budget process for the purpose of estimating overall state transportation revenues. Projections for years beyond 2001 are based on judgments which combine historical projections and information from the model.

The Department's model has two distinct components: (i) anticipated changes in the size of the State's automobile fleet and (ii) anticipated changes in the size of the State's truck fleet. The Department's econometric model relates the size of the automobile fleet to the disposable income in the State, the relative price of new autos, the level of unemployment, the size of the driving age population, historical rates of vehicle scrappage, and a measure of consumer confidence. The model relates the size of the truck fleet to the personal income in the State, vehicle price, vehicle scrappage rates, and the level of unemployment. The long-range economic data used in the model are based on the projections published by Data Resources, Inc.

Projected Section 341.25 revenues for the next ten years are indicated in the following table:

**Projected Section 341.25 Revenues  
1996 to 2005**

<b>Fiscal Year</b>	<b>Revenues<sup>(a)</sup> (Amounts in Millions)</b>	<b>% Change</b>
1996	\$248.6	—
1997	248.2	0.5%
1998	259.6	4.6
1999	261.0	0.5
2000	273.9	5.0
2001	276.1	0.8
2002	287.2	4.0
2003	287.3	0.0
2004	298.7	4.0
2005	298.9	0.1

<sup>(a)</sup> Includes both IRP and Non-IRP Section 341.25 revenues.

Source: Wisconsin Department of Transportation

As previously indicated, the 1991–93 biennial budget increased most vehicle registration fees, effective September 1, 1991. The previous vehicle registration fee increase occurred in Fiscal Year 1982.

The Department will monitor Registration Fee revenue as it relates to scheduled debt service payments on the Bonds and recommend appropriate adjustments in Registration Fee schedules to the Governor and the Legislature. The State has covenanted in the General Resolution that as long as Bonds are Outstanding it will charge and cause to be deposited with the Trustee sufficient Program Income, including Registration Fees, to pay principal and interest on such Bonds, as the same become due, to maintain the Reserve Fund at the Debt Service Reserve Requirement and to pay Program Expenses.

### **Forecasted Debt Service Coverage**

The following table shows the forecasted coverage of annual debt service on the Outstanding Bonds following the issuance of the 1996 Series A Bonds, based on the Department’s estimated Registration Fees for 1996–2005. There can be no assurance that the estimated Registration Fees will be realized in the amounts shown.

**Debt Service on the 1996 Series A Bond and  
Estimated Revenue Coverage for  
Outstanding Bonds**

Year Ending July 1	<u>1996 Series A Debt Service</u>			Combined <sup>(a)</sup> Total	Estimated <sup>(b)</sup>	Estimated <sup>(c)</sup>
	Principal	Interest	Period Total		Revenue (Millions)	Coverage Ratio
1996				\$59,745,233	\$248.6	4.2
1997	\$3,525,000	\$7,085,250	\$10,610,250	70,633,720	248.2	3.5
1998	3,665,000	6,106,238	9,771,238	69,163,283	259.6	3.8
1999	3,815,000	5,922,988	9,737,988	66,446,445	261.0	3.9
2000	3,985,000	5,732,238	9,717,238	66,438,293	273.9	4.1
2001	4,165,000	5,532,988	9,697,988	66,399,298	276.1	4.2
2002	4,360,000	5,324,738	9,684,738	66,432,715	287.2	4.3
2003	4,570,000	5,106,738	9,676,738	66,398,538	287.3	4.3
2004	4,795,000	4,878,238	9,673,238	70,390,385	298.7	4.2
2005	5,035,000	4,638,488	9,673,488	70,249,148	298.2	4.2
2006	5,290,000	4,336,388	9,626,388	70,254,263		
2007	5,565,000	4,018,988	9,583,988	59,243,418		
2008	5,860,000	3,726,825	9,586,825	59,317,420		
2009	6,180,000	3,410,385	9,590,385	54,448,758		
2010	6,520,000	3,070,485	9,590,485	42,243,278		
2011	6,885,000	2,711,885	9,596,885	42,325,360		
2012	7,270,000	2,326,325	9,596,325	42,413,300		
2013	7,685,000	1,919,205	9,604,205	42,970,405		
2014	8,130,000	1,481,160	9,611,160	43,078,760		
2015	8,600,000	1,017,750	9,617,750	34,612,000		
2016	9,100,000	523,250	9,623,250	25,711,625		
2017				16,085,075		
2018				16,088,500		
2019				16,091,450		
2020				16,087,000		
2021				16,083,500		
2022				16,088,750		
	<u>\$115,000,000</u>	<u>\$78,870,545</u>	<u>\$193,870,545</u>	<u>\$1,337,955,332</u>		

(a) Combined Debt Service on all Outstanding Bonds following the issuance of the 1996 Series A Bonds.

(b) Excludes interest earnings.

(c) Assumes that no additional bonds will be issued and continuation of current registration fees. Estimates of revenue and coverage beyond 2005 are not shown.

Source: Wisconsin Department of Administration and Wisconsin Department of Transportation.

**Registration Fee Collection Procedures**

Pursuant to an agreement between the Department and the Trustee, the Department is the agent of the Trustee with respect to the collection of Registration Fees. The Registration Fees are collected in four ways: by mail to a lock-box system operated by Firststar Bank Milwaukee, N.A. (the “Bank”), over the counter in field registration stations, by mail to the Department’s Central office in Madison (the “Central Office”), and telephone charge card renewal system. Regardless of the method of collection, all Registration Fees are initially deposited with the Trustee for deposit in the Redemption Fund.

The principal method of collecting Non-IRP Registration Fees is registration renewals by mail which are sent directly to the Bank operating the lock-box system as agent for the Trustee. Under this lock-box system the renewals are mailed to the Bank by the vehicle owner. The



renewal includes a check payable to "Registration Fee Trust" and an enclosure with relevant registration information on it. The Bank is to deposit its receipts of Registration Fees daily with the Trustee for deposit in the Redemption Fund.

Over the counter collections take place in 29 field registration stations throughout the State. These offices collect Registration Fees on behalf of the Trustee, as well as driver license fees, title fees, lien fees, salesman's license fees, permit fees, disabled identification card fees, and various other Department charges. The Department's financial system is a transaction-based computer system with the field stations linked to the Department's Central Office by terminal. All transactions are summarized daily and reported to the Central Office. The stations deposit their collections in an account in the Trustee's name for deposit in the Redemption Fund.

Collections at the Central Office differ from field office collections in that it is primarily IRP payments and mail applications which are processed. IRP payments consist of checks submitted by individual truck operators, as well as checks generated by other states transmitting IRP payments to the State. Mail applications handled through the Central Office are primarily associated with the registration of vehicles that involve the transfer of ownership. All checks and cash collected through the Central Office are delivered to the Trustee for deposit in the Redemption Fund.

Telephone charge card renewal is a system available to motorists who prefer to charge their vehicle registration renewals. Under this system, motorists can renew their registrations through a touch tone phone. The Department has contracted with a vendor to handle the voice response equipment and transmission of data. The vendor transfers all monies collected daily, from these transactions, through a wire transfer to the Trustee for deposit in the Redemption Fund.

### **Reserve Fund**

The General Resolution creates a Reserve Fund and provides that it shall be used to make up any deficiency in the Redemption Fund for the payment of principal of and interest on all of the Outstanding Bonds. Each Series Resolution must set forth the Debt Service Reserve Requirement, if any, for that Series. The Debt Service Reserve Requirements for all of the Outstanding Bonds are combined to determine the aggregate Debt Service Reserve Requirement. If all of the Bonds of a Series cease to be Outstanding, then the aggregate Debt Service Reserve Requirement may be reduced by the Debt Service Reserve Requirement attributable to that Series.

The Debt Service Reserve Requirement for the 1996 Series A Bonds shall be \$6,100,000. No representation is made as to the Debt Service Reserve Requirement that may be established upon the issuance of additional Series of Bonds. If there is a deficiency in the Reserve Fund, the Trustee shall, after setting aside in the Principal and Interest Account the applicable amounts required to be deposited therein, deposit Program Income into the Reserve Fund in an amount sufficient to remedy such deficiency.

The General Resolution provides that in lieu of a deposit to the Reserve Fund of an amount equal to the Debt Service Reserve Requirement, the State may provide for a letter of credit, municipal bond insurance policy, surety bond or other type of agreement or arrangement with an entity having, at the time of entering into such agreement or arrangement, a credit rating equal to or greater than the Bonds which provides for the availability, at the times required pursuant to the provisions of any Series Resolution, of an amount at least equal to such Debt Service Requirement and such method of funding shall be deemed to satisfy all provisions of the Series Resolution with respect to the Debt Service Reserve Requirement and the amount required to be on deposit in the Reserve Fund with respect to such Series of Bonds.

On May 27, 1993 the State acquired an irrevocable surety bond from AMBAC Indemnity Corporation (“AMBAC Indemnity”) to fund the Debt Service Reserve Fund Requirement for all bonds issued from 1986 through 1993, the then Outstanding Bonds. In conjunction with the sale of the 1994 Bonds and the 1995 Bonds, the surety bond was exchanged for a new surety bond which funded the Debt Service Reserve Requirement for all Outstanding Bonds.

#### *Surety Bond*

The State will exchange the surety bond referenced above to increase the amount to include the Debt Service Reserve Requirement for the 1996 Series A Bonds. The new surety bond (the “Surety Bond”) is to be issued by AMBAC Indemnity. The Surety Bond is in an amount equal to the aggregate Debt Service Reserve Requirement for all Prior Bonds and the 1996 Series A Bonds (the “Surety Bond Coverage”). The Surety Bond is in the amount of \$40,475,000, which is the aggregate Debt Service Reserve Requirement for all Outstanding Bonds. The premium for the Surety Bond is paid in full. The Surety Bond is noncancelable until it expires on the earlier of July 1, 2022 or when all Outstanding Bonds issued, now or in the future, under the General Resolution are paid in full. Surety Bond Coverage is not reduced by principal payments or defeasance of Outstanding Bonds.

The Surety Bond provides that upon the later of (i) one (1) day after receipt by AMBAC Indemnity of a demand for payment executed by the Trustee certifying that provision for the payment of principal of or interest on the Bonds when due has not been made or (ii) the interest payment date specified in the Demand for Payment submitted to AMBAC Indemnity, AMBAC Indemnity will promptly deposit funds with the Trustee sufficient to enable the Trustee to make such payments due on the Bonds, but in no event exceeding the Surety Bond Coverage.

Pursuant to the terms of the Surety Bond, the Surety Bond Coverage is automatically reduced to the extent of each payment made by AMBAC Indemnity under the terms of the Surety Bond and the State is required to reimburse AMBAC Indemnity for any draws under the Surety Bond with interest at a market rate. Upon such reimbursement, the Surety Bond is reinstated to the extent of each principal reimbursement up to but not exceeding the Surety Bond Coverage. The reimbursement obligation of the State is subordinate to the State’s obligations with respect to the Bonds.

In the event the amount on deposit, or credited to the Reserve Fund, exceeds the amount of the Surety Bond, any draw on the Surety Bond shall be made only after all the funds in the Reserve Fund have been expended. In the event that the amount on deposit in, or credited to, the Reserve Fund, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, surety bond or other such additional funding instrument, draws on the Surety Bond and the additional funding instrument shall be made on a pro rata basis to fund the insufficiency.

The Surety Bond does not insure against nonpayment caused by the insolvency or negligence of the Trustee.

#### *AMBAC Indemnity*

AMBAC Indemnity is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately \$2,439,000,000 (unaudited) and statutory capital of approximately \$1,378,000,000 (unaudited) as of December 31, 1995. Statutory capital consists of AMBAC Indemnity’s policyholders’ surplus and statutory contingency reserve. AMBAC

Indemnity is a wholly owned subsidiary of AMBAC Inc., a 100% publicly-held company. Moody's Investors Service, Inc., Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and Fitch Investors Service, L.P. have each assigned a triple-A claims-paying ability rating to AMBAC Indemnity.

Copies of AMBAC Indemnity's financial statements prepared in accordance with statutory accounting standards are available from AMBAC Indemnity. The address of AMBAC Indemnity's administrative offices and its telephone number are One State Street Plaza, 17th Floor, New York, New York, 10004 and (212) 668-0340.

AMBAC Indemnity has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by AMBAC Indemnity will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by AMBAC Indemnity under policy provisions substantially identical to those contained in its municipal bond insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the issuer.

AMBAC Indemnity has entered into pro rata reinsurance agreements under which a percentage of the insurance underwritten pursuant to certain municipal bond insurance programs of AMBAC Indemnity has been and will be assumed by a number of foreign and domestic unaffiliated reinsurers.

AMBAC Indemnity makes no representation regarding the 1996 Series A Bonds or the advisability of investing in the 1996 Series A Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by AMBAC Indemnity and presented under the headings "*Surety Bond*" and "*AMBAC Indemnity*."

### **Program Income Covenant**

In the General Resolution, the State has covenanted that it will charge and cause to be deposited with the Trustee sufficient Program Income to (i) pay all principal of and interest on the Bonds as the same become due, (ii) maintain the Reserve Fund at its requirement and (iii) pay Program Expenses and maintain the applicable requirements of such other funds and accounts specified under the General Resolution. See "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION" herein.

### **Program Expense Fund**

The General Resolution provides that on the first day of each January, April, July and October, after setting aside in the Principal and Interest Account in the Redemption Fund the amount of principal of and interest on Outstanding Bonds accruing during each such quarterly period, the Trustee is to deposit in the Program Expense Fund Program Income equal to the amount of Program Expenses accruing during such quarterly period as set forth in the Department's annual budget for Program Expenses for such year. The General Resolution defines Program Expenses as the reasonable and proper costs and expenses of the Department for the operation and maintenance of the Program, including, without limitation, the administrative expenses allocable to the Program and the fees and the expenses of the Trustee and the Registrar for the Bonds.

### **Additional Bonds**

The General Resolution authorizes the issuance of additional Bonds for the purpose of paying the costs of Projects and to refund Outstanding Bonds. Additional Bonds may be issued only if Program Income for any 12 consecutive calendar months of the preceding 18 calendar months was at least equal to 1.75 times the maximum aggregate Principal and Interest Requirement in

any Bond Year for all Outstanding Bonds. The General Resolution defines Outstanding Bonds, as of any particular date, as all Bonds theretofore and thereupon being delivered except (i) any Bond canceled by the Trustee, or proven to the satisfaction of the Trustee to have been canceled by the Registrar, (ii) any Bond deemed to have been defeased pursuant to the General Resolution and (iii) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the requirements of the General Resolution or any Series Resolution. In addition, upon the issuance of such additional Bonds the amount on deposit in the Reserve Fund must at least equal the Debt Service Reserve Requirement. See "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION; Additional Bonds" herein.

For purposes of establishing the requisite ratios set forth above, the amount of the Interest Requirement shall be determined by utilizing (i) the fixed interest rates applicable to the specified time periods in the case of a fixed interest rate Series of Bonds and (ii) the maximum interest rate permitted by the Series Resolution for the time period specified in the case of a variable interest rate Series of Bonds.

## **THE STATE OF WISCONSIN BUILDING COMMISSION**

### **Members**

The State of Wisconsin Building Commission was created in 1949 under Section 13.48 of the Wisconsin Statutes, as amended. The Commission has supervision over all matters relating to the contracting of State public debt, the contracting of State revenue obligations and the issuance of evidences of obligations therefor. The Revenue Obligations Act empowers the Commission to authorize the borrowing of money and the issuance of revenue obligations therefor up to the amount specified by the State Legislature for revenue producing programs. The members of the Commission are the Governor, three members of each house of the Legislature who are appointed in the same manner as the standing committees in the respective houses, and one citizen member appointed by the Governor and serving at his pleasure. The two major political parties must be represented in the membership from each house, and one member must be a member of the Legislative State Supported Programs Study and Advisory Committee. The terms of membership of the Legislative members of the Commission expire on the second Wednesday in January of odd numbered years and such members are subject to reappointment in the same manner as the standing committees in the respective houses. The Secretary of the Department of Administration, the head of the engineering function and the ranking architect in the Department of Administration are nonvoting advisory members.

### **Staff**

The Commission is assisted by the Department of Administration which provides technical civil service staff. The Divisions of State Facilities Management and Executive Budget and Finance are subdivisions of the Department of Administration. The Administrator of the Division of State Facilities Management, with the concurrence of the Secretary of the Department of Administration, serves as the Secretary to the Commission. Employees of the Division of Executive Budget and Finance serve as State Capital Finance Director and staff responsible for managing the State's general obligation, revenue bond and operating note programs.

The Commission's office location is Administration Building, 101 East Wilson Street, 7th Floor, its mailing address is P.O. Box 7866 Madison, Wisconsin 53707-7866, and its telephone number is (608) 266-1855.

## **TRANSPORTATION PROJECTS COMMISSION**

In 1983, the Transportation Projects Commission (“TPC”) was created under Section 13.489 of the Wisconsin Statutes to define, review and recommend major highway projects to the Governor and the Legislature. The recommendations of the TPC are reviewed and acted upon by the Governor and the Legislature during the course of the State’s biennial budget process. The TPC consists of the Governor, three citizen members appointed by the Governor to serve at his or her pleasure and five senators and five representatives to the assembly appointed as are the members of standing committees in their respective houses. Of the members from each house, three are chosen from the majority party and two chosen from the minority party. The Secretary of Transportation serves as a nonvoting member and the Governor serves as chairperson.

The Department assists the TPC in the performance of its duties by making studies and cost estimates for proposed projects under consideration by the TPC. The Department reports to the TPC by September 15 of each even-numbered year concerning its recommendation for adjustments in the major highway projects program. The TPC reports its recommendations to the Governor or Governor-elect and the Legislature, no later than December 15 of each even-numbered year. The TPC may recommend approval, approval with modifications or disapproval of any project. The projects recommended by TPC are included in the Governor’s recommendations in the next biennial budget submission. Legislative action is then required to statutorily enumerate the projects. The Department may not construct a major highway project without such statutory authorization.

## **THE WISCONSIN DEPARTMENT OF TRANSPORTATION**

### **General**

The origin of the Department dates from 1911 when the State Legislature created a State Highway Commission which had authority over and supervised all highway developments funded by the State and providing the first State appropriations for highway construction and maintenance. Initially, such appropriation and designated fee income were held in the State’s General Fund. In 1945, the Legislature segregated these sums in a Highway Fund.

The Department, through legislative and executive action, has evolved into an all-modes cabinet level transportation agency. Chapter 75, Laws of 1967, brought together into a new Department of Transportation, the Aeronautics Commission, the State Highway Commission and the Motor Vehicle Department. Chapter 29, Laws of 1977, abolished the State Highway Commission, transferring the Commission’s authority to the Secretary of the Department. The Secretary is appointed by the Governor and confirmed by the Senate. Effective with the 1979–81 biennial budget, the Governor’s Office of Highway Safety was incorporated into the Department.

The Department’s principal administrative offices are located at 4802 Sheboygan Avenue in Madison, Wisconsin. In addition, the Department has approximately 151 field offices located throughout the State.

### **Management and Staff**

The executive functions of the Department are directed and supervised by the Secretary who is assisted by the Deputy Secretary.

CHARLES H. THOMPSON was appointed Secretary of Transportation in January 1992. Prior to his appointment, Mr. Thompson served for five years on the Wisconsin Public Service Commission, the last four as its Chairman. Before his service with the State, Mr. Thompson served as a teacher and principal in the Wisconsin Dells Area public schools, as well as being the

owner and operator of several small businesses in the State. Mr. Thompson holds a Bachelor of Arts degree in secondary education from the University of Wisconsin-Eau Claire, and he has completed his graduate work in school administration at the University of Colorado–Boulder and the University of Wisconsin–Superior.

TERRENCE D. MULCAHY was appointed Deputy Secretary of the Department in November, 1992. Mr. Mulcahy began his WisDOT career in 1956 and has served in a number of engineering and management positions in highway planning, design and maintenance; the Major Highway Project Commission; consultant services office; statewide planning for air, water, and rail modes; and as executive assistant to the administrator of the Division of Motor Vehicles. A Major General in the United States Army Reserves, Mr. Mulcahy served as the ranking Army Reserve General Officer deployed into the war zone during the 1990–91 Persian Gulf War, where he commanded a 6,000-person Engineer Command. Mr. Mulcahy holds a Bachelor of Science degree in civil engineering from the University of Wisconsin, and a Master of Science degree in Public Administration from Shippensburg University in Pennsylvania.

As of April 15, 1996 the Department had more than 3,800 employees, including 600 civil engineers. Of the Department’s employees, approximately 80% are represented employees whose wage rates, fringe benefits, hours and conditions of employment are determined by collective bargaining agreements. These employees are assigned on the basis of occupational groupings to one of twelve Statewide bargaining units. By statute the contracts between the State and the individual bargaining units are two year contracts and coincide with the State’s fiscal biennium. A contract agreement requires ratification by the members of the labor organization as well as approval of both houses of the Legislature and the Governor.

Contracts covering the period of July 1, 1995 to June 30, 1997 for the represented employees are in effect for all of the Department’s represented employees except for persons who are in the legal, patient care and education bargaining units. These contracts have been extended by mutual agreement. Each contract contains a no-strike or lock-out provision, and State Law specifies that it is illegal for a State employee “to engage in, induce, or encourage any employee to engage in a strike or a concerted refusal to work or perform their usual duties as employees.”

### **Organization**

The powers and duties of the Department are specified in the State statutes. Under the direction of the Secretary, these responsibilities are carried out by six Divisions within the Department and are summarized as follows:

1. Division of Transportation Investment Management—The division guides the use of state and federal transportation dollars through coordinated data collection, transportation systems planning, economics and investment analysis and development of multi-modal investment plans and strategies.
2. Division of Transportation Infrastructure Development—The division provides uniform statewide direction in the project planning, design, construction and operation of the state systems of highways, airports, railroads and harbors.
3. Division of Transportation Districts—The division develops and promotes an understanding of the transportation needs of the respective regions, represents those needs to the Department, takes part in policy and budget development activities within the Department, works with local governments and planning agencies to define needs and delivers, operates and maintains highway facilities administered by the Department.

4. Division of Motor Vehicles—The division administers the regulation of motor vehicle sales and the registration and licensing of vehicles and operators.
5. Division of State Patrol—The division is responsible for enforcing the State traffic and motor carrier laws, assisting motorists and inspecting certain vehicles for safety.
6. Division of Business Management—The division provides personnel management, accounting, general operations and data processing services for all Departmental divisions.

The Department is involved with various forms of transportation facilities in the State, including air, highway, rail, mass transit and water transportation for both people and goods. It uses both its own revenues and federal aid to fund this involvement. The following table is a summary of the facilities and their users for the latest available year.

**Wisconsin Transportation  
Facilities and Users**

<u>Mode</u>	<u>Facilities</u>	<u>Users</u>
Streets and Highways	111,000 miles state and local	4.2 million vehicles 3.5 million drivers
Air	614 airports 30 seaplane bases 117 heliports/helipads	5,315 aircraft 11,967 pilots 17 scheduled airlines
Rail	4,000 (estimated) route miles	10 railroads plus Amtrak service
Bus	63 urban transit systems	
Water	12 Great Lakes ports 3 Mississippi River ports	

**Source: Wisconsin Department of Transportation**

**Highway and Facilities Functions**

The highway jurisdiction of the Department extends over a system of approximately 11,800 miles of roads, including more than 630 miles of interstate highways and over 5,000 bridges. In 1995 travel on the State trunk highway system was estimated to be 30.8 billion vehicle miles of travel and is expected by the Department to increase to 38.9 billion vehicle miles of travel by the year 2010. The Department's goal is to provide for and promote adequate, safe and efficient transportation for citizens of the State, business and industry.

The Department has many responsibilities concerning the development and use of highways and streets. The following is a list of its major areas of responsibility:

1. To plan, design, construct and maintain the State trunk highway system.
2. To administer vehicle registration and licensing, driver examination and improvement, and dealer regulation and licensing program and collect fees, including Registration Fees, for such functions.
3. To grant aid and to advise and assist towns, villages, cities and counties in regard to construction and maintenance of roads and bridges under their jurisdiction. The transportation aid system in Wisconsin is generally predicated on the principle of sharing State collected transportation revenues with local governments.

4. To administer all matters pertaining to the expenditure of State and federal funds for the improvement of State and local highways.
5. To promote the safe, efficient and legal movement of persons and property on State highways through enforcement of State statutes applicable to highway safety and motor carrier regulation.

The Department's transportation facilities consist of seven State Patrol headquarters, the State Patrol Academy, 51 communication towers and building locations, eight highway district offices and 128 driver examining and registration counter stations, as well as the Central Office, together with a number of support facilities such as a radio shop, materials lab and a fleet service facility.

### **Projects**

Under current State law, the Department may commence construction on a major highway project only if the project has been enumerated for construction in the Statutes. A major highway project is defined as a project which has a total cost of more than \$5,000,000 and which involves one or more of the following: (i) constructing a new highway 2.5 miles or more in length, (ii) relocating 2.5 miles or more of an existing highway, (iii) adding one or more lanes, 5 miles or more to an existing highway or (iv) improving 10 miles or more of existing multi-lane divided highway to freeway standards.

Once a major highway project has been enumerated in the Statutes, the project is scheduled for construction by the Department. All state highway improvement projects, including authorized major highway projects, are scheduled in the Department's six-year highway improvement program. This six-year program, which is updated on a biennial basis, serves as the basic tool that translates the Department's long-term improvement plans into annual construction programs.

The Department and the State are currently authorized by statute to use Bond proceeds for right-of-way acquisition and construction of sixty-nine major highway projects and certain transportation administrative facilities. Of the sixty-nine enumerated major highway projects, the Department has completed construction on forty-one projects.

The following is a brief summary of major highway projects and transportation administrative facilities. Projects expected to be constructed in whole or in part by the proceeds of Prior Bonds, the 1996 Series A Bonds and from additional Bonds are as follows:

*Lake Arterial (Segment between Layton Avenue to Carferry Drive in Milwaukee County).*

This project is on a new location. It would extend from the southerly terminus of I-794 at Carferry Drive southerly on or adjacent to the Chicago and North Western right-of-way, to the intersection with Layton Avenue, a total distance of 3.1 miles.

*US Highway 151 (Columbus to US Highway 41 in Columbia, Dodge and Fond du Lac Counties).*

This corridor project will improve the existing USH to a four-lane expressway. The project begins at STH 73 south of Columbus and extends to USH 41 at Fond du Lac, a distance of 45.2 miles.

*State Trunk Highway 29 (Green Bay to Chippewa Falls in Brown, Shawano, Marathon, Clark and Chippewa Counties).*

This corridor project will improve the existing highway to a four-lane express highway, a distance of 140.2 miles.

*US Highway 10 (Marshfield to Appleton in Outagamie, Waupaca, Portage and Wood Counties).*

This corridor project will improve USH 10 to a four-lane expressway between Marshfield in Wood County and Appleton in Outagamie County, a distance of 95 miles.



*State Trunk Highway 54 (Wisconsin Rapids to Plover in Wood and Portage Counties).*

This project will improve STH 54 between Wisconsin Rapids and Plover to a four-lane expressway, a distance of 14.8 miles.

*US Highway 53 (Trego to Hawthorne in Douglas and Washburn Counties).*

This project will improve existing USH 53 between Trego and Hawthorne to a four-lane expressway, a distance of 41.2 miles.

*State Trunk Highway 36 (Burlington to STH 100 in Racine, Waukesha and Milwaukee Counties).*

This project will upgrade the existing highway to a four-lane expressway between Burlington in Racine County and STH 100 in Milwaukee County, a distance of 19 miles.

*US Highway 51 (Tomahawk Bypass in Lincoln County).*

This project will improve the existing USH 51 bypass of Tomahawk between CTH S and USH 8 to a four-lane freeway, a distance of 9.3 miles.

*US Highway 12 (Whitewater Bypass in Jefferson and Walworth Counties).*

This project will construct a two-lane bypass of Whitewater between USH 12 approximately 1.5 miles northwest of Whitewater to USH 12, 1.0 mile east of CTH P, a distance of 6.6 miles.

*State Trunk Highway 31 (Between STH 11 and STH 142 in Racine and Kenosha Counties).*

This project will improve existing STH 31 to a six-lane urban divided highway, a distance of 6 miles.

*State Trunk Highway 29 (Chippewa Falls to I 94 in Chippewa and Dunn Counties).*

This project constructs a high quality four-lane facility from Chippewa Falls to I 94, including a bypass of Chippewa Falls, a distance of 22 miles.

*State Trunk Highway 35 (CTH U to I 94 in St. Croix County).*

This project will upgrade existing STH 35 to a four-lane expressway between CTH U and I 94, a distance of 6.8 miles.

*State Trunk Highway 76 (CTH CA to USH 41 in Outagamie County).*

This project will construct a new highway between CTH CA and the intersection of USH 41 and CTH OO, a distance of 2.6 miles.

*State Trunk Highway 50 (Slades Corners to USH 12 in Kenosha and Walworth Counties).*

This project will improve existing STH 50 to a four-lane expressway between Slades Corners and USH 12, a distance of 7.7 miles.

*State Trunk Highway 57 (STH 54 to CTH A in Brown and Kewaunee Counties).*

This project will improve existing STH 57 between STH 54 in Brown County to CTH A in Kewaunee County to a four-lane expressway, a distance of 11.2 miles.

*State Trunk Highway 110 (USH 41 to STH 116 in Winnebago County).*

This project will construct a four-lane expressway between USH 41 to STH 116, a distance of 7.4 miles.

*US Highway 141 (Abrams to STH 22 in Oconto County).*

This project will improve existing USH to a four-lane expressway between the junction of USH 41/141 at Abrams to 1.0 mile north of STH 22, a distance of 14.3 miles.

*US Highway 41 (STH 145 to USH 41/141 Interchange in Washington, Dodge, Fond du Lac, Winnebago, Outagamie, Brown and Oconto Counties).*

This corridor project will upgrade USH 41 to a freeway between STH 145 in Washington County and the USH 41/141 interchange in Oconto County, a distance of 84.2 miles.

*State Trunk Highway 11 (Janesville Bypass and Beloit Bypass in Rock County).*

This project will construct a two-lane bypass of Janesville, a distance of 6.1 miles and a two-lane bypass of Beloit, a distance of 2.5 miles.

*US Highway 12 (USH 12/14 Interchange to State Trunk Highway 60 in Dane and Sauk Counties).*

This project will upgrade existing USH 12 to a four—lane divided expressway between the USH 12/14 interchange area in Middleton and STH 60, a distance of 18.2 miles.

*State Trunk Highway 13 (USH 10 to Lincoln Avenue, Marshfield in Wood and Marathon Counties).*

This project will construct a new four-lane divided urban arterial between USH 10 and Lincoln Avenue in Marshfield, a distance of 5.0 miles.

*State Trunk Highway 64 (Houlton to New Richmond in St. Croix County).*

This project will upgrade existing STH 64 to a four-lane expressway between STH 64 northeast of Houlton and STH 65 east of New Richmond, a distance of 14.3 miles.

*US Highway 151 (Fond du Lac Bypass in Fond du Lac County).*

This project will construct a new two-lane bypass of Fond du Lac, a distance of 11 miles.

*State Trunk Highway 57 (I 43 to State Trunk Highway 57 in Ozaukee and Sheboygan Counties).*

This project will improve the existing highway to a four-lane expressway, between I 43 and 0.5 mile north of the southern Sheboygan County line, a distance of 10.5 miles.

*US Highway 151 (USH 151 to STH 23 in Lafayette and Iowa Counties).*

This project will extend approximately 18.2 miles between USH 151 west of Belmont and STH 23 south of Dodgeville, designated as the Belmont to Dodgeville project.

*State Trunk Highway 16 and State Trunk Highway 16/67 (STH 16 to STH 16/67 in Jefferson and Waukesha Counties).*

This project will extend approximately 7.4 miles from the junction of STH 16 with the Rock River to the STH 16/67 interchange east of Oconomowoc, designated as the Oconomowoc bypass.

*US Highway 53 (USH 53/STH 93 to USH 53/STH 124 in Eau Claire and Chippewa Counties).*

This project will extend approximately 7.5 miles between USH 53 south of the USH 53/STH 93 interchange in Eau Claire and the USH 53/STH 124 interchange south of Chippewa Falls, designated as the Eau Claire freeway.

The following administrative facilities projects are expected to be financed in whole or in part from proceeds of Prior Bonds and from additional Bonds:

*Driver's License Stations.*

The Department plans to acquire land for a northeastern Milwaukee and Waukesha station. A station will be constructed in Rice Lake. In addition, the station in Eau Claire will undergo renovation.

*State Patrol Facilities.*

A new facility will be constructed in DeForest for the District 1 headquarters. Three new towers will be constructed: one in Footville, Wittenberg, and Deerfield. Footville and Wittenberg will also have new buildings constructed at the same time.

*Madison Truax Field Complex.*

Two of three authorized projects remain for the Truax Field Complex owned by the Department: (i) remodeling and retrofitting the Materials Center Building and (ii) remodeling the facility and making code compliant the fleet and radio shop operations.

*Highways Facilities.*

The Department plans to construct an addition and remodel a building at Wisconsin Rapids.

The table below summarizes cost information for the major highway projects and administrative facilities projects described above. Cost data for the major highway projects represents the estimated cost, in 1996 dollars, to finish the uncompleted portion of the project. The cost estimates for the administrative facilities projects represent the total cost to complete the construction.

**Major Highway Projects Expected to be Constructed  
in Whole or in Part from 1996 Series A Bond Proceeds  
and from Additional Bonds**

		<b>Estimated Cost of Completion (Amounts in Millions)</b>	<b>Anticipated Year of Completion</b>
Lake Arterial	Milwaukee Co. ....	\$39.1	1999
USH 151	Columbus to USH 41 in Columbia, Dodge and Fond du Lac Co. ....	70.8	2004
STH 29	Green Bay to Chippewa Falls in Brown, Shawano, Marathon, Clark and Chippewa Co. ....	171.6	2000
STH 29	Chippewa Falls to I 94, including Chippewa Falls Bypass in Chippewa and Dunn Co. ....	97.5	2003
USH 10	Appleton to Marshfield, in Outagamie, Waupaca, Portage and Wood Co. ....	319.6	2010
STH 54	Wisconsin Rapids to Plover in Wood and Portage Co. ....	13.4	1999
USH 53	Trego to Hawthorne in Douglas and Washburn Co. ....	24.2	1999
STH 36	Burlington to STH 100 in Racine, Waukesha and Milwaukee Co. ....	9.0	1997
USH 51	Tomahawk Bypass in Lincoln Co. ....	12.2	2001
USH 12	Whitewater Bypass in Jefferson and Walworth Co. ....	11.4	2002
STH 31	STH 11 to STH 142 in Racine and Kenosha Co. ....	27.2	2001
STH 35	CTH U to I 94 in St. Croix Co. ....	11.2	1999
STH 76	CTH CA to USH 41 in Outagamie Co. ....	9.0	1998
STH 50	Slades Corners to USH 12 in Kenosha and Walworth Co. ....	25.6	2001
STH 57	STH 54 to CTH A in Brown and Kewaunee Co. ....	26.8	2004
STH 110	USH 41 to STH 116 in Winnebago Co. ....	17.5	2002
USH 141	Abrams to STH 22 in Oconto Co. ....	24.2	2003
USH 41	STH 145 to the USH 41/141 Interchange in Washington, Dodge, Fond du Lac, Winnebago, Outagamie, Brown and Oconto Counties ....	75.8	2003
STH 11	Janesville Bypass & Beloit Bypass in Rock Co. ....	16.5	2003
USH 12	USH 12/14 Interchange to STH 60 in Dane & Sauk Co. ....	55.4	2004
STH 13	USH 10 to Lincoln Ave., Marshfield in Wood & Marathon Co. ....	29.5	2003
STH 64	Houlton to New Richmond in St. Croix Co. ....	69.2	2006
USH 151	Fond du Lac Bypass in Fond du Lac Co. ....	40.8	2006
STH 57	I 43 to STH 57 in Ozaukee & Sheboygan Co. ....	13.3	2003
USH 151	Belmont to Dodgeville in Lafayette & Iowa Co. ....	59.0	2007
STH 16	Oconomowoc bypass in Jefferson & Waukesha Co. ....	37.8	2008
USH 53	Eau Claire freeway in Eau Claire & Chippewa Co. ....	80.0	2007
Total Cost of Completion.....		\$1,387.6	

**Administrative Facilities Projects Expected to be Financed  
in Whole or in Part from 1996 Series A Bond Proceeds  
and from Additional Bonds**

	<b>Estimated Cost of Completion (Amount in Millions)</b>	<b>Anticipated Year of Completion</b>
Madison Truax Field Complex Fleet/Radio Shop .....	\$1.5	1998
N. E. Milwaukee License Station Land .....	0.3	1998
Madison Truax Field Complex Imp. (Phase C).....	1.2	1998
Materials Lab Renovation-Madison (Phase 2) .....	1.5	1996
District 1 DSP Headquarters-DeForest.....	2.0	1998
DMV Customer Service Center Land Acquisition-Waukesha.....	0.4	1998
DMV Customer Service Center Remodeling Eau Claire .....	0.3	1996
Wisconsin Rapids Office Building Remodeling .....	0.9	1998
DMV Rice Lake Licensing Facility .....	1.1	1998
DSP Footville Tower and Building.....	0.4	1997
DSP Wittenberg Tower and Building.....	0.4	1997
DSP Deerfield Tower.....	0.2	1997
Total Cost of Completion.....	<u>\$10.2</u>	

The Department currently has statutory authority to issue a total of \$1.083 billion of Bonds excluding revenue bonds issued to refund outstanding revenue bonds, including the 1996 Series A Bonds, to finance such Projects, bond reserves and costs of issuance. In order to finance the costs of completion of all major highway Projects, the Department may use moneys from the following sources: (i) existing and future Legislative authorization for the issuance of Bonds, (ii) Federal aid and (iii) moneys in the Transportation Fund which may be appropriated in the future for such purposes.

Highway Projects are evaluated and recommended to the Transportation Projects Commission by the Department based on the following established criteria: (i) severity and extent of deficiencies relating to surface and structural condition, safety geometrics and capacity, (ii) a benefit/cost analysis, (iii) total cost, (iv) environmental, social and economic impact of the project, (v) community impact, including effect on traffic service, congestion and safety, (vi) system continuity, (vii) local, regional and State plans, (viii) availability of funding and (ix) public and political visibility, interest and local support.

The Department is responsible for managing the State highway program. In this capacity, the Department schedules all projects, completes environmental reviews, designs the projects, acquires right-of-way, determines the mix of fund sources for individual projects, lets and awards all contracts, supervises construction activities, and performs final inspections on all projects. These activities are either performed directly by the Division of Highways or by consultants working at the direction of Departmental staff.

The Department's transportation facilities building program is managed in conjunction with the Department of Administration and the Building Commission. In order to receive statutory authority to acquire and construct a transportation facility project, the Department sends a request for purchasing, improving or constructing facilities to the Department of Administration which analyzes the request in terms of need, cost estimates and consistency with Commission guidelines on such features as safety, structural soundness and energy impact. Its decision is

forwarded to the Legislature. The Legislature determines whether such transportation facilities are to be financed from Bond proceeds, the proceeds of State general obligation debt or from the Transportation Fund and makes necessary statutory appropriations and authorizations.

The Legislature may in the future identify additional major highway and transportation facilities Projects and authorize the State and the Department to use Bond proceeds to finance the acquisition and construction of such additional Projects. The Department expects that it will periodically need Bond proceeds to improve the State's system of highways and transportation facilities.

### **Department Highway and Financing Plans**

In 1988, the Department completed major studies of future travel and economic development needs. Out of these studies came the "Corridors 2020" plan for a network of superior quality highways to foster economic development and to meet the State's mobility needs into the 21st Century. This "Corridors 2020" plan consists of approximately 3,400 miles and is composed of two elements:

- A 1,550-mile backbone network of highways to interconnect major cities and regions of Wisconsin and to tie them to national and world markets. While 1,200 miles of this system are already in place, work on 350 miles still remains.
- A 1,850-mile system of two- and four-lane connectors directly linking other significant economic and tourism centers to the backbone system. The plan calls for upgrading 400 miles of 2-lane connectors to four lanes.

The Department has established as a goal the completion of the backbone network by 2005 and the completion of the connector system by 2020.

The "Corridors 2020" plan was subsequently endorsed by the Governor, the Transportation Projects Commission and the Legislature. The 1989–91 biennial budget provided additional Departmental staff and resources to accelerate development work on these projects. The 1991–93 biennial budget provided full budgetary and statutory authority for the Department to proceed with the plan. Specifically, the 1991–93 budget included the following provisions: (i) the authorized level for the major projects program was increased to \$118 million annually (1988 dollars) and (ii) the highway corridors included in the plan were enumerated in the statutes as authorized major highway projects.

The specific 1991–93 transportation budget provisions recommended by the Governor were announced as a part of a larger package of transportation initiatives, called "Mobility 2000." This proposal outlined a strategic, long-term and diverse package of transportation programs and policies. The time frame covered by the Governor's Mobility 2000 initiative was the six year period 1992 through 1997. The first four years of this period were included in the 1991–93 and 1993–95 biennial budgets, and the remaining two years indicate the Governor's planned program levels for subsequent budgets.

On November 17, 1994, the WisDOT formally adopted a comprehensive, long-range intermodal transportation plan called Translinks 21. This plan, which is required by and fully complies with federal Intermodal Surface Transportation Efficiency Act requirements, is proposed to guide transportation policies, programs and investments through the year 2020.

Translinks 21 outlines a blueprint to invest \$39 billion in transportation over 25 years – or about \$8.9 billion over current spending levels extended. It provides the investments needed to maintain and improve highways as the backbone of the transportation system, while also making

investments in alternatives to ensure mobility for people who cannot drive, or elderly and disabled persons, and for businesses.

In the first biennium since completion of Translinks, the Legislature increased bonding authority by \$132.8 million for major highway projects. Additionally, the 1995–97 transportation budget directs WisDOT to accelerate completion of the major segment of a highway (State Highway 29 from Green Bay to Chippewa Falls by the year 2000) which is a backbone highway in the plan. In the current and succeeding bienniums, the Legislature will continue to evaluate the plan and consider how the plan components might be implemented.

In terms of financing plans, the State has followed the policy since the mid-1980's that the major highway projects program should be financed through a combination of transportation revenue bonds and State and federal funds. The Department's long-term financing plans are premised on the continuation of this policy. It also should be noted that in the highway improvement program, transportation revenue bonds are used as a funding source only for major highway projects. The remaining non-major portion of the program is financed entirely from State, federal and local moneys.

### **Department Finances**

In addition to Bond financing, the funds used to build the State highway system generally come from two sources: the State Transportation Fund and the Federal Highway Trust Fund. The money in these funds comes primarily from the users of highways. The largest portion of this money is generated through the State and federal motor fuel taxes. Currently, the State has a use tax on motor fuel of 23.7 cents per gallon.

Beginning in April, 1985, the State motor fuel tax was indexed to correct the two principal transportation finance problems of declining fuel consumption and inflationary pressures on transportation costs. The law now provides that, each April, the motor fuel tax rate is automatically adjusted through the calculation of an index, which combines an inflation factor (the Consumer Price Index) with a consumption factor (the percentage change in motor fuel consumption) to produce the overall percentage adjustment to the State motor fuel tax rate. Since its inception, the indexing formula has increased the State's fuel tax rate by 5.7 cents through eleven annual adjustments in twelve years. The annual indexing adjustment has stabilized the buying power of State motor fuel taxes.

As a result of legislation enacted in early 1992, the indexing adjustment scheduled for April 1, 1992 did not occur. Instead, the fuel tax rate was retained at the previous year's rate of 22.2 cents per gallon. This one-year suspension of indexing occurred because the State was scheduled to receive a considerable amount of previously unanticipated federal aid in FY 1992, which made it possible to reduce State revenues in that year. In order to avoid any permanent reduction in the State revenue base for transportation programs, the legislation provided that the indexing calculation on April 1, 1993 automatically adjust the fuel tax rate by an amount sufficient to cover both the adjustment that would have been made in 1992 (0.9 cents) plus the standard formula indexing adjustment for 1993 (0.1 cents).

State transportation revenues in the Transportation Fund in the 1995–97 biennium will provide approximately 67% of the Department's total budget. State transportation revenues are generated by the motor fuel tax, registration fees, license fees and motor carrier fees. The Department estimates that in the 1995–97 period 64% of its State transportation revenues will come from motor fuel taxes, 26% from registration fees (including Registration Fees deposited with the Trustee and pledged for repayment of the Bonds) and 10% from other fees and taxes.

Such revenues, including Registration Fees in excess of amounts required by the General Resolution to be held by the Trustee (see “SECURITY FOR THE BONDS” herein), are deposited in the Transportation Fund and are used for any authorized purpose. These moneys are not pledged to or available for the payment of debt service on the Bonds. Registration Fees held by the Trustee in the Funds and Accounts created by the General Resolution are not available for the payment of the costs of any of the Department’s other functions and programs except for the Program.

The federal Intermodal Surface Transportation Efficiency Act substantially restructured federal transportation programs. Under the Act, and depending on federal appropriation levels, it is anticipated that the federal aid level in the 1995–97 biennium will total \$645 million. Under the provisions of the State budget, the Department is authorized to expend any federal funds received.

State transportation revenues are allocated to various transportation programs by the Legislature as a part of the biennial State budget. In the 1993–95 biennium, approximately 20.9% of these funds went to system improvements (20.1% to preserve existing highways and bridges and 0.8% to major projects) while 13.3% went to system maintenance. The remainder was passed directly to local units of government (40.0%), paid debt service (5.8%) and paid Departmental operations (20.0%).

The Department previously utilized State general obligation proceeds for the construction of State highways. The Department uses monies from the Transportation Fund to make its share of debt service payments on these general obligation bonds. As of March 31, 1996, the outstanding amount of general obligation bonds issued for this purpose was \$38.1 million. There is also statutory authority for the Department to utilize State general obligation bond proceeds as follows:

<u>Purpose</u>	<u>Legislative Authorization (Amounts in Millions)</u>	<u>General Obligations Issued to Date (Amounts in Millions)</u>
Harbor Improvement	\$12.0	\$8.3
Freight Rail	14.5	6.6
Passenger Rail	50.0	0.0

Debt service on general obligations issued for harbor improvement and freight rail is paid by the Transportation Fund. Registration Fees can be used to pay debt service on such State general obligation debt only after their deposit in the Transportation Fund, free and clear of the lien and pledge of the General Resolution.

## **SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION**

The General Resolution contains various covenants and security provisions, certain of which are summarized below. In general, this Section does not summarize any provisions of the Series Resolution. Reference should be made to the General Resolution for a full and complete statement of its provisions.

### **Resolution to Constitute Contract**

The provisions of the General Resolution shall be a part of the contract of the State with the holders of Bonds and shall be deemed to be and shall constitute a contract among the State, the Trustee and the holders from time to time of the Bonds and shall be for the equal benefit, protection and security of the holders of any and all of such Bonds.

### **Provisions for Issuance of Bonds**

The General Resolution authorizes Bonds of a Series to be issued from time to time in accordance with the terms of the General Resolution without limitation as to amount except as provided by law. Bonds shall be issued pursuant to authorization by a Series Resolution containing the provisions specified by the General Resolution. Following issuance of the initial Series of Bonds, the Commission must determine that the additional obligations test set forth in the General Resolution is met prior to adopting any Series Resolution for other than refunding purposes. The Bonds of a Series may be authenticated and delivered only upon receipt by the Trustee of, among other things:

- (1) a Bond Counsel's opinion to the effect, among other things, that the Bonds of such Series have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State and in accordance with the General Resolution; and,
- (2) the proceeds of the Bonds of such Series to be deposited with the Trustee pursuant to the General Resolution.

### **Additional Bonds**

Following the initial issuance of Bonds, the State will not create or permit the creation of, or issue any obligations or create any indebtedness which shall be secured by a superior or equal charge and lien on the Program Income, except that additional Series of Bonds may be issued from time to time subsequent to the issuance of the initial Series of Bonds on a parity with the Bonds of such initial Series of Bonds and secured by an equal charge and lien on the Program Income. However, no additional Series of Bonds shall be issued subsequent to the initial Series of Bonds unless:

- (1) the principal amount of the additional Bonds together with the principal amount of the Outstanding Bonds will not exceed in aggregate principal amount any limitation thereon imposed by law;
- (2) except in the case of refunding Bonds, there shall be filed with the Trustee a Certificate of an Authorized Officer of the Commission and the Department stating that Program Income, including interest earnings on amounts deposited in the Funds or Accounts held by the Trustee and available for debt service, for any twelve (12) consecutive calendar months of the preceding eighteen (18) calendar months, was equal to at least 1.75 times the maximum aggregate Principal Requirement and Interest Requirement for any Fiscal Year for all Outstanding Bonds (the General Resolution defines Outstanding Bonds to include the Bonds being issued upon the delivery of such Certificate);
- (3) upon the issuance and delivery of the additional Bonds, the amount credited to the Reserve Fund shall be at least equal to the Debt Service Reserve Requirement immediately after issuance; and,
- (4) all requirements with respect to adoption of Series Resolutions have been complied with.

### **Refunding Bonds**

The State may issue refunding Bonds of one or more Series to refund any Outstanding Bonds of one or more Series whether by payment at maturity or by redemption. Refunding Bonds shall be issued pursuant to and in accordance with the provisions of a Series Resolution authorizing such refunding Bonds.

### **Application of Bond Proceeds**

The proceeds of sale of a Series of Bonds shall be deposited as follows:



- (1) to the Principal and Interest Account of the Redemption Fund, the amount of any accrued interest on the Series of Bonds to their date of delivery;
- (2) to the Principal and Interest Account of the Redemption Fund, the amount of any premium determined by the applicable Series Resolution;
- (3) to the Principal and Interest Account of the Redemption Fund, the proceeds of any Series of refunding Bonds to the extent provided in the applicable Series Resolution;
- (4) to the Reserve Fund, the amount specified in the Series Resolution as necessary to establish or increase the amount set aside therein to the Debt Service Reserve Requirement;
- (5) to any other Fund or Account to the extent permitted by the Revenue Obligations Act provided for by Series Resolution; and
- (6) to the Program Capital Fund, the balance of the proceeds of any Series of Bonds, which shall be allocated:
  - (a) to the Capitalized Interest Account, the amount of capitalized interest, if any, determined by the applicable Series Resolution to be deposited; and
  - (b) to the Program Account, the balance of the proceeds of any Series of Bonds.

**Establishment of Funds**

All Program Income and other moneys or securities held by the Trustee pursuant to the General Resolution are revenues of the Trustee and are revenues outside of the State Treasury which shall be held in trust and applied only in accordance with the provisions of the General Resolution. The General Resolution establishes and creates the following trust funds which are to be held by the Trustee:

- (1) Program Capital Fund, which consists of a Capitalized Interest Account and a Program Account;
- (2) Redemption Fund, which consists of a Principal and Interest Account and a Program Income Account;
- (3) Reserve Fund; and
- (4) Program Expense Fund.

The General Resolution authorizes the creation of other Funds and Accounts for a particular Series of Bonds by the applicable Series Resolution.

**Capitalized Interest Account**

Amounts in the Capitalized Interest Account, if any, shall be transferred to the Principal and Interest Account of the Redemption Fund to be used for payment of capitalized interest on the Bonds in accordance with the schedule set forth in a Series Resolution or in a Certificate of an Authorized Officer of the Building Commission delivered to the Trustee. Amounts in the Capitalized Interest Account shall also be transferred to the Principal and Interest Account of the Redemption Fund for redemption of Bonds (i) upon receipt by the Trustee of a Certificate of an Authorized Officer of the Building Commission stating that such redemption is necessary for compliance with the covenants contained in the General Resolution concerning tax exemption of the interest on certain of the Bonds; and (ii) in accordance with the provisions of the terms of a Series Resolution with respect to the Series of Bonds authorized by such Series Resolution.

**Program Account**

Amounts in the Program Account shall be used solely for the following purposes:

- (1) paying the Costs of Issuance;
- (2) financing Projects in accordance with the Act and the General Resolution; and
- (3) transfers to the Principal and Interest Account of the Redemption Fund to pay interest on the principal of or Redemption Price of Outstanding Bonds (i) upon receipt by the Trustee of a Certificate of an Authorized Officer of the Building Commission stating that such redemption is necessary for compliance with the covenants contained in the General Resolution concerning tax exemption of the interest on certain of the Bonds, (ii) in accordance with the provisions of the terms of a Series Resolution and (iii) upon receipt by the Trustee of a Certificate of an Authorized Officer of the Building Commission stating that there are no further Projects to be funded from the Program Account. See “THE 1996 SERIES A BONDS; Optional Redemption” for a description of redemption features of the 1996 Series A Bonds.

### **Redemption Fund**

There shall be deposited into the Principal and Interest Account of the Redemption Fund from the proceeds of the sale of the Bonds, immediately upon receipt thereof, an amount equal to the accrued interest and any premium paid upon the sale of the Bonds and the proceeds of any Series of refunding Bonds. All Program Income shall be deposited promptly with the Trustee (or with national banking associations, state banks or trust companies acting as agents of the Trustee for transfer daily to the Trustee) and such amounts shall be deposited in the Program Income Account of the Redemption Fund. There shall also be deposited in the Program Income Account of the Redemption Fund any other amounts required or permitted to be deposited therein pursuant to the General Resolution.

The amounts deposited in the Principal and Interest Account of the Redemption Fund from the proceeds of a Series of Bonds representing accrued interest and any premium shall be set aside and applied to the payment of interest on the next succeeding Interest Payment Date and any additional Interest Payment Dates specified in the Series Resolution or a Certificate of an Authorized Officer of the Building Commission.

The amounts deposited in the Principal and Interest Account of the Redemption Fund from the proceeds of a Series of refunding Bonds shall be applied to the payment or redemption of Bonds as provided in the Series Resolution.

Commencing on the date of issuance of the Bonds and continuing each succeeding business day until the amounts required in (1) through (4) of this paragraph are deposited and thereafter on each Redemption Fund Deposit Day the first day of January, April, July and October, and continuing each succeeding business day until the amounts required in (1) through (4) of this paragraph are deposited, the Trustee shall immediately transfer aside from the amounts deposited in the Program Income Account, in the following order of priority:

- (1) to the Principal and Interest Account, after giving effect to:
  - (a) amounts to be available from accrued interest and in the Capitalized Interest Account, and
  - (b) any balance in the Principal and Interest Account on each Redemption Fund Deposit Day, and
  - (c) amounts transferred from the Reserve Fund, and
  - (d) amounts transferred from the Program Expense Fund, an amount equal to the Interest Requirement with respect to Outstanding Bonds, and

- (2) to the Principal and Interest Account, after giving effect to any balance in the Principal and Interest Account in excess of the Interest Requirement an amount equal to the Principal Requirement on the Outstanding Bonds, and
- (3) to the Reserve Fund, an amount equal to any deficiency in the Reserve Fund, and
- (4) to the Program Expense Fund created in Section 514 of the General Resolution, an amount equal to any unfunded portion of the Program Expenses payable over the next three (3) months according to Section 711.

Immediately upon meeting the requirements set forth above, amounts in the Program Income Account of the Redemption Fund, including any interest earned thereon, in excess of the amounts required to be set aside above, shall be paid by the Trustee to the State Treasury for deposit into the Transportation Fund free and clear of the lien of the General Resolution in accordance with the Revenue Obligations Act and the Act.

To the extent not otherwise provided for in the Series Resolution applicable to any Series of Bonds, on the first day of each Fiscal Year and prior to any of the transfers by the Trustee that day specified above, all amounts in the Principal and Interest Account shall be paid by the Trustee to the State Treasury for deposit into the Transportation Fund free and clear of the lien of the General Resolution in accordance with the Revenue Obligations Act and the Act.

#### **Payment of Bonds**

The Trustee is required to pay to the Registrar and Paying Agent for the Bonds on or before each Interest Payment Date, (i) the amount equal to interest due on the Outstanding Bonds on such date, (ii) the amount equal to the principal amount of Outstanding Bonds maturing on such date and (iii) the amount equal to the Redemption Price of any Outstanding Bonds to be redeemed on such date, and in each such case, such amounts shall be applied by such Registrar and Paying Agent to such payments.

There shall be deposited in the Principal and Interest Account of the Redemption Fund any amounts which are required to be deposited therein pursuant to the General Resolution, a Series Resolution and any other amounts available therefor and determined by the State to be deposited therein for the purpose of redeeming Bonds. Subject to the provisions of the respective Series of Bonds and to the provisions of the respective resolutions authorizing the issuance thereof and authorizing the issuance of refunding Bonds, all amounts deposited in the Principal and Interest Account of the Redemption Fund in accordance with the provisions described in this paragraph shall be set aside and applied to the payment, purchase or redemption of Bonds.

#### **Purchase of Bonds**

Except as may be otherwise provided in connection with the issuance of refunding Bonds, at any time prior to the forty-fifth (45th) day upon which Bonds are to be paid or redeemed from the amounts described in the preceding paragraph, the Trustee may upon receipt of written instructions signed by an Authorized Officer of the Building Commission apply such amounts to the purchase of any of the Bonds which may be paid or redeemed by application of amounts on deposit in the Principal and Interest Account of the Redemption Fund. The Trustee shall purchase Bonds at such times, for such prices, in such amounts and in such manner as the Building Commission shall direct. The purchase price paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond purchased shall not exceed the principal amount of such Bond or the Redemption Price of such Bond on the next Redemption Date for such Bonds.

### **Program Expense Fund**

On the first day of January, April, July and October, the Trustee shall immediately transfer amounts on deposit in the Program Income Account to the Program Expense Fund for the purpose of paying Program Expenses for the succeeding three (3) months as set forth in the annual budget prepared by the Department, but only upon a Certificate of an Authorized Officer of the Department stating that the amounts are required and have been or will be expended for purposes for and to which the Program Expense Fund may be used and applied.

### **Reserve Fund**

If on any Interest Payment Date, Principal Installment Date or Redemption Date for the Bonds, the amount in the Principal and Interest Account of the Redemption Fund shall be less than the amount required for the payment of interest, principal or Redemption Price on Outstanding Bonds on such date, the Trustee shall apply assets in the Reserve Fund to the extent necessary to make good the deficiency.

In the event there is a deficiency in the Reserve Fund, it shall be made up from the Redemption Fund after both the Interest Requirement and the Principal Requirement with respect to Outstanding Bonds have been met. Monies flow to the Redemption Fund commencing on the date of issuance of a Series of Bonds or on a Redemption Fund Deposit Day, whichever is earlier.

On the first day of each Fiscal Year, income and earnings from Investment Obligations in the Reserve Fund shall be transferred to the Principal and Interest Account to the extent such transfer will not reduce the amount in the Reserve Fund below an amount equal to the Debt Service Reserve Requirement.

### **Investments and Deposits**

Subject to instructions from time to time received from an Authorized Officer of the Building Commission and to the provisions of the General Resolution, moneys in any Fund or Account shall be continuously invested and reinvested or deposited and redeposited by the Trustee in the highest yield Investment Obligations that may be reasonably known to the Trustee to the extent the same are authorized by the applicable Series Resolution and at the time legal for investment of funds under the Act, the Revenue Obligations Act and other applicable law. Investments shall be made with a view toward maximizing yield (with proper preservation of principal) and minimizing the instances of uninvested funds.

Investment Obligations purchased as an investment of moneys in any Fund or Account held by the Trustee under the provisions of the General Resolution shall be deemed at all times to be part of such Fund or Account but the income or interest earned and gains realized from Investment Obligations held by the Reserve Fund and Program Expense Fund in excess of the requirements of said Funds shall be transferred to the Principal and Interest Account on the first day of each Fiscal Year.

The Trustee shall sell at the best price obtainable, or present for redemption or exchange, any Investment Obligations purchased by it pursuant to the General Resolution whenever it shall be necessary in order to provide moneys to meet any payments or transfers from the Fund or Account for which such investment was made.

In computing the amount in the Reserve Fund, obligations purchased as an investment of moneys therein shall be valued at par if purchased at par value or at amortized value if purchased at other than par value. Valuation shall be made on the twentieth (20th) day of each March, June, September and December and as otherwise required under the General Resolution and on any

particular date shall not include the amount of interest then earned or accrued to such date on any deposit or investment.

The Trustee shall invest and reinvest the moneys in any Fund or Account in available Investment Obligations so that the maturity date or date of redemption at the option of the holder thereof shall coincide as nearly as practicable with the times at which monies are needed to be so expended.

Investment Obligations means any of the investments described in the Glossary which is attached hereto as APPENDIX C.

### **Powers as to Bonds and Pledge**

The State covenants that it is duly authorized pursuant to law to authorize and issue the Bonds and to adopt the General Resolution and to pledge the Program Income purported to be pledged by the General Resolution in the manner and to the extent provided in the General Resolution.

### **Payment Covenant**

The State covenants that it will duly and punctually pay or cause to be paid, but solely from sources as provided in the General Resolution, the principal and Redemption Price of every Bond and the interest thereon, on the dates and at the places and in the manner stated in the Bonds according to the true intent and meaning thereof.

### **Tax Covenants**

The State and the Trustee shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds shall, for the purposes of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation.

The State and the Trustee shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the State to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any Bond to be an “arbitrage bond” as defined in Section 148 of the Code.

The State and the Trustee shall not permit at any time or times any proceeds of any Bonds or any other funds of the State to be used, directly or indirectly, in a manner which would result in the exclusion of any Bond from the treatment afforded by Section 103 of the Code, as from time to time amended, by reason of the classification of such Bond as a “private activity bond” within the meaning of Section 141 of the Code.

The State reserves the right to elect to issue Bonds, the interest on which is not exempt from federal income taxation, if such election is made prior to the issuance of such Bonds, and the covenants as to tax exemption shall not apply to such Bonds.

### **Funds and Reports**

The Department covenants that it will keep, or cause to be kept and maintained proper books of account relating to the Program and within one hundred twenty (120) days after the end of each Fiscal Year shall cause such books of account to be audited by an Accountant. A copy of each audit report, annual balance sheet and income and expense statement showing in reasonable detail the financial condition of the Program (including a schedule of monthly Program Income) as of the close of each Fiscal Year, and summarizing in reasonable detail the income and expenses for such year, including the transaction relating to the Funds, shall be filed promptly with the Trustee and shall be available for inspection by any Bondholder.

## **Budgets**

The Department must file an annual budget broken down on a quarterly basis covering the fiscal operations of the Program for the succeeding Fiscal Year not later than the first day of each Fiscal Year with the Trustee. Such budget need not be the budget prepared by the Department for the Department's budgeting purposes. The annual budget shall at least set forth for such Fiscal Year the estimated Program Income, the debt service due and payable or estimated to become due and payable during such Fiscal Year and estimated Program Expenses. The Department may at any time file with the Trustee an amended annual budget for the remainder of the then current Fiscal Year in the manner provided for the filing of the annual budget. Copies of the annual budget as then amended and in effect shall be made available by the Trustee during normal business hours in the Trustee's office for inspection by any Bondholder.

## **The Program**

The State covenants from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, the Revenue Obligations Act, the provisions of the General Resolution and sound banking practices and principles, (i) to use and apply the proceeds of the Bonds, to the extent not reasonably or otherwise required for other purposes of the Program, to finance Projects, pursuant to the Act, the Revenue Obligations Act and the General Resolution and (ii) to do all such acts and things as shall be necessary to charge and cause to be deposited with the Trustee Program Income sufficient to pay interest and principal and redemption premium on all Outstanding Bonds, to maintain the Debt Service Reserve Requirement in the Reserve Fund, to maintain any Credit Support and Liquidity Fund Requirement provided for in a Series Resolution, to pay Program Expenses, and to maintain any Subordinated Debt Service Fund Requirement provided for in a Series Resolution.

## **Power of Amendment**

The Building Commission may, from time to time and without the consent and concurrence of any holder of any Bond, adopt a Supplemental Resolution modifying or amending the General Resolution if the modification or amendment does not adversely affect the holders of the Outstanding Bonds.

Any modification of or amendment to the General Resolution which does affect the rights and obligations of the State and of the holders of the Bonds, in any particular, may be made by a Supplemental Resolution with the written consent given as provided in the General Resolution, (i) of the holders of at least two-thirds in principal amount of the Outstanding Bonds at the time such consent is given, (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the holders of at least two-thirds in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given and (iii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the holders of at least two-thirds in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given. If any such modification or amendment will not take effect so long as any Bonds of any specified maturity remain Outstanding, however, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the General Resolution or Series Resolution. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest without the consent of the holder of such Bond, or shall reduce the percentages or

otherwise affect the classes of Bonds, the consent of the holders of which is required to effect any such modification or amendment.

### **Events of Default**

It is an Event of Default if (i) payment of any installment of interest on the Outstanding Bonds shall not be made after the same shall become due, (ii) payment of the principal of, Redemption Price or any Sinking Fund Installment on any Bond when and as the same shall become due and payable, whether at maturity or upon call for redemption or otherwise, shall not be made when and as the same shall become due or (iii) the State shall fail or refuse to comply with the provisions of the General Resolution including replenishment of the Reserve Fund, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained in the General Resolution or in any Supplemental or Series Resolution or the Bonds, and such failure, refusal or default shall continue for a period of thirty (30) days after written notice thereof by the Trustee or the holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds.

### **Remedies**

Upon the happening and continuance of any Event of Default specified in clauses (i) and (ii) under Events of Default above, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in clause (iii) under Events of Default above, the Trustee may proceed and, upon the written request of the holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds, shall proceed, in its own name, subject to the General Resolution, to protect and enforce the rights of the Bondholders by such of the following remedies as the Trustee, being advised by counsel shall deem most effectual to protect and enforce such rights: (a) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, including the right to require the State to charge and cause to be deposited with the Trustee sufficient Program Income and to require the State to carry out the covenants and agreements with Bondholders and to perform its duties under the Act, the Revenue Obligations Act and the General Resolution; (b) by bringing suit upon the Bonds; by action or suit in equity, to require the State to account as if it were the trustee of an express trust for the holders of the Bonds; (d) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds; (e) by declaring all Bonds due and payable, and if all defaults shall be cured, then, with written consent of the holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds, by annulling such declaration and its consequences; or (f) in the event that all Bonds are declared due and payable, by selling Investment Obligations.

Before declaring the principal of Bonds due and payable upon an Event of Default, the Trustee shall first give thirty (30) days' notice in writing to the Governor and Attorney General of the State.

### **Priority of Bonds After Default**

In the event that upon the happening and continuance of an Event of Default, the Funds or Accounts held by the Trustee, Registrar and Paying Agent are insufficient for the payment of interest, principal or Redemption Price then due on the Bonds, such Funds or Accounts (other than portions of Funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other monies received or collected by the Trustee acting pursuant to the Act, the Revenue Obligations Act and the General Resolution, after making provisions for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the holders of the Bonds and for the payment of the charges

and expenses and liabilities incurred and advances made by the Trustee or the Registrar and Paying Agent in the performance of their respective duties under the General Resolution, are to be applied as follows:

- (1) If the principal of all of the Bonds has not become or been declared due and payable:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due in the order or maturity of such installments, and, if the amount available is not sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference.

SECOND: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

- (2) If the principal of all of the Bonds has become or been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

#### **Limitation on Rights of Bondholders**

No individual Bondholder shall have any right to initiate legal proceedings to enforce rights under the General Resolution unless such holder shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such proceeding is to be taken, and unless the holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds have made written request of the Trustee after the right to exercise such right of action has occurred, and shall have afforded the Trustee a reasonable opportunity either to exercise the powers granted to it under the General Resolution or to institute such proceedings in its name and unless, also, there has been offered to the Trustee reasonable security and indemnity against costs, expenses and liabilities and the Trustee has refused or neglected to comply with such request within a reasonable time. No provision in the General Resolution on defaults and remedies affects or impairs the right of any Bondholder to enforce the payment of the principal of and interest on his Bonds, or the obligation of the State to pay the same from the source, at the time and place specified in said Bond.

#### **Compensation of Fiduciaries**

Each Fiduciary is entitled to such fees and reimbursement as shall be established in an agreement between the Commission and such Fiduciary by the Trustee from the Program Expense Fund (except that the agreement for Registrar shall be between the State Treasurer and the Registrar). Each Fiduciary shall have a lien for such fees and reimbursement on any and all Funds at any time held by it under the General Resolution.

#### **Removal of Trustee**

The Trustee is required to be removed if so requested by the holders of a majority in principal amount of the Outstanding Bonds excluding any Bonds held by or for the account of the State. The State may remove the Trustee at any time, except during the existence of an Event of



Default, for such cause as the State may determine in its sole discretion. In either such event, a successor is required to be appointed.

### **Defeasance**

If the State shall pay or cause to be paid to the holders of the Bonds, the principal and interest and Redemption Price to become due thereon, at the times and in the manner stipulated therein and in the General Resolution, then the pledge of Program Income and other monies, securities and funds thereby pledged and all other rights granted thereby shall be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which monies have been set aside and shall be held in trust by Fiduciaries (through deposit by the State of funds for such payment or redemption or otherwise) shall, at the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in the above paragraph. Any Bonds shall, prior to maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect so expressed if (i) in case any of the Bonds to be redeemed on any date prior to their maturity, the State has given to the Trustee in form satisfactory to it, irrevocable instructions to publish, as provided in the General Resolution, notice of redemption on said date of such Bonds, (ii) there has been deposited with the Trustee either monies in an amount which are sufficient, or Investment Obligations which are direct obligations of or obligations guaranteed by the United States of America or other obligations, the payment of which is provided for by an irrevocable escrow deposit invested in direct obligations of the United States of America, the principal of and the interest on which when due will provide monies which, together with the monies, if any, deposited with the Trustee at the same time, will be sufficient to pay when due the principal or Redemption Price and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the State has given the Trustee, in form satisfactory to it, irrevocable instructions to publish, as soon as practicable, at least once in an Authorized Newspaper a notice to the holders of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid and stating such maturity or Redemption Date upon which monies are to be available for the payment of the principal of and Redemption Price on said Bonds. Neither the Investment Obligations nor the monies so deposited with the Trustee nor principal or interest payments on any such Investment Obligations shall be withdrawn or used for any purpose other than (and shall be held in trust for) the payment of the principal of, Redemption Price and interest on said Bonds, but any cash received from such principal or interest payments on such Investment Obligations deposited with the Trustee, if not then needed for such purpose may, to the extent practicable and legally permitted, be reinvested in Investment Obligations maturing at times and in amounts sufficient to pay when due the principal of, Redemption Price and interest to become due on said Bonds on and prior to such Redemption Date or maturity date thereof, as the case may be, and interest earned from such reinvestments may be paid over to the State, as received by the Trustee, free and clear of any trust, lien or pledge.

## **1996 BORROWING PROGRAM**

The sale of the 1996 Series A Bonds is expected to be the only issuance of Transportation Revenue Bonds during calendar year 1996. The State anticipates the sale of certificates of participation for the State's Master Lease Program during the year. No date has been set for the sale.

In calendar year 1996, the State has publicly sold one series of general obligation bonds. This issue was in the amount of \$158 million and was for statewide construction and grants. The State awarded the sale of \$45 million of general obligation bonds on May 15, 1996. This issue is expected to close in early June. The State anticipates a sale of general obligation bonds, in the amount of approximately \$100 million, for general construction purposes. The State anticipates selling operating notes in the amount of approximately \$250 million in June, and a clean water revenue bond issue in the amount of approximately \$80 million in August.

## **LEGALITY FOR INVESTMENT**

Section 18.62 of the Statutes provides that the Bonds are legal investments for all banks and bankers, insurance companies, insurance associations, savings and loan associations, credit unions, trust companies, savings banks and institutions, investment companies and other persons or entities carrying on a banking or insurance business in Wisconsin; for all executors, administrators, guardians, trustees and other fiduciaries in Wisconsin; for the State, the investment board and all public officers, municipal corporations, political subdivisions and public bodies in Wisconsin.

## **PENDING LITIGATION**

The State, its officers and employees, are defendants in numerous lawsuits. It is the opinion of the State Attorney General that the pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgement against the State which would materially affect the payment of interest, principal or Redemption Price on the 1996 Series A Bonds. There is no litigation of any nature now pending or, to the knowledge of the State, threatened, restraining or enjoining the issuance, sale, execution or delivery of the 1996 Series A Bonds, or in any way contesting or affecting the validity of the 1996 Series A Bonds or any proceedings of the State taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the 1996 Series A Bonds, the existence of the Department or its power to charge and collect Registration Fees and pledge them for the payment of the 1996 Series A Bonds.

## **LEGALITY**

All legal matters incident to the authorization, issuance and delivery of the 1996 Series A Bonds are subject to the opinion of Quarles & Brady, Milwaukee, Wisconsin, Bond Counsel.

As required by law, the Attorney General of the State of Wisconsin will examine a certified copy of all proceedings preliminary to issuance of the 1996 Series A Bonds to determine the regularity and validity of such proceedings. In the event certificated 1996 Series A Bonds are issued, the certificate of the Attorney General will be printed on the reverse side of each 1996 Series A Bond.

## **TAX EXEMPTION**

Quarles & Brady, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the 1996 Series A Bonds under existing law substantially in the form set forth in APPENDIX A.

The State has covenanted to comply with all such requirements referenced in the legal opinion to the extent it may lawfully do so. However, the proceedings authorizing the 1996 Series A Bonds do not provide for an increase in interest rates in the event of taxability or in the event of the inclusion of interest as an item of tax preference in computing the alternative minimum tax.

Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the 1996 Series A Bonds.

In the opinion of Bond Counsel, the 1996 Series A Bonds are not “private activity bonds” under Section 141(a) of the Code.

The initial public offering prices of certain of the 1996 Series A Bonds (the “Discounted Bonds”) are less than the principal amount payable at maturity. As a result, the Discounted Bonds will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (the “issue price”). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest which is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, under present federal income tax law, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound interest basis. The amount of original issue discount that accrues to an owner of a Discounted Bond during any accrual period generally equals (i) the issue price of such Discounted Bonds plus the amount of original issue discount accrued in all prior accrual periods multiplied by (ii) the yield to maturity of such Discounted Bond (determined on the basis of compounding at the close of each accrual period, and properly adjusted for the length of each accrual period), less (iii) any interest payable on such Discounted Bond during such accrual period.

The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, and will increase the owner’s tax basis in such Discounted Bond. The adjusted basis in a Discounted Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of such Discounted Bond.

As described above regarding tax-exempt interest, a portion of the original issue discount that accrues in each year to an owner of a Discounted Bond may result in certain collateral federal income tax consequences. In the case of a corporation, such portion of the original issue discount will be included in the calculation of the corporation’s alternative minimum tax liability and the environmental tax liability. Corporate owners of any Discounted Bonds should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability or an environmental tax liability although the owners of such Discounted Bonds will not receive a corresponding cash payment until a later year.

Owners who purchase Discounted Bonds in the initial public offering but at a price different than the initial offering price at which a substantial amount of that maturity of the Discounted Bonds was sold to the public should consult their own tax advisors with respect to the tax consequences of the ownership of the Discounted Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of obligations such as the Discounted Bonds. Owners who do not purchase Discounted Bonds in the initial public offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discounted Bonds.

Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

The initial offering prices of certain of the 1996 Series A Bonds (the “Premium Bonds”) are more than the principal amount payable at maturity. As a result, the Premium Bonds will be considered to be issued with original issue premium on such 1996 Series A Bonds.

Any Premium Bond purchased in the initial offering at the issue price will have “amortizable bond premium” within the meaning of Section 171 of the Code. An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds.

Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of the Premium Bonds.

As noted in the legal opinion, interest on the 1996 Series A Bonds is included in adjusted current earnings of corporations for purposes of the alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the “Code”). The Code also contains numerous other provisions which could adversely affect the value of an investment in the 1996 Series A Bonds for particular Bondowners. For example, (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the 1996 Series A Bonds or, in the case of financial institutions, that portion of an owner’s interest expense allocated to interest on the 1996 Series A Bonds, (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b) (5) (B) (i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the 1996 Series A Bonds, (iii) interest on the 1996 Series A Bonds earned by some corporations could be subject to the environmental tax imposed by Section 59A of the Code, (iv) interest on the 1996 Series A Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (v) passive investment income, including interest on the 1996 Series A Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (vi) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account receipts or accruals of interest on the 1996 Series A Bonds in determining gross income. The foregoing is not intended to be an exhaustive discussion of collateral tax consequences arising from ownership of the 1996 Series A Bonds. There may be other provisions of the Code which could adversely affect the value of an investment in the 1996 Series A Bonds for particular Bondowners. Investors should consult their tax advisors to determine how the provisions

described under this heading and other provisions of the Code relating to the ownership of tax-exempt obligations apply to them.

From time to time, legislation is proposed which, if enacted, could alter one or more of the federal tax matters referred to above or would adversely affect the market value of the 1996 Series A Bonds. It cannot be predicted whether or in what form any of such proposals may be enacted and whether, if enacted, such proposals will apply to obligations (such as the 1996 Series A Bonds) issued prior to enactment.

The interest on the 1996 Series A Bonds is not exempt from present Wisconsin income or franchise taxes.

## **RATINGS**

The 1996 Series A Bonds have been rated AA by Fitch Investors Service, L.P., A1 by Moody's Investors Service, Inc. and AA- by Standard and Poor's Ratings Group. Any explanation of the significance of the rating may only be obtained from the rating service furnishing it. There is no assurance that a rating given to these 1996 Series A Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by the rating service if in its judgement circumstances so warrant. Any such downgrade or withdrawal of such rating may have an adverse effect on the market price of the 1996 Series A Bonds.

## **UNDERWRITING**

The 1996 Series A Bonds were purchased at competitive bidding on May 30, 1996 by the following account: Merrill Lynch & Co., manager; Banc One Capital Corporation; DLS Capital Partners, Inc.; Greenwich Partners; Roosevelt & Cross, Inc.; and Securities Corporation of Iowa.

The underwriters paid \$114,606,342.30, resulting in a true interest cost rate to the State of 5.598394%.

## **CUSIP NUMBERS, REOFFERING YIELDS AND PRICES**

The following information about the 1996 Series A Bonds is provided for reference. The CUSIP number for each maturity has been obtained from sources believed to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The reoffering yields and prices have been provided by the successful bidder in order to allow the computation of yield for federal tax law compliance. The price has been calculated to the lower of yield to maturity or yield to call.

**\$115,000,000**  
**State of Wisconsin**  
**Transportation Revenue Bonds, 1996 Series A**

**Dated Date: May 15, 1996**  
**First Interest Date: January 1, 1997**  
**Issuance Date: June 13, 1996**

<u>CUSIP</u>	<u>Year (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>First Call Date</u>	<u>Call Price</u>	<u>Yield at Issuance</u>	<u>Price at Issuance</u>
977123 JB5	1997	\$3,525,000	5.00%	Not Callable	-	3.80%	101.221%
977123 JC3	1998	3,665,000	5.00	Not Callable	-	4.30	101.357
977123 JD1	1999	3,815,000	5.00	Not Callable	-	4.55	101.265
977123 JE9	2000	3,985,000	5.00	Not Callable	-	4.60	101.460
977123 JF6	2001	4,165,000	5.00	Not Callable	-	4.70	101.332
977123 JG4	2002	4,360,000	5.00	Not Callable	-	4.80	101.036
977123 JH2	2003	4,570,000	5.00	Not Callable	-	4.90	100.587
977123 JJ8	2004	4,795,000	5.00	Not Callable	-	5.00	100.000
977123 JK5	2005	5,035,000	6.00	Not Callable	-	5.15	106.083
977123 JL3	2006	5,290,000	6.00	Not Callable	-	5.25	105.796
977123 JM1	2007	5,565,000	5.25	7/1/2006	100%	5.35	99.170
977123 JN9	2008	5,860,000	5.40	7/1/2006	100	5.45	99.559
977123 JP4	2009	6,180,000	5.50	7/1/2006	100	5.55	99.536
977123 JQ2	2010	6,520,000	5.50	7/1/2006	100	5.60	99.032
977123 JR0	2011	6,885,000	5.60	7/1/2006	100	5.65	99.494
977123 JS8	2012	7,270,000	5.60	7/1/2006	100	5.70	98.953
977123 JT6	2013	7,685,000	5.70	7/1/2006	100	5.75	99.457
977123 JU3	2014	8,130,000	5.70	7/1/2006	100	5.80	98.886
977123 JV1	2015	8,600,000	5.75	7/1/2006	100	5.85	98.856
977123 JW9	2016	9,100,000	5.75	7/1/2006	100	5.85	98.824

NOTE: The State has been advised by the underwriters that they have received a Commitment For Municipal Bond Insurance from Financial Guaranty Insurance Company for the 1996 Series A Bonds. Further information on this Commitment and the pending Municipal Bond New Issue Insurance Policy can be obtained from the underwriters and Financial Guaranty Insurance Company.

## CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), the State has entered into a Master Agreement on Continuing Disclosure, an Addendum Regarding Transportation Revenue Bonds, and before the delivery of the 1996 Series A Bonds, will enter into a Supplemental Agreement pertaining to the 1996 Series A Bonds (collectively, the “Agreements”). The Agreements constitute an undertaking for the benefit of the beneficial owners of the 1996 Series A Bonds and provide that the State will prepare and provide an Annual Report (providing certain financial information and operating data relating to the State) not later than 180 days following the close of the State’s fiscal year (beginning with the fiscal year ending June 30, 1996), to each nationally recognized municipal securities information repositories (“NRMSIRs”), and to provide notices of occurrence of certain events specified in the Rule to the NRMSIRs or the Municipal Securities Rulemaking Board (the “MSRB”), and to any state information depository (“SID”), if any. As of the date of this Official Statement no SID has been established. Copies of the Agreements, Annual Report, and notices can be obtained from: Capital Finance Office; Department of Administration; Division of

Executive Budget and Finance; 101 East Wilson Street; P.O. Box 7864; Madison, WI 53707-7864.

The Agreements also describe the consequences of any failure to provide the required information. In the previous five years, there has been no failure to comply in any material respects with a similar undertaking by the State. The Agreements require that a failure to provide the required information must be reported to the NRMSIRS or the MSRB, and to any SID, and the Rule requires consideration of any such failure by any brokers, dealer or municipal securities dealer before recommending the purchase or sale of the 1996 Series A Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 1996 Series A Bonds and their market price.

### MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the State, the Department and the purchasers or holders of any of the 1996 Series A Bonds. Additional information, including copies of the Resolutions and other documents, may be obtained from the Commission.

Dated: May 30, 1996

### STATE OF WISCONSIN

By: /s/ Tommy G. Thompson  
Governor Tommy G. Thompson, Chairperson  
State of Wisconsin Building Commission

By: /s/ Robert Brandherm  
Robert Brandherm, Secretary  
State of Wisconsin Building Commission

By: /s/ Charles H. Thompson  
Charles H. Thompson, Secretary  
State of Wisconsin Department of Transportation

The Appendices to this Official Statement are contained in a separate file named OS96A-B.pdf. This file is available at the following location:  
<http://www.doa.state.wi.us/debf/capfin/wiosdot.htm>

Inquiries should be directed to:

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Division of Executive Budget and Finance  
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