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DEPARTMENT OF ADMINISTRATION
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OFFICIAL STATEMENT

New Issue

This Official Statement has been prepared by the State of Wisconsin to provide information on the 1998 Series B Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision, a prospective investor should read this Official Statement in its entirety. Unless otherwise indicated, capitalized terms have the meanings given in APPENDIX C.

\$110,000,000 STATE OF WISCONSIN TRANSPORTATION REVENUE BONDS, 1998 SERIES B

Dated: October 1, 1998

Due: July 1, as shown below

Bond Ratings	AA Fitch IBCA, Inc. A1 Moody's Investors Service, Inc. AA- Standard & Poor's Ratings Group
Tax Exemption	Interest on the 1998 Series B Bonds is, for federal income tax purposes, excluded from gross income and not an item of tax preference but is subject to State of Wisconsin income and franchise taxes— Pages 10-12 .
Redemption	The 1998 Series B Bonds are subject to redemption prior to their stated date of maturity— Pages 3-4 .
Security	The 1998 Series B Bonds have a first claim on vehicle Registration Fees, which are a substantial portion of pledged Program Income. The 1998 Series B Bonds are not general obligations of the State— Pages 7-8 .
Priority	The 1998 Series B Bonds are first claim bonds on a parity with previously issued Bonds— Pages 6-7 .
Purpose	Proceeds are being used to finance projects and to pay for capitalized interest and costs of issuance— Pages 6-7 .
Interest Payment Dates	January 1 and July 1 commencing January 1, 1999.
Closing/Settlement	On or about October 29, 1998 in New York, New York.
Denominations	\$5,000
Book-Entry-Only Form	The Depository Trust Company— Pages 4-6
Trustee/Registrar/Paying Agent	Bank One Trust Company, NA
Bond Counsel	Quarles & Brady LLP, Milwaukee, Wisconsin
Issuer Contact	Wisconsin Capital Finance Office; (608) 266-2305; capfin@doa.state.wi.us

The 1998 Series B Bonds were sold at competitive sale on October 14, 1998. The interest rates payable by the State, which are shown below, resulted from bids received at this competitive sale.

CUSIP	Year (July 1)	Principal Amount	Interest Rate	First Optional Redemption Date	Call Price
977123 LA4	2000	\$2,785,000	4.25%	Not Callable	-
977123 LB2	2001	4,135,000	4.25	Not Callable	-
977123 LC0	2002	3,900,000	4.25	Not Callable	-
977123 LD8	2003	4,050,000	4.25	Not Callable	-
977123 LE6	2004	4,210,000	4.50	Not Callable	-
977123 LF3	2005	4,380,000	4.25	Not Callable	-
977123 LG1	2006	4,565,000	4.25	Not Callable	-
977123 LH9	2007	4,755,000	4.25	Not Callable	-
977123 LJ5	2008	4,955,000	4.25	Not Callable	-
977123 LK2	2009	5,170,000	5.25	Not Callable	-
977123 LL0	2010	5,400,000	5.25	7/1/2009	100%
977123 LM8	2011	5,645,000	5.25	7/1/2009	100
977123 LN6	2012	5,905,000	5.00	7/1/2009	100
977123 LP1	2013	6,180,000	5.00	7/1/2009	100
977123 LQ9	2014	6,475,000	5.00	7/1/2009	100
977123 LR7	2015	6,790,000	5.00	7/1/2009	100
977123 LS5	2016	7,125,000	5.00	7/1/2009	100
977123 LT3	2017	7,480,000	4.75	7/1/2009	100
977123 LV8	2019 ^(a)	16,095,000	4.75	7/1/2009	100

(Accrued Interest to be Added)

^(a) This maturity is a term bond. For a schedule of the installment payments, see "THE 1998 SERIES B BONDS; Mandatory Sinking Fund Redemption" inside this Official Statement.

October 14, 1998

Note: The State has been advised by the Underwriters that they have received a Commitment for Municipal Bond Insurance from Financial Guaranty Insurance Company (FGIC) for the 1998 Series B Bonds. Further information on this Commitment and the Municipal Bond New Issue Insurance Policy can be obtained from the Underwriters or FGIC.

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 1998 Series B 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 THE 1998 SERIES B BONDS

BUILDING COMMISSION MEMBERS

Voting Members	Term of Office Expires
Governor Tommy G. Thompson, Chairperson	January 4, 1999
Senator Fred A. Risser, Vice-Chairperson	January 8, 2001
Senator Carol Roessler	January 8, 2001
Senator Brian D. Rude	January 8, 2001
Representative Timothy Hoven	January 4, 1999
Representative Clifford Otte	January 4, 1999
Representative Robert Turner	January 4, 1999
Mr. Bryce Styza, Citizen Member	At the pleasure of the Governor
Nonvoting, Advisory Members	
Mr. Mark D. Bugher, 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	_____
Building Commission Secretary	
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. Jack C. Voight State Treasurer	January 4, 1999
Mr. James E. Doyle State Attorney General	January 4, 1999
Mr. Charles H. Thompson, Secretary Department of Transportation	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

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Capital Finance Office
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As of the date of this Official Statement, additional information about the State of Wisconsin can be found on the world wide web at:

badger.state.wi.us

(This additional information, however, is not part of this Official Statement.)

SUMMARY DESCRIPTION OF THE 1998 SERIES B BONDS

Selected information is presented on this page for the convenience of the user. To make an informed decision regarding the 1998 Series B Bonds, a prospective investor should read the entire Official Statement.

Description:	State of Wisconsin Transportation Revenue Bonds, 1998 Series B.
Principal Amount:	\$110,000,000
Denominations:	\$5,000 or integral multiples.
Date of Issue:	October 1, 1998.
Record Date:	December 15 or June 15.
Interest Payment:	January 1 and July 1, commencing January 1, 1999.
Maturities:	July 1, 2000-2017; 2019— <i>See front cover.</i>
Redemption:	<i>Optional</i> —1998 Series B Bonds maturing July 1, 2010 and after are subject to optional redemption at par beginning July 1, 2009— <i>See page 3.</i> <i>Mandatory Sinking Fund</i> —1998 Series B Bonds maturing July 1, 2019 are subject to mandatory sinking fund payments at par— <i>See pages 3-4.</i>
Form:	Book-entry— <i>See pages 4-6.</i>
Paying Agent:	All payments of principal and interest on the 1998 Series B Bonds will be made by Bank One Trust Company, NA. All payments will be made to The Depository Trust Company, which will distribute payments to Beneficial Owners as described herein.
Security:	1998 Series B Bonds are revenue obligations payable solely from vehicle Registration Fees and any other pledged Program Income. A Reserve Fund also exists and is funded in an amount equal to 99.25% of the maximum annual interest due on the Outstanding Bonds, including the 1998 Series B Bonds— <i>See pages 7-8.</i>
Bond Insurance:	The State has been advised by the Underwriters that they have received a Commitment For Municipal Bond Insurance from FGIC for the 1998 Series B Bonds. Further information on this Commitment and the Municipal Bond New Issue Insurance Policy can be obtained from the Underwriters and FGIC.
Authority for Issuance:	1998 Series B Bonds are issued under Chapter 18 and Section 84.59 of the Wisconsin Statutes.
Purpose:	Finance certain transportation facilities and major highway projects and pay costs of capitalized interest and costs of issuance.
Prior Bonds and Notes:	As of August 15, 1998, there were \$690,105,000 outstanding Prior Bonds on parity with the 1998 Series B Bonds and \$156,171,000 outstanding Notes subordinate to 1998 Series B Bonds.
Additional Bonds:	The State may issue additional transportation revenue obligations. Additional Bonds may be issued on parity with the Outstanding Bonds and the 1998 Series B Bonds upon meeting certain conditions— <i>See Pages 8-9.</i>
Legality of Investment:	The 1998 Series B 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:	Not included in gross income and not an item of tax preference for federal income tax purposes. Subject to State of Wisconsin income and franchise taxes— <i>See pages 10-12.</i>
Legal Opinion:	Legal opinion to be provided by Quarles & Brady LLP, Milwaukee, Wisconsin— <i>See page D-1.</i>

OFFICIAL STATEMENT
\$110,000,000
STATE OF WISCONSIN
TRANSPORTATION REVENUE BONDS, 1998 SERIES B
INTRODUCTION

This Official Statement sets forth information concerning the \$110,000,000 State of Wisconsin Transportation Revenue Bonds, 1998 Series B (**1998 Series B Bonds**), issued by the State of Wisconsin (**State**). The 1998 Series B Bonds are issued pursuant to Subchapter II of Chapter 18 of the Wisconsin Statutes, as amended (**Revenue Obligations Act**), Section 84.59 of the Wisconsin Statutes (**Act**), and a General Resolution (**General Resolution**) adopted by the State of Wisconsin Building Commission (**Commission**) on June 26, 1986, as supplemented on March 19, 1998, and a Series Resolution adopted by the Commission on September 17, 1998, (collectively, **Resolution**).

The Commission, an agency of the State, is empowered by law to authorize, issue and sell all debt obligations of the State. The Commission is assisted and staffed by the State of Wisconsin Department of Administration.

In connection with the issuance and sale of the 1998 Series B Bonds, the Commission has authorized the preparation of this Official Statement. This Official Statement describes the terms of and security for the 1998 Series B Bonds. All references to the Resolution, the Revenue Obligations Act and the Act are qualified by reference to such documents, copies of which are available from the Commission. All references to the 1998 Series B Bonds are qualified by reference to the forms thereof and the related information contained in the Resolution. All capitalized terms used in this Official Statement and not otherwise defined shall have the meanings provided for in **APPENDIX C** or the Resolution.

THE DEPARTMENT OF TRANSPORTATION

The State of Wisconsin Department of Transportation (**Department** or **WisDOT**) is the State agency 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.

Information concerning the Department is included as **APPENDIX A** to this Official Statement, which includes by reference [Part V of the State of Wisconsin Continuing Disclosure Annual Report dated December 26, 1997 \(1997 Annual Report\)](#).

THE STATE

The State is located in the Midwest among the northernmost tier of states. The State ranks 18th among the states in population and 26th in land area. Wisconsin attained statehood in 1848, its capital is Madison, and its largest city is Milwaukee.

Information concerning the State is included as **APPENDIX B**, which includes by reference Part II of the [1997 Annual Report](#).

Requests for additional information about the State may be directed to:

Contact: Capital Finance Office
Attn: Capital Finance Director
Phone: (608) 266-2305
Mail: 101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
E-mail: capfin@doa.state.wi.us

PRIOR BONDS

Information concerning the General Resolution, and obligations issued pursuant to and secured by provisions of the General Resolution, is included as Appendix A to this Official Statement, which includes by reference Part V of the 1997 Annual Report. The State has previously issued the following Transportation Revenue Bonds:

<u>Bond Issue</u>	<u>Dated Date</u>
Transportation Revenue Bonds, 1986 Series A (1986 Bonds)	June 15, 1986
Transportation Revenue Bonds, 1988 Series A (1988 Bonds)	April 15, 1988
Transportation Revenue Bonds, 1989 Series A (1989 Bonds)	April 15, 1989
Transportation Revenue Bonds, 1991 Series A (1991 Bonds)	October 1, 1991
Transportation Revenue Bonds, 1992 Series A (1992 Series A Bonds)	July 1, 1992
Transportation Revenue Bonds, 1992 Series B (1992 Series B Bonds)	July 1, 1992
Transportation Revenue Bonds, 1993 Series A (1993 Bonds)	September 1, 1993
Transportation Revenue Bonds, 1994 Series A (1994 Bonds)	July 1, 1994
Transportation Revenue Bonds, 1995 Series A (1995 Bonds)	September 1, 1995
Transportation Revenue Bonds, 1996 Series A (1996 Bonds)	May 15, 1996
Transportation Revenue Bonds, 1998 Series A (1998 Series A Bonds)	August 15, 1998

The 1986 Bonds and 1988 Bonds were redeemed in full on July 1, 1997 and the 1989 Bonds were redeemed in full on July 1, 1998. As a result, the 1986 Bonds, 1988 Bonds and 1989 Bonds are not Outstanding Bonds within the meaning of the General Resolution. The 1991 Bonds, 1992 Series A Bonds, 1992 Series B Bonds, 1993 Bonds, 1994 Bonds, 1995 Bonds, 1996 Bonds, 1998 Series A Bonds (collectively, **Prior Bonds**) and the 1998 Series B Bonds together with any additional Bonds issued by the State pursuant to the General Resolution are referred to collectively as the **Bonds**. The 1998 Series B Bonds are issued on a parity with the Prior Bonds and any additional parity Bonds issued by the State pursuant to the General Resolution.

The State has issued its \$188,600,000 Transportation Revenue Commercial Paper Notes of 1997, Series A (**Notes**). The Notes are issued pursuant to the General Resolution and are subordinate to the pledge granted to the Bonds. On April 16, 1998, the Commission adopted an additional Series Resolution that authorizes the issuance of additional Bonds to pay for the refunding of the Notes. This additional Series Resolution is required pursuant to the terms of a credit agreement by which a syndicate of banks provide a letter of credit for additional security on the Notes. These additional Bonds, when and if issued, will be issued on a parity with the Prior Bonds, the 1998 Series B Bonds and any additional parity Bonds issued by the State pursuant to the General Resolution.

THE 1998 SERIES B BONDS

General

The 1998 Series B Bonds are the twelfth Series of Bonds to be issued under the General Resolution. The Legislature has authorized the issuance of \$1.348 billion of revenue bonds, excluding revenue bonds issued to refund outstanding revenue bonds. To date, and including the 1998 Series B Bonds, \$1.180 billion of such bonds have been issued.

The **cover of this Official Statement** sets forth the maturity dates, amounts and interest rates for the 1998 Series B Bonds.

The 1998 Series B Bonds will be dated October 1, 1998 and will bear interest from that date payment on January 1 and July 1 of each year, beginning on January 1, 1999. Interest on the 1998 Series B Bonds will be computed on the basis of a 30-day month and a 360-day year.

The 1998 Series B Bonds are issued as fully registered bonds without coupons in the principal denominations of \$5,000 or any integral multiples thereof. Principal of and interest on the 1998 Series B 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 Trust Company, NA is the trustee for the Bonds (**Trustee**). In addition, the Trustee is the registrar (**Registrar**) and paying agent (**Paying Agent**) for the 1998 Series B Bonds.

Security

The Bonds, including the 1998 Series B Bonds, are revenue obligations of the State (1) payable solely from amounts in the Redemption Fund and other funds and accounts created by the General Resolution, and (2) secured by a first lien pledge of the Program Income, as defined in **APPENDIX C**. Program Income includes certain vehicle registration fees authorized under Section 341.25 of the Wisconsin Statutes (**Registration Fees**) or any other moneys that the State is authorized to pledge. Program Income is to be used (1) to pay interest on all Outstanding Bonds, (2) to pay the principal or Redemption Price of all Outstanding Bonds, (3) to maintain the Debt Service Reserve Requirement in the Reserve Fund, (4) to pay direct administrative expenses (**Program Expenses**) of the State's program of financing Projects, and (5) to pay principal and interest on the Notes. Program Income in excess of the amount needed for such purposes is to be transferred to the Transportation Fund held by the Department free of the lien of the pledge of the General Resolution and will be used by the Department for any of its authorized purposes. See "**SECURITY FOR THE BONDS AND SUMMARY OF THE GENERAL RESOLUTION**".

Optional Redemption

The 1998 Series B Bonds maturing on or after July 1, 2010 shall be subject to optional redemption prior to their stated date of maturity, at the option of the Commission, on July 1, 2009 or on any date thereafter, in whole or in part in integral multiples of \$5,000 at a redemption price equal to par (100%). In the event of partial redemption, the Commission shall direct the maturity or maturities of the 1998 Series B Bonds and the amounts thereof so to be redeemed.

Mandatory Sinking Fund Redemption

The 1998 Series B Bonds maturing July 1, 2019 (**Term Bond**) are subject to redemption prior to maturity at a redemption price equal to par (100%) of the principal amount to be redeemed, plus accrued interest to the date of redemption, from Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 of each year the amounts specified as follows:

Redemption Date (July 1)	Principal Amount
2018	\$7,850,000
2019 ^(a)	8,245,000

^(a) Stated date of maturity

Upon any redemption of the Term Bond (other than redemption due to mandatory sinking fund redemption), or purchase in lieu thereof, the principal amount of the Term Bond so redeemed or purchased shall be credited against the Sinking Fund Installments established for the Term Bond so redeemed or purchased in such manner as the Commission shall direct.

Selection of 1998 Series B Bonds

The 1998 Series B 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 1998 Series B 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 1998 Series B 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 1998 Series B 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 1998 Series B Bonds are in book-entry form, a notice of the redemption of any of said 1998 Series B 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 1998 Series B Bonds are outstanding in certificated form, a notice of the redemption of any of said 1998 Series B 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 1998 Series B 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 1998 Series B Bonds. Interest on any 1998 Series B Bond so called for prior redemption shall cease to accrue on the redemption date provided payment thereof has been duly made or provided for.

Book-Entry Form

DTC will act as securities depository for the 1998 Series B Bonds. The 1998 Series B Bonds will be issued as fully registered securities, registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered bond will be issued for each maturity of the 1998 Series B Bonds 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 1998 Series B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 1998 Series B Bonds on DTC's records. The ownership interest of each actual purchaser of each 1998 Series B 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 1998 Series B 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 1998 Series B Bonds, except in the event that use of the book-entry system for the 1998 Series B Bonds is discontinued.

To facilitate subsequent transfers, all 1998 Series B Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of the 1998 Series B 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 1998 Series B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 1998 Series B 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, if any, shall be sent to Cede & Co. If less than all of the 1998 Series B 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 1998 Series B 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 1998 Series B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 1998 Series B 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 1998 Series B 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 1998 Series B 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 1998 Series B 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.

Transfer of Bonds

Any 1998 Series B 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 1998 Series B 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 1998 Series B 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 1998 Series B Bond. The Registrar shall not be obliged to make any transfer or exchange of 1998 Series B Bonds (1) after the fifteenth day of the month preceding an Interest Payment Date on the 1998 Series B Bond, (2) fifteen calendar days preceding the date of the mailing of a notice of redemption of 1998 Series B Bonds selected for redemption or (3) after such 1998 Series B Bond has been called for redemption.

Sources and Applications of Funds

It is expected that the proceeds of the 1998 Series B Bonds, other than accrued interest, together with certain other available moneys, shall be applied as follows. Investment earnings on unspent 1998 Series B Bond proceeds deposited into the Program Account are not included with the amounts below but will be applied to cost of the projects.

Sources

Principal Amount of the 1998 Series B Bonds	\$110,000,000.00
Net Original Issue Premium	<u>1,859,002.40</u>
Total Sources	<u>\$111,859,002.40</u>

Applications

Deposit to the Program Account to pay	
Costs of the Projects	\$109,839,750.72
Costs of Issuance.....	116,000.00
Deposit to Capitalized Interest Account	1,075,581.18
Underwriters Discount	<u>827,670.50</u>
Total Applications	<u>\$111,859,002.40</u>

SECURITY FOR THE BONDS AND SUMMARY OF THE GENERAL RESOLUTION

General

Information concerning the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program (**Program**), security for the Bonds, including sources of payment, Registration Fees, Registration Fee collection procedures, Reserve Fund, Additional Bonds, the Transportation Projects Commission, the Department, and a summary of the General Resolution is included as **APPENDIX A**, which includes by reference [Part V of the 1997 Annual Report](#).

Security

The 1998 Series B Bonds, the Prior Bonds, and any other revenue bond or obligation to be issued in the future on parity with 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 Program Income pledged to the payment of interest, principal, and Redemption Price on the Bonds. The 1998 Series B Bonds and all Prior Bonds previously authorized under the General Resolution are issued on parity with each other.

The Notes, and any other obligation to be issued on parity with the Notes, are also revenue obligations of the State payable from Program Income deposited into the Subordinated Debt Service Fund created pursuant to the General Resolution. The pledge of such Program Income to payment of the Notes is subordinate to the pledge of Program Income to payment of Bonds presently outstanding or hereafter incurred.

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, or any other money the State is authorized to pledge. 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.

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 (1) to pay interest on all Outstanding Bonds, (2) to pay the principal or Redemption Price of all Outstanding Bonds as the same become due,

(3) to maintain the Debt Service Reserve Requirement in the Reserve Fund, (4) to pay Program Expenses, and (5) to pay principal and interest on the Notes. The pledge is effective upon the issuance of any Bonds or Notes and remains effective until all Bonds and Notes 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 (1) through (5) 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.

The 1998 Series B Bonds shall be revenue obligations of the State payable solely out of the Redemption Fund and each 1998 Series B Bond shall contain on its face a statement to that effect. The State is not generally liable on the 1998 Series B Bonds, and the 1998 Series B Bonds shall not be a debt of the State for any purpose whatsoever. The 1998 Series B Bonds and all Prior Bonds previously authorized under the General Resolution are issued on parity with each other.

The State pledges and agrees with the Bondholders and holders of the Notes that the State will not limit or alter its powers to fulfill the terms of any agreements (made in the General Resolution, in the Bonds or in the Notes) with the Bondholders and holders of the Notes, or in any way impair the rights and remedies of the Bondholders and holders of the Notes until the Bonds and the Notes, 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 and holders of the Notes, are fully met and discharged.

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 then 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 for the Reserve Fund. The Reserve Fund is funded in an amount equal to 99.25% of the maximum annual interest due on the Outstanding Bonds, which includes the 1998 Series B Bonds. 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.

On May 27, 1993 in conjunction with the issuance of the 1993 Series A Transportation Revenue Bonds, the State began funding the Debt Service Reserve Requirement with an irrevocable surety bond issued by Ambac Assurance Corporation. The surety bond is currently in the amount of \$40,475,000, or 99.25% of the maximum annual interest due on the Outstanding Bonds. The premium for the surety bond is paid-in-full and 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, are paid-in-full. As of the date of this Official Statement, July 1, 2022 is the latest maturity date of the Outstanding 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 (1) any Bond canceled by the Trustee, or proven to the satisfaction of the Trustee to have been canceled by the Registrar, (2) any Bond deemed to have been defeased pursuant to the General Resolution and (3) 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.

1998 BORROWING PROGRAM

Transportation Revenue Bonds

The State has authorized the issuance of transportation revenue refunding bonds in an amount not to exceed \$300 million. On October 15, 1998, the Commission will consider a resolution to increase this authorization of transportation revenue refunding bonds to an amount not to exceed \$500 million. The State has sold \$131 million of transportation revenue refunding bonds pursuant to previous authorization. The amount and timing of subsequent negotiated sales of transportation revenue refunding bonds depend on market conditions.

The State has also authorized the issuance of additional Bonds in an amount not to exceed \$188 million for the refunding of outstanding Notes. This authorization is required pursuant to a credit agreement with banks providing a letter of credit for security on the Notes. These additional Bonds, when and if issued, will be issued on a parity with the Prior Bonds, the 1998 Series B Bonds and any additional parity Bonds issued by the State pursuant to the General Resolution.

Other Obligations of the State

The State in this calendar year has sold six general obligation bond issues in the aggregate amount of \$547 million. Of this amount, \$231 million were issued for general governmental purposes, \$65 million were issued to fund veterans housing and home improvement loans, and \$252 million were issued to refund previously issued general obligation bonds. Four of the issues were sold via public sale and two issues were sold via negotiated sale. The State has also sold \$5 million of general obligation subsidy bonds to the Clean Water Fund Loan program. In addition, the State has authorized the following:

- Two series of general obligation bonds in an aggregate amount of \$61 million will be sold via competitive sale on October 15, 1998. The proceeds of these issues will be used for the veterans housing loan program.
- General obligation commercial paper notes in an amount not to exceed \$120 million. The amount and timing of the placement of these general obligation commercial paper notes depends on the cash needs of the State.

On October 15, 1998, the Commission will consider a resolution to authorize approximately \$272 million of additional general obligation refunding bonds. The State also expects one or more private sales of general obligation subsidy bonds for the Clean Water Fund Loan program. The amount and timing of those issues will be based on cash needs of the State and market conditions.

The State has sold two clean water revenue bond issues in the aggregate amount of \$194 million. One issue in the amount of \$90 million was sold via competitive sale and provided new-money proceeds. The other issue in the amount of \$104 million was sold via negotiated sale and refunded previously issued clean water revenue bonds. No other clean water revenue bond issues are expected this calendar year.

The State anticipates a competitive sale of master lease certificates of participation in the amount of approximately \$20 million will occur in the fourth quarter of this calendar year.

The State has sold operating notes in the amount of \$350 million.

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 of or Redemption Price on the 1998 Series B 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 1998 Series B Bonds, or in any way contesting or affecting the validity of the 1998 Series B 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 1998 Series B Bonds, the existence of the Department or its power to charge and collect Registration Fees and pledge them for the payment of the 1998 Series B Bonds.

LEGALITY

All legal matters incident to the authorization, issuance and delivery of the 1998 Series B Bonds are subject to the opinion of Quarles & Brady LLP, 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 1998 Series B Bonds to determine the regularity and validity of such proceedings. In the event certificated 1998 Series B Bonds are issued, the certificate of the Attorney General will be printed on the reverse side of each 1998 Series B Bond.

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the 1998 Series B Bonds under existing law substantially in the form set forth in **APPENDIX D**.

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 1998 Series B 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 1998 Series B Bonds.

In the opinion of Bond Counsel, the 1998 Series B Bonds are not “private activity bonds” under Section 141(a) of the Code.

The initial public offering prices of certain of the 1998 Series B Bonds (**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 (**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 (1) the issue price of such Discounted Bonds plus the amount of original issue discount accrued in all prior accrual periods multiplied by (2) 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 (3) 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 1998 Series B Bonds (**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 1998 Series B 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.

Prospective purchasers of the 1998 Series B Bonds should be aware that ownership of the 1998 Series B Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income”, foreign corporations subject to branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 1998 Series B Bonds. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the 1998 Series B Bonds should consult their tax advisors as to collateral federal income tax consequences.

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 1998 Series B 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 1998 Series B Bonds) issued prior to enactment.

The interest on the 1998 Series B Bonds is not exempt from present Wisconsin income or franchise taxes. Investors should consult their own tax advisors with respect to the state and local tax consequences of owning a 1998 Series B Bond.

RATINGS

The 1998 Series B Bonds have been rated AA by Fitch IBCA, Inc., 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 1998 Series B 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 1998 Series B Bonds.

UNDERWRITING

The 1998 Series B Bonds were purchased at competitive bidding on October 14, 1998 by the following account (**Underwriters**):

Lehman Brothers, book-running manager; Morgan Stanley Dean Witter; J.P. Morgan Securities Inc.; A.G. Edwards & Sons, Inc.; Ferris, Baker Watts Inc.; First Chicago Capital Markets, Inc.; Griffin, Kubik, Stephens & Thompson, Inc.; and Interstate/Johnson Lane Corporation.

The Underwriters paid \$111,031,331.90, resulting in a true interest cost rate to the State of 4.7185%.

CUSIP NUMBERS, REOFFERING YIELDS AND PRICES

The tables appearing on **the cover** and below include information about the 1998 Series B Bonds. 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 Underwriters in order to allow the computation of yield for federal tax law compliance. The reoffering prices have been calculated to the lower of maturity or call.

\$110,000,000
State of Wisconsin
Transportation Revenue Bonds, 1998 Series B

Dated Date: October 1, 1998

First Interest Date: January 1, 1999

Issuance Date: October 29, 1998

<u>CUSIP</u>	<u>Year (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield at Issuance</u>	<u>Price at Issuance</u>	<u>First Optional Redemption Date</u>	<u>Call Price</u>
977123 LA4	2000	\$2,785,000	4.25%	3.680%	100.911%	Not Callable	-
977123 LB2	2001	4,135,000	4.25	3.650	101.510	Not Callable	-
977123 LC0	2002	3,900,000	4.25	3.750	101.696	Not Callable	-
977123 LD8	2003	4,050,000	4.25	3.850	101.691	Not Callable	-
977123 LE6	2004	4,210,000	4.50	3.950	102.765	Not Callable	-
977123 LF3	2005	4,380,000	4.25	4.050	101.154	Not Callable	-
977123 LG1	2006	4,565,000	4.25	4.100	100.974	Not Callable	-
977123 LH9	2007	4,755,000	4.25	4.150	100.717	Not Callable	-
977123 LJ5	2008	4,955,000	4.25	4.200	100.389	Not Callable	-
977123 LK2	2009	5,170,000	5.25	4.300	108.056	Not Callable	-
977123 LL0	2010	5,400,000	5.25	4.400	107.171	^(a) 7/1/2009	100%
977123 LM8	2011	5,645,000	5.25	4.500	106.294	^(a) 7/1/2009	100
977123 LN6	2012	5,905,000	5.00	4.600	103.337	^(a) 7/1/2009	100
977123 LP1	2013	6,180,000	5.00	4.700	102.488	^(a) 7/1/2009	100
977123 LQ9	2014	6,475,000	5.00	4.750	102.067	^(a) 7/1/2009	100
977123 LR7	2015	6,790,000	5.00	4.800	101.648	^(a) 7/1/2009	100
977123 LS5	2016	7,125,000	5.00	4.850	101.231	^(a) 7/1/2009	100
977123 LT3	2017	7,480,000	4.75	4.914	98.000	7/1/2009	100
977123 LV8	2019 ^(b)	16,095,000	4.75	4.905	98.000	7/1/2009	100

^(a) These 1998 Series B Bonds are priced to the July 1, 2009 call date.

^(b) This maturity is a term bond. For a schedule of the installment payments, see "THE 1998 SERIES B BONDS; Mandatory Sinking Fund Redemption" inside this Official Statement.

NOTE: The State has been advised by the Underwriters that they have received a Commitment for Municipal Bond Insurance from Financial Guaranty Insurance Company (FGIC) for the 1998 Series B Bonds. Further information on this Commitment and Municipal Bond New Issue Insurance Policy can be obtained from the Underwriters or FGIC.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 1998 Series B Bonds, to 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 (**Annual Reports**), to each nationally recognized municipal securities information repository (**NRMSIR**) and to the state information depository (**SID**), if any, and to provide notices of occurrence of certain events specified in the Rule to each NRMSIR or the Municipal Securities Rulemaking Board (**MSRB**) and the SID, if any. As of the date of this Official Statement, no SID has been established.

Copies of the Annual Reports and notices may be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street
P.O. Box 7864
Madison, WI 53707-7864
capfin@doa.state.wi.us

www.doa.state.wi.us/debf/capfin/2ndmkt.htm

The undertaking also describes the consequences of any failure to provide the required information. The undertaking requires that a failure to provide the required information must be reported to the NRMSIRs or the MSRB, and to any SID. In the last five years, there has been no failure to comply in any material respect with a similar undertaking by the State.

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. Material referred to in this Official Statement, including information available on the world wide web, is not part of this Official Statement unless expressly included by reference. 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 1998 Series B Bonds. Additional information, including copies of the Resolutions and other documents, may be obtained from the Commission.

Dated: October 14, 1998

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

Appendix A

INFORMATION ABOUT THE TRANSPORTATION REVENUE BOND PROGRAM

This Appendix includes information concerning the State of Wisconsin Transportation Revenue Bond Program. [Part V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 1997 \(1997 Annual Report\)](#) is included by reference as part of this **APPENDIX A**.

[Part V to the 1997 Annual Report](#) contains information concerning the Transportation Revenue Bond Program, security for the Bonds, including sources of payment, Registration Fees, Registration Fee collection procedures, Reserve Fund and additional Bonds, the Transportation Projects Commission, the Wisconsin Department of Transportation, and a summary of the General Resolution. Included as [APPENDIX A to Part V](#) are the audited financial statements for the Transportation Revenue Bond Program for the fiscal year ending June 30, 1997.

The 1997 Annual Report has been filed with each nationally recognized municipal securities information repository (“NRMSIR”). As of the date of this Official Statement, the 1997 Annual Report can be found on the internet at:

www.doa.state.wi.us/debf/capfin/97condis.htm

After publication and filing of the 1997 Annual Report, certain changes or events have occurred that affect items discussed in the 1997 Annual Report. Listed below, by reference to particular sections of the 1997 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes have not been filed with the NRMSIRS. However, the State has filed, and expects to continue to file, certain informational notices with the NRMSIRS. These informational notices do not constitute listed material events under the State’s Master Agreement on Continuing Disclosure.

Table V-3; Projected Section 341.25 Registration Fee Revenues (Page Part V-5). Replace the table with the following:

**Projected Section 341.25 Registration Fee Revenues
1999 to 2008**

Fiscal Year	Revenues^(a) (Amounts in Millions)	% Change
1999	\$297.8	—
2000	311.1	4.28%
2001	312.2	0.35
2002	324.6	3.82
2003	327.1	0.76
2004	341.5	4.22
2005	344.2	0.78
2006	359.2	4.18
2007	362.1	0.80
2008	377.7	4.13

^(a) Includes both IRP and non-IRP Section 341.25 revenues.

Source: Wisconsin Department of Transportation

Table V-4; Debt Service of Outstanding Transportation Revenue Bonds and Estimated Revenue Coverage (Page Part V-7). Replace the table with the following:

The following table shows the forecasted coverage of annual debt service on the Outstanding Bonds following the issuance of the 1998 Series B Bonds, based on the Department's estimated Registration Fees for 1999-2008. There can be no assurance that the estimated Registration Fees will be realized in the amounts shown.

**Debt Service on the 1998 Series B Bonds
and Estimated Revenue Coverage for Outstanding Bonds**

<u>1998 Series B Debt Service</u>						
Year Ending July 1	Principal	Interest	Period Total	Combined Total ^(a)	Estimated ^(b) Revenue (Millions)	Estimated ^(c) Coverage Ratio
1999		\$ 3,906,834.38	\$ 3,906,834.38	\$ 102,627,672.71	\$297.80	2.90
2000	\$ 2,785,000	5,209,112.50	7,994,112.50	106,176,585.00	311.10	2.93
2001	4,135,000	5,090,750.00	9,225,750.00	107,392,337.50	312.20	2.91
2002	3,900,000	4,915,012.50	8,815,012.50	107,129,907.50	324.60	3.03
2003	4,050,000	4,749,262.50	8,799,262.50	107,095,090.00	327.10	3.05
2004	4,210,000	4,577,137.50	8,787,137.50	111,104,262.50	341.50	3.07
2005	4,380,000	4,387,687.50	8,767,687.50	110,970,425.00	344.20	3.10
2006	4,565,000	4,201,537.50	8,766,537.50	111,002,080.00	359.20	3.24
2007	4,755,000	4,007,525.00	8,762,525.00	99,286,552.50	362.10	3.65
2008	4,955,000	3,805,437.50	8,760,437.50	100,158,082.50	377.70	3.77
2009	5,170,000	3,594,850.00	8,764,850.00	96,063,062.50		
2010	5,400,000	3,323,425.00	8,723,425.00	83,074,347.50		
2011	5,645,000	3,039,925.00	8,684,925.00	83,159,475.00		
2012	5,905,000	2,743,562.50	8,648,562.50	83,248,392.50		
2013	6,180,000	2,448,312.50	8,628,312.50	83,817,392.50		
2014	6,475,000	2,139,312.50	8,614,312.50	92,092,967.50		
2015	6,790,000	1,815,562.50	8,605,562.50	75,078,507.50		
2016	7,125,000	1,476,062.50	8,601,062.50	66,219,112.50		
2017	7,480,000	1,119,812.50	8,599,812.50	56,957,667.50		
2018	7,850,000 ^(d)	764,512.50	8,614,512.50	57,038,952.50		
2019	8,245,000 ^(d)	391,637.50	8,636,637.50	24,728,087.50		
2020				16,087,000.00		
2021				16,083,500.00		
2022				16,088,750.00		
<u>\$ 110,000,000</u>						

^(a) Combined Debt Service on all Outstanding Bonds and assumes the issuance of \$188.6 million to fund outstanding transportation revenue commercial paper notes.

^(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 2008 are not shown.

^(d) Reflects mandatory sinking fund payments of a term bond maturing July 1, 2019.

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

Appendix B

INFORMATION ABOUT THE STATE

This appendix includes information concerning the State of Wisconsin (**State**) and general obligation debt issued by the State. Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 1997 (**1997 Annual Report**) is included by reference as part of this APPENDIX B.

Part II to the 1997 Annual Report contains general information about the State. This part presents information on the (1) State's operations and financial procedures, (2) State's accounting and financial reporting, (3) organization and description of services provided by the State, (4) results of fiscal year 1996-97, (5) State budget, (6) obligations of the State, and (7) State Investment Board. This part also presents statistical information about the State's population, income and employment.

Included as APPENDIX A to Part II are the audited general purpose financial statements for the fiscal year ending June 30, 1997, prepared in conformity with generally accepted accounting principles (**GAAP**) for governments as prescribed by the Government Accounting Standards Board, and the State Auditor's report.

The 1997 Annual Report has been filed with each nationally recognized municipal securities information repository (**NRMSIR**). As of the date of this Official Statement, the 1997 Annual Report can be found on the world wide web at:

www.doa.state.wi.us/debf/capfin/97condis.htm

After publication and filing of the 1997 Annual Report, certain changes or events have occurred that affect items discussed in the 1997 Annual Report. Listed below, by reference to particular sections of the 1997 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes have not been filed with the NRMSIRS. However, the State has filed, and expects to continue to file, certain informational notices with the NRMSIRS. These informational notices do not constitute listed material events under the State's Master Agreement on Continuing Disclosure.

Year 2000 Compliance

Overview

The State of Wisconsin Department of Administration (**Department of Administration**), which has overall responsibility for the coordination of information technology in State government, is coordinating the State's Year 2000 compliance efforts. In 1996, the Department of Administration identified 100 critical business applications (that is, applications that support core state government operations and services). The Department of Administration has deemed 21 of these as the "highest priority" critical applications. Among the financial-related systems within the group of 21 highest priority critical applications are WiSMART (the State's accounting system), Income Tax Processing, Shared Revenues, Motor Vehicle Registration, Wisconsin Employee Benefit System, Investment Accounting System and Local Government Investment Pool.

The Department of Administration created an interagency executive taskforce to advise on ways to coordinate Year 2000 compliance oversight activities. This approach allows the State to focus on the highest priority Year 2000 compliance needs. The Department of Administration is conducting compliance surveys and assessments of all agencies, including on-site visits to agencies with critical applications. The assessment is the second stage of five stages that agencies

will complete under the Department of Administration's Year 2000 compliance efforts. The five stages include (1) inventory, (2) assessment, (3) remediation, (4) testing, and (5) implementation.

The following are general conclusions of assessments completed as of May 21, 1998. The Department of Administration expects the assessments to be completed by November 1998.

- The State has not identified any significant Year 2000 consequences or unbudgeted costs to make the critical business applications Year 2000 compliant.
- Twelve of 43 agencies face "substantial challenges" and 24 of the 181 divisions (that is, the major subunits within state agencies) in State government each have more than 1,000 hours of work to complete in order to make their critical business applications Year 2000 compliant.

The costs to the State to become Year 2000 compliant have been and will continue to be absorbed within existing base operating budgets because most Year 2000 compliance work is being completed by State agencies as part of ongoing maintenance and upgrades previously identified and budgeted for by the State.

In addition to the assessments, the following is a summary of the efforts currently being undertaken by the State:

- The Governor issued Executive Order 341 on July 27, 1998 that directs all state agencies to make Year 2000 compliance activities their top technology priority.
- Agencies are required to provide the Department of Administration periodic Year 2000 compliance status reports for each of the identified critical business applications
- The State has also created a central Year 2000 test environment for use by State agencies to verify the effectiveness of Year 2000 compliance activities. The State maintains a web site that provides specific technical information to assist agency Year 2000 compliance efforts. The internet address for this is: www.state.wi.us/y2k.
- Agencies are preparing contingency plans designed to address possible problems arising from failures of information technology systems or other disruptions of business processes.

Internal Year 2000 Issues

The 21 highest priority critical applications have a direct impact on critical and core State operations. The Department of Administration anticipates that the assessment of these 21 highest priority critical applications will be completed by November 1998. Specifically, WiSMART, the State's accounting system, has recently been updated for Year 2000 and is undergoing testing for Year 2000 compliance. The Department of Revenue, the agency responsible for the collection of State taxes, is completing the assessment of its critical applications.

External Year 2000 Issues

The State has contacted each of its paying agents, registrars, escrow agents, trustees and depositories and has been informed by each of these firms that they intend to meet the federal regulation that all securities processing institutions be Year 2000 compliant by December 31, 1998. The State will continue to monitor these compliance activities and take appropriate steps to ensure timely compliance, as needed. The Department of Health and Family Services is the State agency that interfaces with the Federal Government for Medicare and Medicaid reimbursement payments. This department is addressing Year 2000 efforts with the Federal Government and is also working on contingency plans in the event of a problem.

Mechanical Year 2000 Issues

With respect to debt service payments, the State maintains hard paper copy records of all its debt service schedules. In the event computer payment systems fail, the State is prepared to provide manual payment checks to paying agents and The Depository Trust Company (DTC). Debt service payments due on State obligations for the first six months of calendar year 2000 are:

<u>Date</u>	<u>Obligation</u>	<u>Parties Involved</u>
January 3, 2000	General Obligation Bonds	State Treasurer's Office/DTC
January 3, 2000	Transportation Revenue Bonds	Bank One Trust Company, N.A. (Trustee)/DTC
February 14, 2000	Master Lease Certificates of Participation	State Treasurer's Office/Firststar Trust Company (Trustee)
March 1, 2000	Master Lease Certificates of Participation	Firststar Trust Company (Trustee)/DTC
May 1, 2000	General Obligation Bonds	State Treasurer's Office/ DTC
June 1, 2000	Clean Water Revenue Bonds	Firststar Trust Company (Trustee)/DTC

As a contingency, the State is further considering sending the payments due on January 3, 2000 to DTC on or before December 31, 1999.

The State cannot provide any assurances that all Year 2000 problems will be corrected by January 1, 2000 nor that all information technology systems will continue to work efficiently on January 1, 2000. There remains a possibility that some Year 2000 problems will not be identified or corrected by January 1, 2000. However, the actions that the State is currently completing should minimize such potential problems, especially for critical business applications. As part of the State's Year 2000 process, agencies are preparing contingency plans designed to address possible problems arising from failures of information technology systems or other disruptions of business processes.

State Budget; Budgets for 1997-99 (Pages Part II-16 through Part II-18). Add the following:

Budgets for 1997-99

The Annual Fiscal Report for the fiscal year ending June 30, 1998 will be published on October 15, 1998. This Annual Fiscal Report will include statutory and unaudited balances for the fiscal year ending June 30, 1998. On June 2, 1998, the Governor signed into law a budget adjustment bill for the 1997-99 biennial budget. The following summary is based on this budget adjustment bill.

The budget on an all-funds basis projects a balance of \$352 million for the fiscal year ending June 30, 1998 and \$117 million for the fiscal year ending June 30, 1999.

State Budget–All Funds
(Amounts in Millions)

	Fiscal Year Ending <u>June 30, 1998</u>	Fiscal Year Ending <u>June 30, 1999</u>
Beginning Balance	\$ 331	\$ 352
Tax Revenues	9,351	9,663
Nontax Revenues	<u>14,162</u>	<u>14,344</u>
Total Available Revenues	\$23,844	\$24,359
Net Disbursements	\$23,455	\$24,009
Reserves	<u>135</u>	<u>331</u>
Total Disbursements/Reserves	\$23,590	\$24,340
Estimated Balance	\$ 254	\$ 18
Statutorily Required Balance	<u>98</u>	<u>99</u>
Total Balance	\$ 352	\$ 117

A detailed summary of the all-funds budget is on page B-5

The balances for the budget on a general-fund basis are the same as the all-funds basis: \$352 million for the fiscal year ending June 30, 1998 and \$117 million for the fiscal year ending June 30, 1999.

State Budget–General Fund
(Amounts in Millions)

	Fiscal Year Ending <u>June 30, 1998</u>	Fiscal Year Ending <u>June 30, 1999</u>
Beginning Balance	\$ 331	\$ 352
Tax Revenues	9,351	9,663
Nontax Revenues	<u>6,573</u>	<u>6,434</u>
Total Available Revenues	\$16,255	\$16,449
Net Disbursements	\$15,866	\$16,099
Reserves	<u>135</u>	<u>332</u>
Total Disbursements/Reserves	\$16,001	\$16,431
Estimated Balance	\$ 254	\$ 18
Statutorily Required Balance	<u>98</u>	<u>99</u>
Total Balance	\$ 352	\$ 117

A detailed summary of the general-fund budget is on page B-6.

The budget adjustment bill also provides that up to \$125 million of any increased budget surplus above the budget adjustment bill estimates for the period ending June 30, 1998 be used to increase the school property tax credit for tax year 1998. The Legislative Fiscal Bureau has prepared an estimate of the net general-fund balance for the period ending June 30, 1998, which estimates \$180 million in revenues above the budget adjustment bill estimates. This estimate will result in the additional \$125 million school property tax credit for tax year 1998. However, for budgetary purposes, no increased budget surplus is recognized at this time as the report completed by the Legislative Fiscal Bureau is conditioned on many items not available until the Annual Fiscal Report is issued.

Table II-3; State Budget–All Funds (Page Part II-17). Replace the table with the following:

State Budget–All Funds^(a)

	Actual ^(b) 1996-97	Budget Adjustment 1997-98	Budget Adjustment 1998-99
RECEIPTS			
Fund Balance from Prior Year.....	\$ 581,690,000	\$ 331,145,100 ^(c)	\$ 352,243,400
Tax Revenue			
Individual Income.....	4,544,739,000	4,916,000,000	5,052,400,000
General Sales and Use.....	2,864,373,000	2,999,850,000	3,134,030,000
Corporate Franchise and Income.....	643,822,000	644,800,000	654,700,000
Public Utility.....	306,231,000	277,300,000	272,600,000
Excise			
Cigarette/Tobacco Products.....	213,348,000	257,000,000	268,900,000
Liquor and Wine.....	31,350,000	32,000,000	32,300,000
Malt Beverage.....	9,207,000	9,500,000	9,500,000
Inheritance, Estate & Gift.....	50,825,000	73,000,000	55,000,000
Insurance Company.....	94,641,000	95,000,000	95,000,000
Other.....	869,250,000	46,025,000 ^(d)	88,237,500 ^(d)
Subtotal.....	<u>9,627,786,000</u>	<u>9,350,475,000</u>	<u>9,662,667,500</u>
Nontax Revenue			
Departmental Revenue.....	143,630,000	159,375,900	151,226,600
Total Federal Aids.....	3,478,405,000	4,323,934,400	4,339,196,600
Total Program Revenue.....	2,232,844,000	2,284,115,900	2,353,325,400
Total Segregated Funds.....	2,907,590,000	2,175,818,200	2,229,010,500
Fund Transfers In.....	NA	261,605,900	NA
Bond Authority.....	290,612,000	415,000,000	430,000,000
Employe Benefit Contributions ^(e)	8,729,891,000	4,542,998,211	4,840,878,164
Subtotal.....	<u>17,782,972,000</u>	<u>14,162,848,511</u>	<u>14,343,637,264</u>
Total Available.....	<u>\$ 27,992,448,000</u>	<u>\$ 23,844,468,611</u>	<u>\$ 24,358,548,164</u>
DISBURSEMENTS AND RESERVES			
Commerce.....	\$ 373,921,000	\$ 399,608,700	\$ 390,029,300
Education.....	6,759,147,000	7,046,047,900	7,332,883,400
Environmental Resources.....	2,137,281,000	2,153,578,600	2,183,076,800
Human Relations and Resources.....	5,689,028,000	5,889,776,700	6,120,171,500
General Executive.....	2,710,053,000	818,817,000	613,160,900
Judicial.....	86,958,000	89,630,900	90,209,800
Legislative.....	53,219,000	55,274,500	55,994,700
General Appropriations.....	2,266,799,000	2,107,286,500	2,012,329,700
General Obligation Bond Program.....	437,402,000	415,000,000	430,000,000
Employe Benefit Payments ^(e)	1,456,722,000	1,889,607,836	2,019,386,350
Reserve for Employe Benefit Payments ^(e)	7,273,169,000	2,653,390,375	2,821,491,814
Subtotal.....	<u>29,243,699,000</u>	<u>23,518,019,011</u>	<u>24,068,734,264</u>
Less: (Lapses).....	NA	(62,926,600)	(60,255,000)
Compensation Reserves.....	NA	34,915,600	66,338,400
Required Statutory Balance.....	NA	98,110,700	99,426,600
Fund Transfers Out.....	NA	2,217,200	166,108,600
Change in Continuing Balance.....	<u>(1,589,089,000)</u>	<u>NA</u>	<u>NA</u>
Total Disbursements & Reserves.....	<u>\$ 27,654,609,000</u>	<u>\$ 23,590,335,911</u>	<u>\$ 24,340,352,864</u>
Fund Balance.....	\$ 337,839,000	\$ 254,132,700	\$ 18,195,300
Undesignated Balance.....	\$ 327,145,000	\$ 352,243,400	\$ 117,621,900

(a) The amounts shown are based on statutorily required accounting and not on GAAP.

(b) The amounts shown are unaudited and rounded to the nearest thousand.

(c) There is a difference in the budgeting and accounting treatment of a \$4,000,100 loan from the Local Government Property Insurance Fund which was outstanding as of June 30, 1997. For budgeting purposes, the loan increases the balance of the General Fund which is then reduced when the repayment is made. For accounting purposes, the loan has no effect on the General Fund balance.

(d) The budgets do not include taxes collected for segregated funds. The largest such tax is the motor vehicle fuel tax, which collected \$693 million in the 1996-97 fiscal year. For the 1998-99 fiscal year, the amount shown includes \$40 million of revenue expected to be raised through a program that offers a tax amnesty program. As of the date of this Official Statement, this program has been completed and the results are currently being evaluated by the State.

(e) State law separates the accounting of employe benefits from the budget. They are included for purposes of comparability to the figures presented in this table and Tables II-1 and II-2 of the Annual Report. Benefits are provided for on a fully funded basis. Therefore, when contributions actually received exceed the benefits actually paid out, the difference is added to the trust funds. In the event that the actual benefit payments exceed the contributions, investment earnings will be used to cover the difference before they are deposited in the Employe Benefit Fund.

Table II-4; State Budget–General Fund (Page Part II-18). Replace the table with the following:

State Budget–General Fund^(a)

	Actual^(b) 1996-97	Budget Adjustment 1997-98	Budget Adjustment 1998-99
RECEIPTS			
Fund Balance from Prior Year.....	\$ 581,690,000	\$ 331,145,100	\$ 352,243,400
Tax Revenue			
State Taxes Deposited to General Fund			
Individual Income.....	4,544,739,000	4,916,000,000	5,052,400,000
General Sales and Use.....	2,864,373,000	2,999,850,000	3,134,030,000
Corporate Franchise and Income.....	643,822,000	644,800,000	654,700,000
Public Utility.....	306,231,000	277,300,000	272,600,000
Excise			
Cigarette/Tobacco Products.....	213,348,000	257,000,000	268,900,000
Liquor and Wine.....	31,350,000	32,000,000	32,300,000
Malt Beverage.....	9,207,000	9,500,000	9,500,000
Inheritance, Estate & Gift.....	50,825,000	73,000,000	55,000,000
Insurance Company.....	94,641,000	95,000,000	95,000,000
Other.....	55,905,000	46,025,000	88,237,500 ^(d)
Subtotal.....	<u>8,814,441,000</u>	<u>9,350,475,000</u>	<u>9,662,667,500</u>
Nontax Revenue			
Departmental Revenue.....	143,630,000	159,375,900	151,226,600
Program Revenue-Federal.....	3,478,405,000	3,868,165,100	3,929,984,000
Program Revenue-Other.....	2,232,844,000	2,284,115,200	2,353,325,400
Fund Transfers In.....	NA	261,605,900	NA
Subtotal.....	<u>5,854,879,000</u>	<u>6,573,262,100</u>	<u>6,434,536,000</u>
Total Available.....	<u>\$ 15,251,010,000</u>	<u>\$ 16,254,882,200</u>	<u>\$ 16,449,446,900</u>
DISBURSEMENTS AND RESERVES			
Commerce.....	\$ 204,697,000	\$ 207,291,600	\$ 195,817,600
Education.....	6,566,192,000	6,981,265,900	7,185,455,400
Environmental Resources.....	237,381,000	239,538,800	239,024,700
Human Relations and Resources.....	5,447,424,000	5,792,936,500	6,013,539,700
General Executive.....	497,084,000	742,911,000	533,306,400
Judicial.....	86,652,000	88,987,000	89,565,900
Legislative.....	53,219,000	55,274,500	55,994,700
General Appropriations.....	<u>1,839,755,000</u>	<u>1,820,227,300</u>	<u>1,846,928,600</u>
Subtotal.....	14,932,404,000	15,928,432,600	16,159,633,000
Less: (Lapses).....	NA	(62,926,600)	(60,255,000)
Compensation Reserves.....	NA	34,915,600	66,338,400
Required Statutory Balance.....	NA	98,110,700	99,426,600
Fund Transfers Out.....	NA	2,217,200	166,108,600
Federal Retiree Reserve.....	NA	NA	NA
Changes in Continuing Balance.....	<u>(19,233,000)</u>	<u>NA</u>	<u>NA</u>
Total Disbursements & Reserves.....	<u>\$ 14,913,171,000</u>	<u>\$ 16,000,749,500</u>	<u>\$ 16,431,251,600</u>
Fund Balance.....	\$ 337,839,000	\$ 254,132,700	\$ 18,195,300
Undesignated Balance.....	\$ 327,145,000	\$ 352,243,400	\$ 117,621,900

^(a) The amounts shown are based on statutorily required accounting and not on GAAP.

^(b) The amounts shown are unaudited and rounded to the nearest thousand.

^(c) There is a difference in the budgeting and accounting treatment of a \$4,000,100 loan from the Local Government Property Insurance Fund which was outstanding as of June 30, 1997. For budgeting purposes, the loan increases the balance of the General Fund which is then reduced when the repayment is made. For accounting purposes, the loan has no effect on the General Fund balance.

^(d) Includes \$40 million of revenue expected to be raised through a program that offers a tax amnesty. As of the date of this Official Statement, this program has been completed and the results are being evaluated by the State.

Source: Wisconsin Department of Administration.

Table II-7; General Fund Monthly Cash Position (Page Part II-29). Replace the table with the following:

GENERAL FUND MONTHLY CASH POSITION
July 1, 1996 through May 31, 1998 $\frac{3}{4}$ Actual
June 1, 1998 through June 30, 1999 $\frac{3}{4}$ Estimated^(a)
(Amounts in Thousands)

	Starting Date	Starting Balance	Receipts^(b)	Disbursements^(b)
1996	July.....	\$ 569,086	\$ 1,279,815	\$ 1,434,154
	August.....	414,747	1,030,924	844,258
	September.....	601,413	1,476,166	1,011,367
	October.....	1,066,212	1,137,121	855,357
	November.....	1,347,976	1,201,689	1,691,802
	December.....	857,863	1,191,440	1,728,258
1997	January.....	321,045	1,660,082	969,951
	February.....	1,011,176	1,143,553	1,018,864
	March.....	1,135,865	1,187,307	1,888,887
	April.....	434,285	1,507,412	964,595
	May.....	977,102	1,282,737	965,508
	June.....	1,294,331	1,390,068	2,190,931
	July.....	493,468	1,583,435	1,558,759
	August.....	518,144	1,092,096	868,164
	September.....	742,076	1,518,617	1,140,770
	October.....	1,119,923	1,281,159	1,220,979
	November.....	1,180,103	1,363,754	1,575,478
	December.....	968,379	1,221,439	1,810,967
1998	January.....	378,851	1,701,236	1,004,066
	February.....	1,076,021	1,222,276	1,122,065
	March.....	1,176,232	1,357,272	2,111,569
	April.....	421,935	1,536,033	1,078,050
	May.....	879,918	1,258,276	990,358
	June.....	1,147,836	1,531,549	2,302,136
	July.....	377,249	1,604,067	1,705,179
	August.....	276,137	1,201,349	847,918
	September.....	629,568	1,580,504	1,471,353
	October.....	738,719	1,279,290	949,794
	November.....	1,068,215	1,349,517	1,636,927
	December.....	780,805	1,370,610	1,793,369
1999	January.....	358,046	1,731,853	1,005,086
	February.....	1,084,813	1,274,656	1,246,139
	March.....	1,113,330	1,351,348	2,214,785
	April.....	249,893	1,635,130	1,221,972
	May.....	663,051	1,384,682	1,051,866
	June.....	995,867	1,584,384	2,489,328

^(a) The monthly receipt and disbursement projections for June 1, 1998 through June 30, 1999 are based on estimates provided by the Division of Executive Budget and Finance.

^(b) The receipt amounts shown in July 1996–1998 include the proceeds received, or expected to be received, at closing for respective issues of operating notes. See “OTHER OBLIGATIONS; Operating Notes” in the 1997 Annual Report. The disbursement amounts shown for February, March, April and May 1997–1999 include impoundment payments required in connection with the operating notes.

Source: Wisconsin Department of Administration.

Table II-8; Balances Available for Interfund Borrowing (Page Part II-30). Replace the table with the following:

BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING^(a)
July 1, 1996 to June 1, 1998 — Actual
July 1, 1998 to June 1, 1999 — Estimated^(b)
(Amounts in Millions)

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
January		\$3,210.23	\$3,362.80	\$2,147.05
February.....		3,553.70	3,905.76	2,110.15
March		3,793.12	4,222.27	2,141.52
April		3,832.30	4,298.47	2,165.09
May		3,423.07	4,011.24	2,117.84
June.....		3,317.76	3,811.49	2,055.69
July.....	\$3,252.38	3,522.40	2,013.13 ^(b)	
August	3,511.90	3,824.91	2,051.05	
September	3,250.54	3,546.19	2,095.73	
October	3,010.27	3,456.19	2,087.33	
November.....	2,687.47	3,126.49	2,015.35	
December	2,072.66	3,177.39	2,060.66	

^(a) Consists of the following funds:

Transportation	Common School
Conservation (Partial)	Normal School
Wisconsin Health Education Loan Repayment	University
Waste Management	Local Government Investment Pool
Wisconsin Election Campaign	Farms for the Future
Investment & Local Impact	Agrichemical Management
Elderly Property Tax Deferral	Historical Society Trust
Lottery	School Income Fund
Children's Trust	Benevolent
Racing	Groundwater
Work Injury Supplemental Benefit	Petroleum Storage Environmental Cleanup
Unemployment Compensation Interest Repayment	Environmental Improvement Fund
Uninsured Employers	Environmental
Health Insurance Risk Sharing Plan	Recycling
Local Government Property Insurance	University Trust Principal
Patients Compensation	Veterans Mortgage Loan Repayment
Mediation	State Building Trust
Agricultural College	

^(b) Estimated balances for July 1, 1998 and succeeding months include \$480 million (a portion of the estimated balance) for the local government pool of the available funds. The local government pool has varied from a low of \$63 million on July 1, 1983 to a high of \$4.426 billion on March 1, 1994. The pool is composed of funds deposited by local units of government which may be withdrawn without notice. Under Section 20.002(11) of the Statutes, interfund borrowing is limited to 5% of the total general-purpose revenue appropriations then in effect, which for the 1998-99 budget is nearly \$500 million.

Source: Wisconsin Department of Administration.

Table II-9; Revenues Deposited to the General Fund (Page Part II-31). Replace the table with the following:

**REVENUES DEPOSITED TO THE GENERAL FUND^(a)
July 1, 1997 to May 31, 1998 compared with previous year
(Unaudited)**

	Actual Receipts 1996-97 FY ^(b)	Projected Receipts 1997-98 FY	Actual Receipts July 1, 1996 to May 31, 1997	Actual Receipts July 1, 1997 to May 31, 1998
Individual Income Tax	\$ 4,544,739,246	\$ 4,809,892,600	\$ 3,832,196,561	\$ 4,212,881,748
General Sales and Use Tax ..	2,864,373,180	3,015,000,000	2,344,412,532	2,482,336,145
Corporate Franchise and Income Tax	643,821,885	646,300,000	528,366,857	514,093,484
Public Utility Taxes	306,230,883	274,005,700	303,925,592	292,723,742
Excise Taxes	253,904,414	292,575,000	208,052,458	244,026,938
Inheritance Taxes	50,825,151	45,000,000	46,720,845	71,227,393
Miscellaneous Taxes	<u>150,545,817</u>	<u>140,200,000</u>	<u>129,021,849</u>	<u>130,065,417</u>
SUBTOTAL.....	8,814,440,576	9,222,973,300	7,392,696,694	7,947,354,867
Federal Receipts.....	3,478,405,811	3,863,347,100	3,139,643,611	3,138,212,400
Dedicated and Other Revenues ^(c)	<u>2,376,474,850</u>	<u>2,680,026,100</u>	<u>2,288,197,738</u> ^(d)	<u>2,532,627,862</u> ^(d)
TOTAL.....	<u>\$14,669,321,237</u>	<u>\$15,766,346,500</u>	<u>\$12,820,538,043</u>	<u>\$13,618,195,129</u>

^(a) The amounts shown are based on the statutory accounting basis and not on GAAP. See "STATE GOVERNMENT ORGANIZATION AND FINANCIAL PROCEDURES; Accounting and Financial Reporting" in the 1997 Annual Report.

^(b) The amounts shown are the sum of all revenues for fiscal year 1996-97 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ending June 30, 1997.

^(c) The statutory basis of accounting requires that certain transfers between General Fund appropriations be recorded as both revenues and expenditures of the General Fund. The amount of these transfers may vary greatly between fiscal years, and therefore, this category may not be comparable on a historical basis.

^(d) The amounts shown do not reflect receipt, from the sale of operating notes, of \$150 million principal amount in fiscal year 1996-97 and \$450 million principal amount in fiscal year 1997-98.

Table II-10; General Fund Expenditures By Function (Page Part II-32). Replace the table with the following:

**GENERAL FUND EXPENDITURES BY FUNCTION^(a)
July 1, 1997 to May 31, 1998 compared with previous year
(Unaudited)**

	Actual Expenditures <u>1996-97 FY^(b)</u>	Appropriations <u>1997-98 FY</u>	Actual Expenditures July 1, 1996 to <u>May 31, 1997</u>	Actual Expenditures July 1, 1997 to <u>May 31, 1998</u>
Commerce.....	\$ 204,697,785	\$ 195,180,400	\$ 166,035,184	\$ 160,557,590
Education.....	6,566,191,813	7,202,088,700	5,049,493,402	5,344,062,092
Environmental Resources.....	237,381,444	239,232,900	221,553,627	213,801,235
Human Relations & Resources..	5,447,424,395	5,954,107,100	4,848,480,143	4,978,800,815
General Executive.....	497,084,469	520,567,800	454,210,182	671,096,714
Judicial.....	86,651,785	89,158,400	79,099,088	82,183,504
Legislative.....	53,218,947	55,307,000	45,192,684	46,390,455
General Appropriations.....	<u>1,839,755,076</u>	<u>1,865,582,600</u>	<u>1,556,202,669</u>	<u>1,705,115,873</u>
TOTAL.....	<u>\$ 14,932,405,714</u>	<u>\$ 16,121,224,900</u>	<u>\$ 12,420,266,979</u>	<u>\$ 13,202,008,278</u>

(a) The amounts shown are based on the statutory accounting basis and not on GAAP. See "STATE GOVERNMENT ORGANIZATION AND FINANCIAL PROCEDURES; Accounting and Financial Reporting" in the 1997 Annual Report.

(b) The amounts shown are the sum of all expenditures for fiscal year 1996-97 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ending June 30, 1997.

Source: Wisconsin Department of Administration.

Appendix C

GLOSSARY

This Glossary includes definitions from the General Resolution and the Series Resolutions.

“Accountant” means such reputable and experienced independent certified public accountant or firm of independent certified public accountants of nationally recognized standing as may be selected by the Department and be satisfactory to the Trustee which may be the accountant or firm of accountants who regularly audit the books and accounts of the Department.

“Act” means Section 84.59 of the Statutes.

“1997 Annual Report” means the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 1997.

“Authorized Newspaper” means either The Wall Street Journal or The Bond Buyer, or such other financial newspaper or financial journal of general circulation, printed in the English language and customarily published (except in the case of legal holidays) at least once a day for at least five days in each calendar week, in the Borough of Manhattan, City and State of New York.

“Authorized Officer” when used with reference to the Department means the Secretary or other person designated from time to time by the Secretary, and when used with reference to the Commission, means the Chairperson of the Commission or other person designated from time to time by the Chairperson of the Commission and, in the case of any act to be performed or duty to be discharged, any other member, staff, officer or employee of the foregoing Department or Commission then authorized to perform such act or discharge such duty.

“Bond” or **“Bonds”** means any bond or any other evidence of revenue obligation authorized under the General Resolution and issued pursuant to a Series Resolution.

“Bond Counsel’s Opinion” means an opinion executed by the Attorney General of Wisconsin or an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the State.

“Bondholder” and the term **“Holder”** or **“holder”** means the registered owner of any Outstanding Bond or Bonds, if registered to a particular person or persons, or the holder of any Outstanding Bond or Bonds in bearer form or registered as to principal only, or his duly authorized attorney in fact, representative or assigns.

“1984 Bonds” means the State of Wisconsin Transportation Revenue Bonds, 1984 Series A, issued on May 15, 1984.

“1986 Bonds” means the State of Wisconsin Transportation Revenue Bonds, 1986 Series A, issued on July 17, 1986.

“1988 Bonds” means the State of Wisconsin Transportation Revenue Bonds, 1988 Series A issued on April 12, 1988.

“1989 Bonds” means the State of Wisconsin Transportation Revenue Bonds, 1989, Series A, issued on April 19, 1989.

“1991 Bonds” means the State of Wisconsin Transportation Revenue Bonds, 1991, Series A, issued on October 3, 1991.

“1992 Series A Bonds” means the State of Wisconsin Transportation Revenue Bonds, 1992 Series A, issued on August 20, 1992.

“1992 Series B Bonds” means the State of Wisconsin Transportation Revenue Bonds, 1992 Series B, issued on August 20, 1992.

“1993 Bonds” means the State of Wisconsin Transportation Revenue Bonds, 1993 Series A, issued on September 29, 1993.

“1994 Bonds” means the State of Wisconsin Transportation Revenue Bonds, 1994 Series A, issued on July 13, 1994.

“1995 Bonds” means the State of Wisconsin Transportation Revenue Bonds, 1995 Series A, issued on September 28, 1995.

“1996 Bonds” means the State of Wisconsin Transportation Revenue Bonds, 1996 Series A, issued on June 13, 1996.

“1998 Series A Bonds” means the State of Wisconsin Transportation Revenue Bonds, 1998 Series A, issued on September 17, 1998.

“1998 Series B Bonds” means the State of Wisconsin Transportation Revenue Bonds, 1998 Series B, issued on October 29, 1998.

“Capitalized Interest Account” shall mean the account established by Section 402 of the General Resolution.

“Certificate” means (i) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to the General Resolution, or (ii) the report of an Accountant as to audit or other procedures called for by the General Resolution.

“Commercial Paper Notes” or “Notes” means the State of Wisconsin Transportation Revenue Commercial Paper Notes, 1997 Series A.

“Commission” means the State of Wisconsin Building Commission established and existing pursuant to Section 13.48 of the Statutes and any successor thereto to whom the powers and duties granted to or imposed by the General Resolution shall be given by law.

“Costs of Issuance” means all items of expense, directly or indirectly payable or reimbursable by or to the State which are related to the authorization, sale, credit support, liquidity or issuance of Bonds.

“Credit Support and Liquidity Fund” means an account established pursuant to Section 511 of the General Resolution.

“Credit Support and Liquidity Fund Requirement” means as of any date of calculation, an amount equal to the aggregate Credit Support and Liquidity Fund Requirements for each Series of Outstanding Bonds as specified with respect to each such Series in the applicable Series Resolution.

“Debt Service Requirement” means as of any particular date of calculation, the aggregate Interest Requirement and Principal Requirement for Outstanding Bonds as specified in each Series Resolution authorizing the issuance of a Series of Bonds.

“Debt Service Reserve Requirement” means, as of any particular date of computation, an amount equal to the aggregate of the amounts specified in each Series Resolution authorizing the

issuance of a Series of Bonds (any of which are Outstanding on the date of computation) as the amount to be the Debt Service Reserve Requirement, provided that, with respect to any Series of Bonds, in lieu of a deposit to the Reserve Fund of an amount equal to the applicable Series 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 Series Debt Service Reserve 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.

“Department” means the State of Wisconsin Department of Transportation established and existing pursuant to Section 15.46 of the Statutes and any successor thereto to which the powers and duties granted to or imposed by the General Resolution shall be given by law.

“Fiduciary” means the Trustee, the Registrar and any Paying Agent, or any or all of them as may be appropriate.

“Fiscal Year” means the fiscal year of the State as established from time to time.

“Fund” means one or more, as the case may be, of the funds or accounts created and established pursuant to the General Resolution.

“General Resolution” means the General Resolution as the same may from time to time be amended, modified or supplemented by a Supplemental Resolution.

“Interest Payment Dates” means any date on which is due the payment of interest on any Series of Bonds as specified in each Series Resolution authorizing the issuance of the Series of Bonds.

“Interest Requirement” means as of any particular date of calculation, the amount equal to any unpaid interest then due, plus an amount to the interest accruing or payable during the period between the date of calculation and the next Redemption Fund Deposit Day with respect to each Series of Outstanding Bonds.

“Investment Obligations” means and includes any of the following obligations to the extent the same are at the time legal for investment of funds of the State under the Act, the Revenue Obligations Act, or under other applicable law:

1. direct obligations of or obligations guaranteed by the United States of America;
2. obligations the payment of principal and interest on which, by act of Congress or in the opinion of the Attorney General of the United States in office at the time such obligations were issued, are unconditionally guaranteed by the United States of America;
3. bonds, debentures, notes, participation certificates or other similar evidences of indebtedness issued by any of the following: Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, the Federal Financing Bank, the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Export Import Bank of the United States, Student Loan Marketing Association, Farmer’s Home Administration, Government National Mortgage Association, Small Business Administration, or any other agency or corporation which has been or may hereafter be created by or pursuant to an Act of Congress of the United States as an agency or instrumentality thereof or sponsored thereby (including but not limited to the fully guaranteed portion of an obligation partially guaranteed by any of the

foregoing, if the State's ownership of such portion is acknowledged in writing by an officer of the guaranteeing agency or instrumentality);

4. Public Housing Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America or temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
5. obligations of any state within the United States or of any political subdivision of any state, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency;
6. bankers acceptances drawn on and accepted by banks (including the Trustee and Paying Agent) and certificates of deposit by banks (including the Trustee and Paying Agent), with a combined capital and surplus aggregating at least \$100,000,000 and securities of which are currently rated within the two highest rating categories assigned by a nationally recognized rating agency, or the international branches or banking subsidiaries thereof;
7. interest-bearing time deposits, or certificates of deposit of a bank (including the Trustee and Paying Agent) or trust company, continuously secured and collateralized by obligations of the type described in paragraphs (1), (2), (3) and (4) hereof, having a market value at least equal at all times to the amount of such deposit or certificate, to the extent such deposit or certificate is not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or any successors thereto;
8. commercial paper given the highest rating by Standard & Poor's Corporation and Moody's Investors Service at the time of such investments;
9. investment agreements with banks or bank holding companies the senior long-term debt securities of which are rated within the two highest categories by a nationally recognized rating agency and which have a capital and surplus of at least \$100,000,000;
10. repurchase agreements, with banks or other financial institutions (including the Trustee and Paying Agent) (**Repurchaser**) provided that each such repurchase agreement (a) is in a commercially reasonable form and is for a commercially reasonable period, and (b) result in transfer to the Trustee of legal and equitable title to, or the granting to the Trustee of a prior perfected security interest in, identified obligations referred to in paragraphs (1), (2), (3) and (4) above which are free and clear of any claims by third parties and are segregated in a custodial or trust account held either by the Trustee or by a third party (other than the Repurchaser) as the agency solely of, or in trust solely for the benefit of the Trustee, provided that obligations acquired pursuant to such repurchase agreements shall be valued at the lower of the then current market value of such obligations or the repurchase prices thereof set forth in the applicable repurchase agreement, such investments shall be made so as to mature on or prior to the date or dates that the Trustee anticipates that moneys therefrom be required;
11. shares of beneficial interests in an investment fund or trust substantially all of whose assets consist of those identified obligations referred to in paragraphs (1) and (2) above; and
12. any short term government fund whose assets consist of those identified obligations referred to in paragraphs (1), (2), (3), (4) and (10) above.

“Notes” or “Commercial Paper Notes” means the State of Wisconsin Transportation Revenue Commercial Paper Notes, 1997 Series A.

“Outstanding”, when used with reference to Bonds and as of any particular date, describes all Bonds that have been delivered and are expected to be delivered except (a) any Bond cancelled by the Trustee, or proven to the satisfaction of the Trustee to have been cancelled by the Registrar, at or before said date, (b) any Bond deemed to have been paid in accordance with the provisions of Section 1201 of the General Resolution, and (c) 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.

“Paying Agent” for the payment of the principal of, Redemption Price and interest on the Bonds of a particular Series means the Treasurer or any bank or trust company designated as paying agent for the Bonds, and its successor or successors hereafter appointed in the manner provided in the General Resolution.

“Principal and Interest Account” means the account established by Section 502 of the General Resolution.

“Principal Installment” means (a) the principal amount of Outstanding Bonds which mature on a single future date, and (b) the amount of any Sinking Fund Installment required to be paid on a single future date.

“Principal Installment Dates” means any dates designated in a Series Resolution as a day a Principal Installment is to be paid.

“Principal Office”, when used with respect to a Fiduciary, means the principal, or corporate trust, or head, or principal trust office of such Fiduciary situated in the city in which such Fiduciary is described as being located.

“Principal Requirement” means, as of any particular date of calculation, the amount of money equal to any unpaid Principal Installment then due with respect to each Series of Outstanding Bonds and the amount of the next succeeding Principal Installment divided by the number of Redemption Fund Deposit Days prior to the next Principal Installment Date with respect to each Series of Outstanding Bonds.

“Program” means the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program financed under the Act, the Revenue Obligations Act and the General Resolution in accordance with any other enactment of the State which may hereafter specify an extension, expansion, addition or improvement of and for said Program pursuant to the Act, the Revenue Obligations Act and the General Resolution but not financed under the provisions of any other bond resolution or indenture of trust.

“Program Account” means the account so designated by Section 402 of the General Resolution.

“Program Capital Fund” means the Fund which is established and created by Section 402 of the General Resolution and pursuant to Section 18.57 of the Revenue Obligations Act.

“Program Expense Fund” means the Fund which is established and created by Section 514 of the General Resolution.

“Program Expenses” means 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 expenses of the Trustee and the Paying Agents and Registrars of the Bonds.

“Program Income” means moneys derived under Section 341.25 of the Statutes or any other moneys that the State is authorized to pledge, which is to be deposited by the Department under Section 18.56(5) and (9)(j) of the Revenue Obligations Act in a separate and distinct fund outside of the State Treasury in an account maintained by the Trustee as the Redemption Fund and all interest earned or gain realized from the investment of amounts in said fund.

“Program Income Account” means the account established by Section 502 of the General Resolution.

“Projects” means the projects authorized under the Act and funded with proceeds of Bonds authorized by one or more Series Resolutions.

“Record Date” means with respect to any Series of Bonds, the Record Date established for such Series of Bonds under each Series Resolution pursuant to which such Series is issued (which, with respect to the 1996 Series B Bonds, means the fifteenth day of the month preceding an Interest Payment Date on the Bonds).

“Redemption Date” means the date upon which Bonds are to be called for redemption.

“Redemption Fund” means the Fund which is established and created by Section 502 of the General Resolution pursuant to Section 18.56(5) of the Revenue Obligations Act.

“Redemption Fund Deposit Day” means January 1, April 1, July 1 and October 1 of each Fiscal Year.

“Redemption Price” when used with respect to a Bond or portion thereof, means the principal amount of such Bond or portion plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with its terms pursuant to the General Resolution and to the Series Resolution.

“Registrar” means, with respect to Bonds of a particular Series, the Treasurer or any person with whom he has contracted with for the performance of any of his functions under Section 18.10(5) and (7) of the Statutes.

“Reserve Fund” means the Fund which is established and created by Section 508 of the General Resolution pursuant to Section 18.56(4) of the Revenue Obligations Act.

“Revenue Obligations Act” means Subchapter II of Chapter 18 of the Statutes.

“Secretary” means the Secretary of the Department or any other officer, board, body, commission or agency succeeding to the powers, duties and functions thereof.

“Serial Bonds” means the Bonds so designated in a Series Resolution.

“Series”, when used with respect to less than all of the Bonds, means and refers to all of the Bonds delivered on original issuance in a simultaneous transaction, regardless of variations in maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to the General Resolution or a Series Resolution.

“Series Resolution” means any resolution adopted by the Commission pursuant to and in accordance with the terms of Article II of the General Resolution, providing for the issuance of a particular Series of Bonds.

“Sinking Fund Installment” means the amount of money unconditionally required by or pursuant to a Series Resolution to be paid toward the retirement of any particular Term Bonds prior to their respective stated maturities.

“**State**” means the State of Wisconsin, including the Commission, or Department, as the case may be, acting on behalf of the State pursuant to the Act or the Revenue Obligations Act, or any body, agency or instrumentality of the State which shall hereafter succeed to the powers, duties and functions of any of the foregoing.

“**Statutes**” means the Wisconsin Statutes.

“**Subordinated Debt Service Fund**” means an account established in Section 5.1 of 1997 State of Wisconsin Building Commission Resolution 7, adopted by the Commission on April 23, 1997, pursuant to Section 714(C) of the General Resolution, and pledged to the payment of the Commercial Paper Notes.

“**Subordinated Debt Service Fund Requirement**” means, as of any date of calculation, an amount equal to the aggregate Subordinated Debt Service Fund Requirements for each Subordinated Indebtedness Series of Outstanding Bonds (or Commercial Paper Notes) as specified with respect to each such Series in the applicable Series Resolution, and as of the date of this Official Statement, is the amount specified in 1997 State of Wisconsin Building Commission Resolution 8, adopted by the Commission on April 23, 1997.

“**Subordinated Indebtedness**” means a Series of Bonds issued pursuant to Section 714 of the General Resolution, and includes the Commercial Paper Notes.

“**Supplemental Resolution**” means any resolution adopted by the Commission pursuant to and in accordance with the terms of Article VIII of the General Resolution amending or supplementing the provisions of the General Resolution as originally adopted or as amended or supplemented prior to the amending or supplementing effected by the particular Supplemental Resolution.

“**Term Bonds**” means the Bonds so designated in a Series Resolution.

“**Transportation Fund**” means the fund established in Section 25.40 of the Statutes.

“**Treasurer**” means the State Treasurer or any other officer, board, body, commission or agency succeeding to any of the powers, duties and functions thereof.

“**Trustee**” means the trustee appointed by or pursuant to Section 1101 of the General Resolution, and its successor or successors and any other corporation or association which may at any time be substituted in its place pursuant to the General Resolution.

Appendix D
FORM OF LEGAL OPINION

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, Wisconsin 53202-4497

October 29, 1998

State of Wisconsin Building Commission
101 East Wilson Street, 7th Floor
Madison, WI 53702

RE: \$110,000,000 State of Wisconsin (the "State")
Transportation Revenue Bonds,
1998 Series B, dated October 1, 1998 (the "Bonds").

We have acted as bond counsel in connection with the issuance by the State of the Bonds. We hereby certify that, as bond counsel, we have examined a certified copy of the transcript of proceedings of record of the State of Wisconsin Building Commission (the "Commission") preliminary to and in connection with the issuance of the Bonds, as well as the law and such other documents and records we deem necessary to render this opinion. We have relied upon such transcript and documents as to the matters of fact stated therein, without independent verification. We have also examined a printer's proof or sample of the Bonds and find the same to be in proper form.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

The Bonds have been authorized and issued pursuant to Subchapter II of Chapter 18 (the "Revenue Obligations Act") and Section 84.59 (the "Act") of the Wisconsin Statutes as now in force; the resolution of the Commission adopted June 26, 1986, entitled "1986 State of Wisconsin Building Commission Resolution 9, State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution" (the "General Resolution"), as amended by the resolution of the Commission adopted March 19, 1998 entitled "1998 State of Wisconsin Building Commission Resolution 9, Supplementing the General Resolution adopted on June 26, 1986 and Amending the Series Resolution adopted on January 22, 1998 (the "Amending Resolution"); and the resolution of the Commission adopted September 17, 1998 entitled "1998 State of Wisconsin Building Commission Resolution 23 Authorizing the Issuance and Sale of Not to Exceed \$110,000,000 State of Wisconsin Transportation Revenue Bonds, 1998 Series B" (the "Series Resolution") (hereafter the General Resolution, as amended by the Amending Resolution, shall be referred to as the "General Resolution" and the General Resolution and the Series Resolution shall be referred to collectively as the "Resolutions").

The Bonds are issued on a parity with the the Transportation Revenue Bonds, 1991 Series A (the "1991 Bonds"); the Transportation Revenue Bonds, 1992 Series A and B (collectively, the "1992 Bonds"); the Transportation Revenue Bonds, 1993 Series A (the "1993 Bonds"), the Transportation Revenue Bonds, 1994 Series A (the "1994 Bonds"), the Transportation Revenue Bonds, 1995 Series A (the "1995 Bonds"), the Transportation Revenue Bonds, 1996 Series A (the "1996 Bonds") and the Transportation Revenue Bonds, 1998 Series A (the "1998 Series A

Bonds”) (collectively, the 1991 Bonds, the 1992 Bonds, the 1993 Bonds, the 1994 Bonds, the 1995 Bonds, the 1996 Bonds and the 1998 Series A Bonds shall be referred to as the “Outstanding Bonds”), and are issued on a basis senior to the Transportation Revenue Commercial Paper Notes of 1997, Series A.

The Bonds are issued to pay the costs of financing transportation facilities and major highway projects.

The Bonds are numbered 1 and upwards; are in the denomination of \$5,000 or any integral multiple thereof; are in fully registered form; are dated October 1, 1998; bear interest at the rates set forth below; and mature on July 1 of each year, in the years and principal amounts as follows:

Year (July 1)	Principal Amount	Interest Rate
2000	\$2,785,000	4.25%
2001	4,135,000	4.25
2002	3,900,000	4.25
2003	4,050,000	4.25
2004	4,210,000	4.50
2005	4,380,000	4.25
2006	4,565,000	4.25
2007	4,755,000	4.25
2008	4,955,000	4.25
2009	5,170,000	5.25
2010	5,400,000	5.25
2011	5,645,000	5.25
2012	5,905,000	5.00
2013	6,180,000	5.00
2014	6,475,000	5.00
2015	6,790,000	5.00
2016	7,125,000	5.00
2017	7,480,000	4.75
2019	16,095,000	4.75

Interest on the Bonds is payable semi-annually on January 1 and July 1 of each year commencing on January 1, 1999.

At the option of the State, the Bonds maturing on or after July 1, 2010 are subject to redemption prior to maturity as a whole or in part on July 1, 2009 or on any date thereafter at the principal amount thereof plus accrued interest to the date of redemption.

The Bonds maturing July 1, 2019 are also subject to mandatory redemption prior to maturity at a redemption price of 100% of the principal amount to be redeemed plus accrued interest to the date of redemption, in the manner described therein.

Pursuant to the Revenue Obligations Act, the Act and the General Resolution, the State acting through the Commission, is authorized to issue Transportation Revenue Bonds in addition to, but on parity with the Outstanding Bonds and the Bonds.

As to questions of fact material to our opinion, we have relied on representations of the State contained in the Resolutions as well as the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing examination and upon such legal authorities as we deemed relevant and in reliance upon the certifications received above, we are of the opinion that:

- (1) The State has valid right and lawful authority to finance State transportation facilities and major highway projects by the adoption of the Resolutions, to perform its obligations under the terms and conditions of the Resolutions, and to issue the Bonds.
- (2) The Resolutions have been duly and lawfully adopted by the Commission, are in full force and effect, and constitute valid and binding obligations of the State enforceable in accordance with their terms.
- (3) The Bonds are valid and binding revenue bonds of the State secured by a pledge in the manner and to the extent set forth in the General Resolution and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution on a parity with the Outstanding Bonds. The General Resolution creates the valid pledge which it purports to create of the Program Income (as defined in the General Resolution) and of monies and securities on deposit in any of the Funds (as defined in the General Resolution) established under the General Resolution, including the investments, if any thereof, subject to the application thereof to the purposes and on the conditions permitted by the General Resolution.
- (4) The Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State, including the Revenue Obligations Act and the Act, as amended to the date of this Opinion, and in accordance with the Resolutions.
- (5) The Bonds do not constitute a debt or grant or loan of credit of the State, and the State shall not be generally liable thereon, nor shall the Bonds be payable out of any funds other than those provided therefor pursuant to the Resolutions and the Act. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal or the interest on the Bonds.
- (6) The interest on the Bonds (including any original issue discount properly allocable to the owners thereof) is excluded for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excluded from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The State has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the State comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Resolutions may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may be also subject to the exercise of judicial discretion in appropriate cases.

QUARLES & BRADY LLP

