

SUPPLEMENT TO OFFERING MEMORANDUM

State of Wisconsin General Obligation Extendible Commercial Notes

This is a supplement to the Offering Memorandum dated August 24, 1999. It presents additional information that investors may regard as material to an investment decision. Accordingly, the Offering Memorandum should not be used without this Supplement.

Possible Delay in DTC's Crediting of Direct Participant's Account if Maturity Date Is Extended

DTC has advised the State that, if the State elects to extend the maturity date of a Note, a limited delay may occur in crediting the interest payment due on the Original Maturity Date to the Direct Participant's account. If the maturity date is extended, the State will make an interest-only payment to the Depository on the Original Maturity Date. DTC's current operational systems require manual processing for the interest-only payment. It is expected that DTC would credit the Direct Participant's account no later than the next Business Day.

The possible delay is limited to the interest payment due on the Original Maturity Date. It is expected that DTC will credit all subsequent interest payments on the payable dates through its customary same-day funds payment system.

Dated: September 1, 1999

OFFERING MEMORANDUM

New Issue

This Offering Memorandum has been prepared by the State of Wisconsin to provide information on the Notes. For the convenience of the user, selected information is presented on this cover page. To make an informed decision regarding the Notes, a prospective investor should read this Offering Memorandum in its entirety. Unless indicated, capitalized terms have the meanings given in the Offering Memorandum.

STATE OF WISCONSIN

GENERAL OBLIGATION EXTENDIBLE COMMERCIAL NOTES

- Note Ratings** As of the date of this Offering Memorandum, the following rating agencies have provided these ratings on the Program or the Notes—*See page 4.*
- F-1+ Fitch IBCA, Inc.
P-1 Moody's Investors Service, Inc.
A-1+ Standard & Poor's Ratings Services
- Tax Exemption** Interest on the Notes 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—*See pages 11-12.*
- Original Maturity Date** From 1 to 180 days from the original issue date of each Note.
- Extended Maturity Date** On the Original Maturity Date of a Note, the State has the option to extend the maturity date to the date that is 90 days after the Original Maturity Date—*See pages 3-4.*
- Interest Payment Dates** Interest on each Note is payable on the Original Maturity Date. If the maturity date is extended, interest is also payable on the first Business Day of each month (commencing on either the first or second succeeding month) and any redemption date or the Extended Maturity Date—*See pages 2-3.*
- Redemption** A Note is not subject to redemption prior to its Original Maturity Date. If the maturity date is extended, a Note is then subject to redemption in whole but not in part, at the option of the State, prior to the Extended Maturity Date—*See page 4.*
- Security** The Notes are general obligations of the State of Wisconsin—*See page 2.*
- Rule 2a-7 Compliance** A legal memorandum prepared for the Dealer by Hale & Dorr LLP indicates that the structure of the Notes is consistent with the maturity requirements of Rule 2a-7 under the Investment Company Act of 1940, and would not preclude a money market fund from determining that the Notes are eligible securities under Rule 2a-7—*See page 4.*
- Purpose** Proceeds of the Notes will be used for various governmental purposes—*See page 2.*
- Denominations** \$100,000 and \$1,000 increments above \$100,000
- Bond Counsel** Foley & Lardner
- Dealer Counsel** Orrick, Herrington & Sutcliffe, LLP
- Issuing and Paying Agent** U.S. Bank Trust National Association
- Issuer Contact** Wisconsin Capital Finance Office—(608) 266-2305; capfin@doa.state.wi.us
- Book-Entry Form** The Depository Trust Company—*See pages 5-7.*
- Annual Report** This Offering Memorandum incorporates by reference certain parts of the [State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 1998.](#)

August 24, 1999

GOLDMAN, SACHS & CO.

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 Offering Memorandum, and if given or made, such other information or representations must not be relied upon. This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes 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 Offering Memorandum 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.

TABLE OF CONTENTS

	Page
STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF NOTES	ii
THE STATE	1
THE PROGRAM	1
THE NOTES	2
Security for the Notes.....	2
Purpose of the Notes.....	2
Description of the Notes.....	2
Extension of Maturity.....	3
Redemption of Notes.....	4
Rule 2a-7 Compliance.....	4
Ratings.....	4
Default in Payment.....	5
Book-Entry Form.....	5
ISSUING AND PAYING AGENT	7
Note Fund.....	7
Issuing and Paying Agent Year 2000 Readiness.....	7
STATE YEAR 2000 READINESS DISCLOSURE	8
Overview.....	8
Internal Year 2000 Issues.....	9
External Year 2000 Issues.....	9
Mechanical Year 2000 Issues.....	10
FINANCIAL ADVISOR	10
LEGAL OPINION	10
TAX EXEMPTION	11
Federal Tax Law.....	11
State Tax Law.....	12
CONTINUING DISCLOSURE	12
APPENDIX A – INFORMATION ABOUT THE STATE	A-1
APPENDIX B – GENERAL OBLIGATION ISSUANCE STATUS REPORT	B-1
APPENDIX C – EXPECTED FORM OF LEGAL OPINION	C-1

STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE NOTES

BUILDING COMMISSION MEMBERS

Voting Members	Term of Office Expires
Governor Tommy G. Thompson, Chairperson	January 6, 2003
Senator Fred A. Risser, Vice-Chairperson	January 8, 2001
Senator Carol Roessler	January 8, 2001
Senator Robert Wirch	January 8, 2001
Representative Timothy Hoven	January 8, 2001
Representative Daniel Vrakus	January 8, 2001
Representative Robert Turner	January 8, 2001
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 6, 2003
Mr. James E. Doyle State Attorney General	January 6, 2003

DEBT MANAGEMENT AND DISCLOSURE

Department of Administration
Capital Finance Office
P.O. Box 7864
101 E. Wilson Street, 10th Floor
Madison, WI 53707-7864
Telefax (608) 266-7645
capfin@doa.state.wi.us

Mr. Frank R. Hoadley
Capital Finance Director
(608) 266-2305
frank.hoadley@doa.state.wi.us

Mr. Lawrence K. Dallia
Assistant Capital Finance Director
(608) 267-7399
larry.dallia@doa.state.wi.us

Mr. David R. Erdman
Capital Finance Officer
(608) 267-0374
david.erdman@doa.state.wi.us

As of the date of this Offering Memorandum, 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 Offering Memorandum.)

OFFERING MEMORANDUM

STATE OF WISCONSIN

GENERAL OBLIGATION EXTENDIBLE COMMERCIAL NOTES

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 about the State, its financial condition, and general obligation debt is included as **APPENDIX A**, which includes by reference [Part II and Part III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 1998 \(1998 Annual Report\)](#).

Requests for additional information about the State may be directed as follows.

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

THE PROGRAM

This Offering Memorandum describes the State of Wisconsin General Obligation Extendible Commercial Notes (**Notes**) issued under the State of Wisconsin's General Obligation Extendible Commercial Note Program (**Program**).

The State has appointed Goldman, Sachs & Co. to serve as **Dealer** for the Notes. The State has appointed U.S. Bank Trust National Association to serve as **Issuing and Paying Agent** for the Notes. The State has appointed The Depository Trust Company (DTC) to serve as **Depository** for the Notes.

The Notes are issued pursuant to resolutions adopted by the State of Wisconsin **Building Commission**. Under the **Program Resolution** and **Supplemental Resolution** adopted on August 18, 1999, the Building Commission has authorized the issuance of up to \$50,000,000 in Notes. The Building Commission may adopt additional Supplemental Resolutions authorizing the issuance of additional Notes.

In connection with the issuance of the Notes, the Building Commission has authorized the Department of Administration to prepare this Offering Memorandum. This Offering Memorandum contains information furnished by the State or taken directly from the sources indicated.

THE NOTES

Security for the Notes

The Notes are direct and general obligations of the State. The full faith, credit, and taxing power of the State are irrevocably pledged as payment of the principal of and interest on the Notes. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for the payment of the principal of and interest on the Notes.

The State intends (but is not obligated) to use proceeds of roll-over Notes to pay principal on each Note on its Original Maturity Date. Other possible sources for payment of principal on the Notes include the issuance of general obligation bonds (the Supplemental Resolution does authorize the issuance of these general obligation bonds), or other funds available to the State.

If payment of principal does not occur on the Original Maturity Date as described above, the State then has the option to extend the maturity date of a Note. See pages 3-4 for a summary on the extension of maturity date.

The State intends to ultimately to issue long-term general obligation bonds to fund the then outstanding Notes. In addition, while the Notes are outstanding, the State further intends to amortize the principal amount of Notes based on a 20-year term, as provided in the Supplemental Resolution, by making a deposit into the Note Fund on May 1 of each year.

Proceeds from the initial sales of the Notes are immediately deposited in the State's capital improvement fund and are not pledged as security for payment of the principal of and interest on the Notes.

Purpose of the Notes

The Wisconsin Statutes authorize the issuance and sale of public debt to acquire, construct, develop, extend, enlarge, or improve land, waters, property, highways, buildings, equipment, or facilities. The Wisconsin Legislature has the authority to establish the borrowing purposes and amounts for which public debt may be issued. **APPENDIX B** includes a summary of these purposes and the amounts authorized and issued for each purpose as of July 31, 1999.

Description of the Notes

Each Note will be dated the date it is issued. It will be issued as an interest-bearing obligation in a denomination of \$100,000 or increments of \$1,000 above \$100,000. Each Note will be issued in book-entry form through the book-entry system of the Depository. Interest is computed on the basis of a year having 365 or 366 days and the actual number of days elapsed (actual/actual basis). Payment of principal of and interest on each Note will be made to the Depository and then distributed by the Depository.

Each Note will mature on its **Original Maturity Date**, which may range from 1 to 180 days from its original issue date, unless the State exercises its option to extend the maturity date. In that case the Note will mature on the **Extended Maturity Date**, which will be the date that is 90 days after the Original Maturity Date.

Each Note will bear interest from its original issue date until the Original Maturity Date at the rate determined on the original issue date, payable on the Original Maturity Date. If the State exercises

its option to extend the maturity date of a Note, the Note will bear interest after the Original Maturity Date at the Reset Rate described below.

Extension of Maturity Date

The State will notify the Issuing and Paying agent by 10:00a.m. (New York time) if the maturity date of a Note is to be extended. The Issuing and Paying Agent will then by 11:00a.m. (New York time) contact DTC and provide notice that the maturity date of that Note is being extended.

If the State exercises its option to extend the maturity date of a Note, interest will be payable on the Original Maturity Date, and the Note will bear interest after the Original Maturity Date at the **Reset Rate**. If the Original Maturity Date is before the 15th day of the month, interest will next be payable on the first **Business Day** (which is a day on which banks located in Madison, Wisconsin and in each city that the principal office of the Issuing and Paying Agent and Dealer are located are not required or authorized by law to close for business and a day the New York Stock Exchange is not closed) of the next month. If the Original Maturity Date is on or after the 15th day of the month, interest will next be payable on the first Business Day of the second succeeding month after the Original Maturity Date (for example, if the Original Maturity Date is March 14, the first interest payment will be on April 1, and if the Original Maturity Date is March 15, the first interest payment will be on May 1). Thereafter, interest will be payable on the first Business Day of each month and on any redemption date or the Extended Maturity Date.

The Reset Rate will be a rate of interest per annum determined by the following formula:

$$(1.3 \times BMA) + E$$

As used in the formula, the *BMA* variable will be The Bond Market Association Municipal Swap Index, which is calculated weekly and released each Wednesday afternoon, effective Thursday. The *E* variable will be a fixed percentage rate expressed in basis points that is determined based on the Prevailing Ratings, as follows:

Prevailing Rating			
<u>Fitch</u>	<u>Moody's</u>	<u>S&P</u>	<u>E Variable</u>
F-1+	P-1	A-1+	25 basis points
F-1	–	A-1	35
F-2	P-2	A-2	50
F-3	P-3	A-3	75
Lower than F-3 (or rating discontinued)	Lower than P-3 (or rating discontinued)	Lower than A-3 (or rating discontinued)	100

If the Prevailing Ratings would indicate different *E* variables as a result of split ratings assigned to the State, the *E* variable will be the arithmetic average of those indicated by the Prevailing Ratings.

The Reset Rate applicable to a Note will be determined by the Issuing and Paying Agent based on the Prevailing Ratings and other information available as of 11:00 a.m. New York time on its Original Maturity Date and each Thursday thereafter and will apply through the following Wednesday.

The State intends, but is not obligated, to use proceeds of roll-over Notes to pay principal on each Note on its Original Maturity Date. If payment of principal does not occur on the Original Maturity Date from the proceeds of roll-over Notes, from the proceeds of general obligation bonds or from other funds available to the State, the State then has the option to extend the maturity date of the Note.

Redemption of Notes

A Note is not subject to redemption before its Original Maturity Date.

In the event the State exercises its option to extend the maturity of a Note, a Note may be redeemed after its Original Maturity Date, in whole but not in part, at the option of the State on any date at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest to the date of payment.

To exercise its redemption option, the State will provide not less than 5 nor more than 25 calendar days' notice to the Issuing and Paying Agent. The Issuing and Paying Agent will notify DTC of the Notes to be redeemed.

Rule 2a-7 Compliance

A legal memorandum prepared for the Dealer by Hale & Dorr LLP indicates that the structure of the Notes is consistent with the maturity requirements of Rule 2a-7 under the Investment Company Act of 1940, and would not preclude a money market fund from determining that the Notes are eligible securities under Rule 2a-7.

Ratings

At the State's request, several rating agencies have rated the Program or the Notes:

<u>Rating</u>	<u>Rating Agency</u>
F-1+	Fitch IBCA, Inc.
P-1	Moody's Investors Service, Inc.
A-1+	Standard & Poor's Ratings Services

Also at the State's request, several rating agencies have rated the State's general obligation bonds, which the State expects ultimately to issue to fund the then outstanding Notes:

<u>Rating</u>	<u>Rating Agency</u>
AA+	Fitch IBCA, Inc.
Aa2	Moody's Investors Service, Inc.
AA	Standard & Poor's Ratings Services

Any explanation of the significance of a rating may only be obtained from the rating service furnishing such rating. There is no assurance a rating given to a security will be maintained for any period of time. A rating may be lowered or withdrawn entirely by the rating service if, in its judgment, circumstances so warrant. Any downgrade or withdrawal of a rating may have an adverse effect on the market price of the security.

Default in Payment

In the event of the occurrence of any default by the State in the payment of principal of or interest on any Note and the continuance of this default in payment for five Business Days, the principal sum of all Notes (together with any accrued and unpaid interest) shall become, without any notice or demand, immediately due and payable.

Book-Entry Form

DTC will act as Depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered master note certificate covering the Notes has been issued and deposited with the Issuing and Paying Agent as the agent for 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. 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note (**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 Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Notes 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 Notes; DTC records reflect only the identity of the Direct Participants to whose accounts such Notes 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.

Neither DTC nor Cede & Co. will consent or vote with respect to the Notes. 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on 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 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 DTC, the State, or the Issuing and Paying Agent, 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 State or the Issuing and Paying Agent, and 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 Notes at any time by giving reasonable notice to the State or the Issuing and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Note 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, Note 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, the Issuing and Paying Agent, or the Dealer that DTC, Direct Participants and Indirect Participants will promptly transfer payments or notices received with respect to the Notes. The State assumes 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 Notes.

Similarly, no assurance can be given by the State, the Issuing and Paying Agent, or the Dealer 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.

DTC's Year 2000 Efforts

DTC management is aware that some computer applications, systems, and the like for processing data (**Systems**) that are dependent upon calendar dates, including dates before, on, and after January 1, 2000, may encounter "Year 2000 problems". DTC has informed its Participants and other members of the financial community (**Industry**) that it has developed and is implementing a program so that its Systems, as the same relate to the timely payment of distributions (including

principal and income payments) to securityholders, book-entry deliveries, and settlement of trades within DTC, continue to function appropriately. This program includes a technical assessment and a remediation plan, each of which is complete. Additionally, DTC's plan includes a testing phase, which is expected to be completed within appropriate time frames.

However, DTC's ability to perform properly its services is also dependent upon other parties, including but not limited to issuers and their agents, as well as third party vendors from whom DTC licenses software and hardware, and third party vendors on whom DTC relies for information or the provision of services, including telecommunication and electrical utility service providers, among others. DTC has informed the Industry that it is contacting (and will continue to contact) third party vendors from whom DTC acquires services:

- to impress upon them the importance of such services being Year 2000 compliant; and
- to determine the extent of their efforts for Year 2000 remediation (and, as appropriate, testing) of their services.

In addition, DTC is in the process of developing such contingency plans as it deems appropriate.

According to DTC, the foregoing information with respect to DTC has been provided to the Industry for informational purposes only and is not intended to serve as a representation, warranty, or contract modification of any kind.

ISSUING AND PAYING AGENT

In addition to the duties outlined in this Offering Memorandum, the following is a further discussion on items relating to the Issuing and Paying Agent.

Note Fund

The Program Resolution creates a **Note Fund** held by the Issuing and Paying Agent. The State may make periodic deposits into this Note Fund for payment of interest, principal, or redemption premium for the Notes. Moneys held in the Note Fund may be invested in **Permitted Investments**, which include direct obligations of the United States government or a money market fund consisting solely of direct obligations of the United States government. Amounts deposited in the Note Fund will be spent within a thirteen-month period beginning on the date of deposit, and amounts received from investments of moneys held in the Note Fund will be spent within a one-year period beginning on the date of receipt. The State will have no legal or equitable interest in the amounts on deposit in the Note Fund or in any proceeds of any investment of the Note Fund, except as provided in the Program Resolution.

Issuing and Paying Agent Year 2000 Readiness

U.S. Bank Trust National Association has financial, technical and staffing resources dedicated to addressing the Year 2000 issue. U.S. Bank Trust National Association discloses that they are on schedule to be ready for Year 2000 with evaluation, replacement, and renovation of critical systems virtually complete. U.S. Bank Trust National Association is currently working with DTC to validate and demonstrate Year 2000 readiness. U.S. Bank Trust National Association is also working with their critical vendors and service providers to assess their Year 2000 status. More information regarding U.S. Bank Trust National Association's Year 2000 efforts can be found at their web site at www.usbank.com.

STATE YEAR 2000 READINESS DISCLOSURE

Overview

The 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.

The Department of Administration created an interagency executive taskforce to advise on ways to coordinate Year 2000 compliance oversight activities and has developed a detailed Year 2000 project plan to manage the Year 2000 compliance efforts. As a result of this approach, the State can focus on the highest priority Year 2000 compliance needs.

In 1996, the Department of Administration identified 100 critical business applications, which are applications that support core state government operations and services. The Department of Administration, working with a multi-agency oversight group, has refined the list to 85 applications that are considered to be the most critical.

The Department of Administration requires agencies to report monthly on:

- Efforts to ensure operation of critical business functions within the agency.
- Compliance progress on the information technology systems supporting those critical business functions.
- Efforts to address issues related to equipment with embedded microprocessors that support critical business functions.

The reporting on information technology systems measures progress in five stages: (1) analysis, (2) design, (3) modification, (4) testing, and (5) implementation.

As of July 27, 1999, the following information is available from this reporting:

- 70% of the most critical applications have been completed.
- All of the most critical applications have had Year 2000 modifications made, or modifications are in progress, although testing and implementation of the modifications is not completed yet. The completion dates for these remaining critical applications vary for each critical application.

The Department of Administration continues to work with all agencies to ensure full reporting of critical business functions and the work needed to remedy Year 2000 problems. In addition, as part of the enterprise Year 2000 project plan, the Department of Administration has instituted independent risk assessment studies of the State's most critical business functions. Risk assessments have been completed in all 11 agencies scheduled for review.

The State has not identified any significant Year 2000 consequences or unbudgeted costs to make the 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:

- On July 27, 1998 the Governor issued an executive order that directs all state agencies to make Year 2000 compliance activities their top technology priority. In addition, this executive order creates a blue ribbon commission to recommend ways to enhance communication and coordination between public and private efforts to address Year 2000 issues.
- The State has 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 site is: y2k.state.wi.us/.
- Prior to May 14, 1999, agencies prepared contingency plans designed to address possible problems arising from failures of information technology systems or other disruptions of business processes. The Department of Administration provided agencies with instructions and templates for their contingency planning efforts and offered use of standardized software for documenting contingency planning. This last element will allow the Department of Administration to consolidate agencies' plans and provide an enterprise contingency plan for the State that will allow for better coordination with local government and the private sector. The Department of Administration is reviewing and completing testing of these contingency plans.

Internal Year 2000 Issues

Examples of the highest priority critical applications that can be considered "internal year 2000 issues" include the following. WiSMART, the State's accounting system, has recently been updated for Year 2000 and testing for Year 2000 compliance has been successfully completed. The Department of Revenue, the agency responsible for the collection of State taxes, has completed modification of 100% of its critical applications and has completed or is in the process of going through final acceptance testing. This department continues to modify and test its critical applications with all work scheduled for completion by mid-August.

External Year 2000 Issues

The State contacted each of its paying agents, registrars, escrow agents, trustees, and depositories and was informed by each of these firms that they intended to meet federal regulations 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 has completed modifications to 94% of its most critical applications. All but one critical application were scheduled for completion by July 31, 1999, with the remaining application scheduled for completion by September 30, 1999. This department continues to address Year 2000 efforts with the Federal government and work on contingency plans in the event of a problem. The Federal government recently completed an audit of several primary programs in the Departments of Health and Family Services and Workforce Development. The results of this audit are not yet available.

Mechanical Year 2000 Issues

With respect to debt service payments, the State maintains paper 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 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 or State Street Bank and Trust Company, N.A.
January 3, 2000	Transportation Revenue Bonds	Bank One Trust Company, NA (Trustee)/DTC
February 14, 2000	Master Lease Certificates of Participation	State Treasurer's Office/Firststar Bank Milwaukee, National Association (Trustee)
March 1, 2000	Master Lease Certificates of Participation	Firststar Bank Milwaukee, National Association (Trustee)/DTC
May 1, 2000	General Obligation Bonds	State Treasurer's Office/DTC
June 1, 2000	Clean Water Revenue Bonds	Firststar Bank Milwaukee, National Association (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. Agencies are preparing contingency plans designed to address possible problems arising from failures of information technology systems or other disruptions of business processes.

FINANCIAL ADVISOR

First Albany Corporation is employed by the State to perform professional services in the capacity of financial advisor. First Albany Corporation has provided advice as to the structuring of the Program.

LEGAL OPINION

Legal matters incident to the authorization, issuance, and sale of the Notes are subject to the approval of Foley & Lardner, **Bond Counsel**. Bond Counsel will deliver an approving opinion on the date of issue of the Notes, in substantially the form shown in **APPENDIX C**.

As required by law, the Attorney General will examine a certified copy of all proceedings leading to issuance of the Notes. The Attorney General will deliver an opinion on the regularity and validity of the proceedings.

TAX EXEMPTION

Federal Tax Law

In the opinion of Bond Counsel, under existing law, the interest on the Notes is excluded from gross income for federal income tax purposes and the interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; it should be noted, however, that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations.

The opinions described in the preceding paragraph are subject to the condition that the State comply with all requirements of the Internal Revenue Code of 1986, as amended (**Code**), and other federal tax legislation, that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The State has covenanted to comply with each such requirement to the extent it may lawfully do so. Failure to comply with certain of such requirements may cause interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes. The proceedings authorizing the Notes do not provide for an increase in interest rates or a redemption of the Notes in the event of taxability.

The Code contains numerous provisions which could affect the economic value of the Notes to particular Note owners. The following are some examples:

- Section 265 of the Code denies a deduction for interest on any indebtedness incurred or continued to purchase or carry the Notes or, in the case of financial institutions, that portion of an owner's interest expense allocable to interest on the Notes.
- Property and casualty insurance companies will be required in each taxable year to reduce the amount of their deductible losses by 15% of the amount of tax-exempt interest received or accrued during such taxable year, including interest on the Notes, and life insurance companies are subject to similar provisions under which taxable income is increased by reason of receipt or accrual of tax-exempt interest.
- Interest on the Notes earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code.
- Passive investment income, including interest on the Notes, may be subject to federal income taxation under Section 1375 of the Code for S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of the S corporation is passive investment income.
- Section 86 of the Code requires certain recipients of social security and railroad retirement benefits to include a portion of such benefits in gross income by reason of receipt or accrual of interest on the Notes.

This section does not present an exhaustive discussion of collateral tax consequences arising from ownership of the Notes. There may be other provisions of the Code which could adversely affect the

value of an investment in the Notes for particular Note owners. Investors should consult their own tax advisors with respect to the tax consequences of owning a Note.

State Tax Law

Interest on the Notes is subject to State of Wisconsin income and franchise taxes. Investors should consult their own tax advisors with respect to the state and local tax consequences of owning a Note.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Notes, to provide an annual report, containing certain financial information and operating data relating to the State (**Annual Report**), not later than 180 days following the close of the State's fiscal year, 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 Offering Memorandum, no SID has been established.

Copies of the Annual Report 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/scf1.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.

Documents relating to the Program may be examined upon reasonable prior notice at the address included on **Page 1** during regular business hours. Prospective purchasers that have questions with respect to the offering of the Notes may contact the State at the address included on **Page 1**. Certain statements in this Offering Memorandum involve matters of opinion or estimates and are not intended as representations of fact. Material referred to in this Offering Memorandum, including information available on the World Wide Web, is not part of this Offering Memorandum unless expressly included by reference. This Offering Memorandum is not a contract between the State and the purchaser or owner of any of the Notes.

This Offering Memorandum has been prepared only for use in connection with the offering of the Notes by the Dealer. It may not be reproduced or used in whole or in part for any other purpose, except with express permission.

Dated: August 24, 1999

STATE OF WISCONSIN

/S/ TOMMY G. THOMPSON

Governor Tommy G. Thompson, Chairperson
State of Wisconsin Building Commission

/S/ MARK D. BUGHER

Mark D. Bugher, Secretary
State of Wisconsin Department of Administration

/S/ ROBERT BRANDHERM

Robert Brandherm, Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT THE STATE

This appendix includes information concerning the State of Wisconsin (**State**) and general obligation debt issued by the State. [Part II and Part III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 1998 \(1998 Annual Report\)](#) is included by reference as part of this APPENDIX A.

[Part II to the 1998 Annual Report](#) contains general information about the State. More specifically, this part presents information on the following matters:

- State's operations and financial procedures
- State's accounting and financial reporting
- Organization and description of services provided by the State
- Results of fiscal year 1997-98
- State budget
- Obligations of the State
- State Investment Board
- 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, 1998, 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.

[Part III to the 1998 Annual Report](#) contains information concerning general obligations issued by the State. This part presents a discussion of the security provisions for general obligation debt (including the flow of funds to pay debt service on general obligations), data pertaining to the State's outstanding general obligation debt, and the portion of general obligation debt which is revenue-supported general obligation debt.

The 1998 Annual Report has been filed with each nationally recognized municipal securities information repository (NRMSIR). As of the date of this Offering Memorandum, the 1998 Annual Report can be found on the world wide web at:

www.doa.state.wi.us/debf/capfin/annreport/98condis.htm

After publication and filing of the 1998 Annual Report, certain changes or events have occurred that affect items discussed in the 1998 Annual Report. Listed below, by reference to particular sections of the 1998 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.

State Budget (Page 34–37). Add the following:

Proposed Budget for 1999-2001

The Governor has introduced the executive budget for the 1999-2000 and 2000-2001 fiscal years.

The Assembly and Senate have approved versions of this budget that differ from each other and the Governor’s executive budget. A conference committee of Assembly and Senate members is currently meeting to discuss these differences.

In addition, in July 1999, general fund tax collections for the 1998-99 fiscal year and general fund revenue estimates for the 1999-2000 and 2000-2001 fiscal years were reviewed and revised taking into account actual tax collections and updated national economic forecasts. Based on this review, the following are changes from the general fund tax collections and estimates used in the executive budget for the 1999-2000 and 2000-2001 fiscal years:

- General fund tax collections for the 1998–99 fiscal year are now estimated to be \$189 million greater.
- 1999-2000 general fund tax collections are now estimated to be \$195.5 million greater.
- 2000-2001 general fund tax collections are now estimated to be \$183.6 million greater.

The budget tables below and on pages A-4 and A-5 do not reflect these updated July 1999 revenue estimates.

Although the budgets approved by the Assembly and Senate are different, the following tables summarize the Governor’s proposed executive budget for each fiscal year on an all-funds basis and general-fund basis.

**Proposed Executive Budget
All-Funds Basis
(Amounts in Millions)**

	<u>Proposed Budget 1999-2000</u>	<u>Proposed Budget 2000-2001</u>
Beginning Balance	\$ 551	\$ 545
Tax Revenues	10,120	10,228
Nontax Revenues	<u>17,026</u>	<u>17,560</u>
Total Amount Available	\$27,697	\$28,334
Total Disbursements/Reserves	\$27,258	\$28,329
Balance	\$ 545	126
Statutory Required Reserve*	<u>105</u>	<u>121</u>
Net Balance	\$ 440	\$ 5

* Amount of Statutory Required Reserve is currently 1% of general purpose revenue (GPR) appropriations for that fiscal year. The proposed executive budget increases this amount to 1.1% beginning in the 2000-2001 fiscal year.

**Proposed Executive Budget
General-Fund Basis
(Amounts in Millions)**

	<u>Proposed Budget 1999-2000</u>	<u>Proposed Budget 2000-2001</u>
Beginning Balance	\$ 551	\$ 545
Tax Revenues	10,120	10,228
Nontax Revenues	<u>7,071</u>	<u>7,357</u>
Total Amount Available	\$17,741	\$18,130
Total Disbursements/Reserves	\$17,302	\$18,126
Balance	\$ 545	126
Statutory Required Reserve*	<u>105</u>	<u>121</u>
Net Balance	\$ 440	\$ 5

* Amount of Statutory Required Reserve is currently 1% of general purpose revenue (GPR) appropriations for that fiscal year. The proposed executive budget increases this amount to 1.1% beginning in the 2000-2001 fiscal year.

A detailed summary of the all-funds budget is on [page A-4](#). A detailed summary of the general-fund budget is on [page A-5](#). In addition, the complete executive budget and certain summaries can, as of the date of this Offering Memorandum, be found on the World Wide Web at the following address; however, the information at this address is not part of this Offering Memorandum:

www.doa.state.wi.us/debf/sbo/9901_state_budget.htm

Table II-3; State Budget–All Funds (Page 36). Amend the table with the following:

State Budget–All Funds^(a)

	Actual ^(b) 1997-98	Budget 1997-98	Budget 1998-99	Governor's Proposed Budget 1999-2000	Governor's Proposed Budget 2000-2001
RECEIPTS					
Fund Balance from Prior Year.....	\$ 327,145,000	\$ 331,145,100	\$ 352,243,400	\$ 550,580,700 ^(c)	\$ 545,141,400
Tax Revenue					
Individual Income.....	5,047,325,000	4,916,000,000	5,052,400,000	5,340,000,000	5,301,000,000
General Sales and Use.....	3,047,406,000	2,999,850,000	3,134,030,000	3,432,675,300	3,609,307,700
Corporate Franchise and Income.....	627,024,000	644,800,000	654,700,000	618,603,200	617,206,300
Public Utility.....	288,358,000	277,300,000	272,600,000	239,925,000	209,850,000
Excise					
Cigarette/Tobacco Products.....	257,096,000	257,000,000	268,900,000	247,200,000	242,100,000
Liquor and Wine.....	32,735,000	32,000,000	32,300,000	33,000,000	33,500,000
Malt Beverage.....	9,260,000	9,500,000	9,500,000	9,300,000	9,300,000
Inheritance, Estate & Gift.....	80,111,000	73,000,000	55,000,000	57,000,000	59,000,000
Insurance Company.....	88,065,000	95,000,000	95,000,000	84,000,000	86,000,000
Other.....	1,025,774,000	46,025,000 ^(d)	88,237,500 ^(d)	58,600,000 ^(d)	61,000,000 ^(d)
Subtotal.....	10,503,154,000	9,350,475,000	9,662,667,500	10,120,303,500	10,228,264,000
Nontax Revenue					
Departmental Revenue.....	428,998,000	159,375,900	151,226,600	295,443,600	312,487,100
Total Federal Aids.....	3,462,744,000	4,323,934,400	4,339,196,600	4,797,850,200	4,913,435,500
Total Program Revenue.....	2,272,046,000	2,284,115,900	2,353,325,400	2,650,496,400	2,704,688,600
Total Segregated Funds.....	2,851,387,000	2,175,818,200	2,229,010,500	2,148,305,000	2,178,323,900
Fund Transfers In.....	NA	261,605,900	NA	64,000,000	NA
Bond Authority.....	444,985,000	415,000,000	430,000,000	458,000,000	400,000,000
Employee Benefit Contributions ^(e)	9,634,618,000	4,542,998,211	4,840,878,164	6,612,282,698	7,051,394,299
Subtotal.....	19,094,778,000	14,162,848,511	14,343,637,264	17,026,377,898	17,560,329,399
Total Available.....	\$ 29,925,077,000	\$ 23,844,468,611	\$ 24,358,548,164	\$ 27,697,262,098	\$ 28,333,734,799
DISBURSEMENTS AND RESERVES					
Commerce.....	\$ 355,424,000	\$ 399,608,700	\$ 390,029,300	\$ 417,065,400	\$ 419,727,700
Education.....	7,102,297,000	7,046,047,900	7,332,883,400	7,832,184,100	8,107,574,600
Environmental Resources.....	2,225,495,000	2,153,578,600	2,183,076,800	2,394,571,100	2,424,591,600
Human Relations and Resources.....	5,867,267,000	5,889,776,700	6,120,171,500	6,637,682,200	6,910,227,500
General Executive.....	3,250,801,000	818,817,000	613,160,900	643,058,300	648,538,200
Judicial.....	91,027,000	89,630,900	90,209,800	98,640,200	98,597,600
Legislative.....	55,051,000	55,274,500	55,994,700	58,719,300	58,877,500
General Appropriations.....	2,633,902,000	2,107,286,500	2,012,329,700	2,024,461,600	2,076,474,500
General Obligation Bond Program.....	386,312,000	415,000,000	430,000,000	458,000,000	400,000,000
Employee Benefit Payments ^(e)	1,759,164,000	1,889,607,836	2,019,386,350	2,504,993,829	2,695,311,352
Reserve for Employee Benefit Payments ^(e)	7,875,454,000	2,653,390,375	2,821,491,814	4,107,288,869	4,356,082,947
Subtotal.....	31,602,194,000	23,518,019,011	24,068,734,264	27,176,664,898	28,196,003,499
Less: (Lapses).....	NA	(62,926,600)	(60,255,000)	(68,644,200)	(83,221,500)
Compensation Reserves.....	NA	34,915,600	66,338,400	44,100,000	94,750,000
Required Statutory Balance.....	NA	98,110,700	99,426,600	105,538,300	121,472,000
Fund Transfers Out.....	NA	2,217,200	166,108,600	NA	NA
Change in Continuing Balance.....	(2,285,220,000)	NA	NA	NA	NA
Total Disbursements & Reserves.....	\$ 29,316,974,000	\$ 23,590,335,911	\$ 24,340,352,864	\$ 27,257,658,998	\$ 28,329,003,999
Fund Balance.....	\$ 608,103,000	\$ 254,132,700	\$ 18,195,300	\$ 439,603,100	\$ 4,730,800
Undesignated Balance.....	\$ 552,311,000	\$ 352,243,400	\$ 117,621,900	\$ 545,141,400	\$ 126,202,800

(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) The beginning balance for the Governor's proposed fiscal year 1999-2000 budget includes various budget adjustments and revenue re-estimates that were completed prior to release of the Governor's proposed budget.

(d) The budgets do not include taxes collected for segregated funds. The largest such tax is the motor vehicle tax. The State collected \$740 million of those motor vehicle taxes in the 1997-98 fiscal year. The amount included for the budget 1998-99 includes an estimate of revenues to be collected via a tax amnesty program. This program is now complete.

(e) State law separates the accounting of employee 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 in the 1998 Annual Report.

Source: Wisconsin Department of Administration.

Table II-4; State Budget–General Fund (Page 37). Amend the table with the following:

State Budget–General Fund^(a)

	Actual ^(b) 1997-98	Budget 1997-98	Budget 1998-99	Governor's Proposed Budget 1999-2000	Governor's Proposed Budget 2000-2001
RECEIPTS					
Fund Balance from Prior Year.....	\$ 327,145,000	\$ 331,145,100	\$ 352,243,400	\$ 550,580,700 ^(c)	\$ 545,141,400
Tax Revenue					
State Taxes Deposited to General Fund					
Individual Income.....	5,047,325,000	4,916,000,000	5,052,400,000	5,340,000,000	5,301,000,000
General Sales and Use.....	3,047,406,000	2,999,850,000	3,134,030,000	3,432,675,300	3,609,307,700
Corporate Franchise and Income.....	627,024,000	644,800,000	654,700,000	618,603,200	617,206,300
Public Utility.....	288,358,000	277,300,000	272,600,000	239,925,000	209,850,000
Excise					
Cigarette/Tobacco Products.....	257,096,000	257,000,000	268,900,000	247,200,000	242,100,000
Liquor and Wine.....	32,735,000	32,000,000	32,300,000	33,000,000	33,500,000
Malt Beverage.....	9,260,000	9,500,000	9,500,000	9,300,000	9,300,000
Inheritance, Estate & Gift.....	80,111,000	73,000,000	55,000,000	57,000,000	59,000,000
Insurance Company.....	88,065,000	95,000,000	95,000,000	84,000,000	86,000,000
Other.....	60,044,000	46,025,000	88,237,500 ^(d)	58,600,000	61,000,000
Subtotal.....	9,537,424,000	9,350,475,000	9,662,667,500	10,120,303,500	10,228,264,000
Nontax Revenue					
Departmental Revenue.....	428,998,000	159,375,900	151,226,600	295,443,600	312,487,100
Program Revenue-Federal.....	3,462,744,000	3,868,165,100	3,929,984,000	4,234,723,100	4,339,899,300
Program Revenue-Other.....	2,272,046,000	2,284,115,200	2,353,325,400	2,476,812,800	2,704,688,600
Fund Transfers In.....	NA	261,605,900	NA	64,000,000	NA
Subtotal.....	6,163,788,000	6,573,262,100	6,434,536,000	7,070,979,500	7,357,075,000
Total Available.....	\$ 16,028,357,000	\$ 16,254,882,200	\$ 16,449,446,900	\$ 17,741,863,700	\$ 18,130,480,400
DISBURSEMENTS AND RESERVES					
Commerce.....	\$ 193,084,000	\$ 207,291,600	\$ 195,817,600	\$ 112,110,000	223,439,600
Education.....	6,905,997,000	6,981,265,900	7,185,455,400	7,713,699,100	8,048,983,300
Environmental Resources.....	238,916,000	239,538,800	239,024,700	268,569,800	271,713,400
Human Relations and Resources.....	5,573,049,000	5,792,936,500	6,013,539,700	6,523,612,800	6,789,982,800
General Executive.....	716,887,000	742,911,000	533,306,400	562,081,400	564,937,300
Judicial.....	90,711,000	88,987,000	89,565,900	97,982,400	97,939,800
Legislative.....	55,051,000	55,274,500	55,994,700	58,719,300	58,877,500
General Appropriations.....	1,735,920,000	1,820,227,300	1,846,928,600	1,884,491,700	1,936,875,400
Subtotal.....	15,509,615,000	15,928,432,600	16,159,633,000	17,221,266,500	17,992,749,100
Less: (Lapses).....	NA	(62,926,600)	(60,255,000)	(68,644,200)	(83,221,500)
Compensation Reserves.....	NA	34,915,600	66,338,400	44,100,000	94,750,000
Required Statutory Balance.....	NA	98,110,700	99,426,600	105,538,300	121,472,000
Fund Transfers Out.....	NA	2,217,200	166,108,600	NA	NA
Changes in Continuing Balance.....	(89,361,000)	NA	NA	NA	NA
Total Disbursements & Reserves.....	\$ 15,420,254,000	\$ 16,000,749,500	\$ 16,431,251,600	\$ 17,302,260,600	\$ 18,125,749,600
Fund Balance.....	\$ 608,103,000	\$ 254,132,700	\$ 18,195,300	\$ 439,603,100	\$ 4,730,800
Undesignated Balance.....	\$ 552,311,000	\$ 352,243,400	\$ 117,621,900	\$ 545,141,400	\$ 126,202,800

^(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) The beginning balance for the Governor's proposed fiscal year 1999-2000 budget includes various budget adjustments and revenue re-estimates that were completed prior to release of the Governor's proposed budget.

^(d) The amount for budget 1998-99 includes revenues expected to be collected from a tax amnesty program. This program is now complete.

Source: Wisconsin Department of Administration.

Table II-7; General Fund Monthly Position (Page 46). Replace the table with the following:

GENERAL FUND MONTHLY CASH POSITION
July 1, 1997 through June 30, 1999 ^¾ Actual
July 1, 1999 through June 30, 2000 ^¾ Estimated^(a)
(Amounts in Thousands)

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts^(b)</u>	<u>Disbursements^(b)</u>
1997	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	1,535,006	2,240,138
	July.....	442,704	1,641,655	1,750,960
	August.....	333,399	1,200,704	803,188
	September.....	730,915	1,607,957	1,283,254
	October.....	1,055,618	1,267,513	1,035,960
	November.....	1,287,171	1,408,782	1,619,285
	December.....	1,076,668	1,333,433	1,878,358
1999	January.....	531,743	1,745,237	953,828
	February.....	1,323,152	1,267,106	1,107,154
	March.....	1,483,104	1,491,320	2,232,696
	April.....	741,728	1,648,520	1,185,032
	May.....	1,205,216	1,488,763	1,027,762
	June.....	1,666,217	1,541,035	2,470,983
	July.....	736,269	1,368,386	1,816,288
	August.....	288,367	1,248,535	849,518
	September.....	687,384	1,693,600	1,398,289
	October.....	982,695	1,462,778	1,044,046
	November.....	1,401,427	1,397,830	1,768,997
	December.....	1,030,260	1,399,963	2,034,603
2000	January.....	395,620	2,066,299	1,066,543
	February.....	1,395,376	1,409,745	1,138,233
	March.....	1,666,888	1,504,803	2,143,976
	April.....	1,027,715	1,741,973	1,165,093
	May.....	1,604,595	1,469,664	1,173,823
	June.....	1,900,436	1,701,292	2,602,891

^(a) The monthly receipt and disbursement projections for July 1, 1999 through June 30, 2000 are based on estimates provided by the Division of Executive Budget and Finance.

^(b) The receipt amounts shown in July 1997–1998 include the proceeds received at closing for the respective operating notes. See “OTHER OBLIGATIONS; Operating Notes” in the 1998 Annual Report. The disbursement amounts shown for February, March, April and May 1998–1999 include impoundment payments required in connection with the operating notes. Since operating notes were not issued in July 1999, the receipt amount in July 1999 and disbursement amounts in February, March, April and May 2000 do not include operating note proceeds or impoundment payments.

Source: Wisconsin Department of Administration.

Table II-8; Balances in Funds Available for Interfund Borrowing (Page 47). Replace the table with the following:

BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING^(a)

**July 1, 1997 to May 1, 1999 — Actual
June 1, 1999 to June 1, 2000 — Estimated^(b)**

(Amounts in Millions)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
January.....		\$ 3,363	3,736	3,731
February.....		3,906	4,291	4,280
March.....		4,222	4,459	4,457
April.....		4,298	4,526	4,527
May.....		4,011	4,199	4,194
June.....		3,811	3,811 ^(b)	3,800
July.....	\$ 3,522	3,926	3,926	
August.....	3,825	4,236	4,214	
September.....	3,546	3,982	3,968	
October.....	3,456	3,822	3,821	
November.....	3,126	3,429	3,429	
December.....	3,177	3,465	3,463	

^(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	Clean Water
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 June 1, 1999 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 that 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 based on the proposed 1999–2000 budget is approximately \$525 million.

Source: Wisconsin Department of Administration.

Table II-9; Revenues Deposited to the General Fund (Page 48). Replace the table with the following:

**REVENUES DEPOSITED TO THE GENERAL FUND^(a)
July 1, 1998 to April 30, 1999 compared with previous year
(Unaudited)**

	<u>Actual Receipts</u> <u>1997-98 FY^(b)</u>	<u>Projected</u> <u>Receipts</u> <u>1998-99 FY</u>	<u>Actual Receipts</u> <u>July 1, 1997 to</u> <u>April 30, 1998</u>	<u>Actual Receipts</u> <u>July 1, 1998 to</u> <u>April 30, 1999</u>
Individual Income Tax	\$ 5,047,325,000	\$ 5,052,400,000	\$ 3,898,514,084	\$ 4,074,476,065
General Sales and Use Tax ...	3,047,406,000	3,134,030,000	2,222,266,194	2,362,260,634
Corporate Franchise and Income Tax	627,024,000	654,700,000	499,419,930	486,348,664
Public Utility Taxes	288,358,000	272,600,000	165,610,876	144,019,878
Excise Taxes	299,091,000	310,700,000	217,948,251	230,258,521
Inheritance Taxes	80,111,000	55,000,000	67,421,036	108,232,908
Miscellaneous Taxes	<u>148,109,000</u>	<u>183,237,500</u>	<u>101,683,883</u>	<u>113,660,754</u>
SUBTOTAL.....	9,537,424,000	9,662,667,500	7,172,864,254	7,519,257,424
Federal Receipts.....	3,462,744,000	3,929,984,000	2,873,900,998	3,089,941,903
Dedicated and Other Revenues ^(c)	<u>2,701,044,000</u>	<u>2,504,552,000</u>	<u>2,379,138,909</u> ^(d)	<u>2,183,129,249</u> ^(d)
TOTAL.....	<u>\$15,701,212,000</u>	<u>\$16,097,203,500</u>	<u>\$12,425,904,161</u>	<u>\$12,792,328,576</u>

- (a) The amounts shown are based on the statutory accounting basis and not on GAAP. See "ACCOUNTING AND FINANCIAL REPORTING" in the 1998 Annual Report.
- (b) The amounts shown are the sum of all revenues for fiscal year 1997-98 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ending June 30, 1998.
- (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 \$450 million principal amount in fiscal year 1997-98 and \$350 million principal amount in fiscal year 1998-99 from the sale of operating notes.

Source: Wisconsin Department of Administration.

Table II-10; General Fund Expenditures by Function (Page 49). Replace the table with the following:

**GENERAL FUND EXPENDITURES BY FUNCTION^(a)
July 1, 1998 to April 30, 1999 compared with previous year
(Unaudited)**

	Actual Expenditures 1997-98 FY ^(b)	Appropriations 1998-99 FY	Actual Expenditures July 1, 1997 to April 30, 1998	Actual Expenditures July 1, 1998 to April 30, 1999
Commerce.....	\$ 193,084,000	\$ 195,817,600	\$ 150,473,443	\$ 154,187,824
Education.....	6,905,997,000	7,185,455,400	5,097,378,550	5,402,248,442
Environmental Resources.....	238,916,000	239,024,700	215,500,692	220,667,553
Human Relations & Resources...	5,573,049,000	6,013,539,700	4,442,778,167	4,683,028,809
General Executive.....	716,887,000	533,306,400	632,918,609	425,180,795
Judicial.....	90,711,000	89,565,900	77,076,926	80,936,061
Legislative.....	55,051,000	55,994,700	42,112,637	44,785,745
General Appropriations.....	<u>1,735,920,000</u>	<u>1,846,928,600</u>	<u>1,688,275,580</u>	<u>1,705,098,922</u>
TOTAL.....	<u>\$ 15,509,615,000</u>	<u>\$ 16,159,633,000</u>	<u>\$ 12,346,514,604</u>	<u>\$ 12,716,134,151</u>

(a) The amounts shown are based on the statutory accounting basis and not on GAAP. See "ACCOUNTING AND FINANCIAL REPORTING" in the 1998 Annual Report.

(b) The amounts shown are the sum of all expenditures for fiscal year 1997-98 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ending June 30, 1998.

Source: Wisconsin Department of Administration.

APPENDIX B

**STATE OF WISCONSIN GENERAL OBLIGATION ISSUANCE STATUS REPORT
JULY 31, 1999**

Program Purpose	Legislative Authorization	General Obligations Issued to Date^(a)	Interest Earnings^(b)	G.O. Extendible Commercial Notes	Total Authorized Unissued Debt^(a)
University of Wisconsin; academic facilities.....	\$ 791,009,100	\$ 721,892,229	\$ 11,474,277	\$ 5,000,000	\$ 52,642,594
University of Wisconsin; self-amortizing facilities.....	438,248,600	271,362,621	1,047,657		165,838,322
Natural resources; municipal clean drinking water grants.....	9,800,000	9,518,342	141,818		139,840
Clean water fund program.....	552,743,200	332,805,573			219,937,627
Safe drinking water loan program.....	12,130,000	12,130,000			
Natural resources; nonpoint source grants.....	34,363,600	29,265,658	132,570		4,965,372
Natural resources; nonpoint source compliance.....	2,000,000				2,000,000
Natural resources; environmental repair.....	43,000,000	17,144,900	161,017		25,694,083
Natural resources; environmental segregated fund supported administrative facilities.....	145,000	136,100			8,900
Natural resources; segregated revenue supported dam maintenance, repair, modification, abandonment and removal.....	6,350,000	1,660,000			4,690,000
Natural resources; pollution abatement and sewage collection facilities, ORAP funding.....	146,850,000	145,010,325	50,000		1,789,675
Natural resources; pollution abatement and sewage collection facilities.....	902,449,800	873,003,888	18,510,235		10,935,677
Natural resources; pollution abatement and sewage collection facilities; combined sewer overflow.....	200,600,000	194,309,242	6,287,401		3,357
Natural resources; recreation projects.....	56,055,000	56,053,036	1,005		959
Natural resources; local parks land acquisition and development.....	2,490,000	2,439,349	42,259		8,392
Natural resources; recreation development.....	23,061,500	22,793,166	152,034		116,300
Natural resources; land acquisition.....	45,608,600	45,115,269	491,670		1,661
Natural resources; Wisconsin natural areas heritage program.....	2,500,000	2,442,545	17,174		40,281

State of Wisconsin General Obligation Issuance Status Report
JULY 31, 1999

Program Purpose	Legislative Authorization	General Obligations Issued to Date ^(a)	Interest Earnings ^(b)	G.O. Extensible Commercial Notes	Total Authorized Unissued Debt ^(a)
Natural resources; segregated revenue supported facilities.....	18,746,600	12,309,722	48,762		6,388,116
Natural resources; general fund supported administrative facilities.....	8,295,800	6,541,075	18,543		1,736,182
Natural resources; ice age trail.....	750,000				750,000
Natural resources; dam maintenance, repair, modification, abandonment and removal.....	5,500,000	5,367,000	49,701		83,299
Natural resources; segregated revenue supported land acquisition.....	2,500,000	2,498,446			1,554
Natural resources; Warren Knowles - Gaylord Nelson stewardship program.....	231,000,000	161,515,000	1,446,521	20,000,000	48,038,479
Transportation; administrative facilities.....	8,890,400	8,759,479	33,943		96,978
Transportation; accelerated bridge improvements.....	46,849,800	46,849,800			
Transportation; rail passenger route development...	50,000,000				50,000,000
Transportation; accelerated highway improvements.....	185,000,000	185,000,000			
Transportation; connecting highway improvements.....	15,000,000	15,000,000			
Transportation; federally aided highway facilities.....	10,000,000	10,000,000			
Transportation; highway projects.....	41,000,000	41,000,000			
Transportation; harbor improvements.....	15,000,000	12,475,000	232,606		2,292,394
Transportation; rail acquisitions and improvements.....	19,000,000	11,465,000			7,535,000
Corrections; correctional facilities.....	594,680,500	509,011,762	9,188,872	18,000,000	58,479,866
Corrections; self-amortizing facilities and equipment.....	7,337,000	725,000	99		6,611,901

State of Wisconsin General Obligation Issuance Status Report
JULY 31, 1999

Program Purpose	Legislative Authorization	General Obligations Issued to Date^(a)	Interest Earnings^(b)	G.O. Extendible Commercial Notes	Total Authorized Unissued Debt^(a)
Corrections; juvenile correctional facilities.....	26,441,500	24,823,556	101,839		1,516,105
Health and family services; mental health and secure treatment facilities.....	118,712,500	81,750,268	697,353	2,000,000	34,264,879
Agriculture; soil and water.....	3,000,000	400,000	1,104		2,598,896
Administration; Black Point Estate.....	1,600,000				1,600,000
Building commission; previous lease rental authority.....	143,071,600	143,068,654			2,946
Building commission; refunding corporation self-amortizing debt.....	1,940,000				1,940,000
Building commission; refunding tax-supported general obligation debt.....	2,125,000,000	1,896,403,677 ^(c)			228,596,323
Building commission; refunding self-amortizing general obligation debt.....	275,000,000	231,440,786 ^(c)			43,559,214
Building commission; housing state departments and agencies.....	319,227,600	204,074,121	1,988,715	5,000,000	108,164,764
Building commission; 1 West Wilson street parking ramp.....	15,100,000	14,750,000	294,479		55,521
Building commission; project contingencies.....	28,233,200	13,790,000	49,699		14,393,501
Building commission; capital equipment acquisition.....	84,312,100	61,999,191	728,787		21,584,122
Building commission; discount sale of debt.....	90,000,000	65,428,484			24,571,516
Building commission; discount sale of debt (higher education bonds).....	100,000,000	99,988,833 ^(c)			11,167
Building commission; other public purposes.....	919,466,000	709,736,152	4,971,191		204,758,657
Medical College of Wisconsin, Inc.;					
basic science education and health information technology facilities...	10,000,000	10,000,000			
Technology for educational achievement in Wisconsin board;					
school district educational technology infrastructure loans.....	100,000,000	25,135,000	247,522		74,617,478

State of Wisconsin General Obligation Issuance Status Report
JULY 31, 1999

Program Purpose	Legislative Authorization	General Obligations Issued to Date ^(a)	Interest Earnings ^(b)	G.O. Extendible Commercial Notes	Total Authorized Unissued Debt ^(a)
Technology for educational achievement in Wisconsin board; public library educational technology infrastructure loans.....	10,000,000				10,000,000
Educational communications board; educational communications facilities.....	8,354,100	7,204,539	46,314		1,103,247
Historical society; self-amortizing facilities.....	3,173,600	1,029,156	3,896		2,140,548
Historical society; historic records.....	400,000				400,000
Historical society; historic sites.....	1,839,000	1,825,756			13,244
Historical society; museum facility.....	4,384,400	4,351,000			33,400
Public instruction; state schools and library facilities...	7,367,700	7,329,197	32,508		5,995
Military affairs; armories and military facilities.....	19,590,200	16,497,527	197,651		2,895,022
Veterans affairs; veterans facilities.....	10,090,100	8,468,065	50,556		1,571,479
Veterans affairs; self-amortizing mortgage loans.....	1,807,500,000	1,768,706,295	7,013,483		31,780,222
Veterans affairs; refunding bonds.....	665,000,000	632,539,245			32,460,755
Veterans affairs; self-amortizing housing facilities.....	2,031,900				2,031,900
State fair park board; board facilities.....	2,000,000				2,000,000
State fair park board; housing facilities.....	11,000,000	10,909,000			91,000
State fair park board; self-amortizing facilities.....	27,850,000	22,128,800	6,046		5,715,154
Total.....	<u>\$11,470,640,000</u>	<u>\$9,829,376,829</u>	<u>\$65,959,307</u>	<u>\$50,000,000</u>	<u>\$1,525,303,864</u>

^(a) These amounts include the total authorized amount of \$54,120,000 for General Obligation Commercial Paper Notes of 1998, Series B. As of July 31, 1999, only \$25,000,000 of these commercial paper notes have been issued.

^(b) Interest earnings reduce issuance authority by the same amount.

^(c) Interest scheduled to accrue on any obligation that is not payable during the current fiscal year is treated as debt and taken into account for purposes of the statutory authority to issue debt.

Source: Wisconsin Department of Administration.

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Notes, it is expected that Foley & Lardner will deliver a legal opinion in substantially the following form:

(Letterhead of Foley & Lardner)

STATE OF WISCONSIN GENERAL OBLIGATION EXTENDIBLE COMMERCIAL NOTES OF 1999, SERIES A

We have acted as bond counsel in connection with the issuance by the State of Wisconsin (the "State") of its General Obligation Extendible Commercial Notes of 1999, Series A (the "Notes"). The Notes are authorized to be issued and sold from time to time pursuant to the provisions of Chapter 18, Wisconsin Statutes (the "Act") and a resolution adopted by the State of Wisconsin Building Commission (the "Commission") on August 18, 1999, entitled "Program Resolution for State of Wisconsin General Obligation Extendible Commercial Notes" (the "Program Resolution"), as supplemented by a resolution also adopted by the Commission on August 18, 1999, entitled "Supplemental Resolution Authorizing and Awarding Not to Exceed \$50,000,000 State of Wisconsin General Obligation Extendible Commercial Notes of 1999, Series A and Authorizing State of Wisconsin General Obligation Bonds to Fund the Notes" (the "Supplemental Resolution").

We investigated the law and examined such certified proceedings and other papers as we deemed necessary to render this opinion. We also reviewed the Issuing and Paying Agency Agreement, dated September 9, 1999, between the State and U.S. Bank Trust National Association (the "Issuing and Paying Agency Agreement"), and the Dealer Agreement, dated September 9, 1999, between the State and Goldman, Sachs & Co. (the "Dealer Agreement"). As to questions of fact material to our opinion, we relied upon the certified proceedings and other certificates of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Offering Memorandum, dated August 24, 1999, or other offering material relating to the Notes (except to the extent, if any, stated in the Offering Memorandum), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Offering Memorandum). However, in connection with the rendering of our opinion as to the validity of the Notes, nothing has come to our attention that would lead us to believe that the Offering Memorandum (except for the financial statements and other financial or statistical data included therein, as to which we express no view), as of the date of delivery of the Notes, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Program Resolution has been duly adopted by the Commission.
2. The Supplemental Resolution is authorized or permitted by the Program Resolution and the Act, complies with their respective terms, has been duly adopted by the Commission, and is valid and binding upon the State in accordance with its terms.

3. The Notes have been duly and validly authorized and, when duly executed in the form and manner provided in the Program Resolution and the Supplemental Resolution, duly authenticated by the Issuing and Paying Agent, and delivered and paid for, will constitute valid and binding general obligations of the State.
4. The full faith, credit, and taxing power of the State are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Notes as the same mature and become due. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for such purpose.
5. The interest on the Notes is excluded from gross income for federal income tax purposes, and the interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; it should be noted, however, that with respect to certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions set forth in the preceding sentence are subject to the condition that the state comply with all requirements of the Internal Revenue Code of 1986, as amended, and other federal tax legislation that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The State has covenanted to comply with each such requirement to the extent it may lawfully do so. Failure to comply with certain such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. We express no opinion regarding other federal tax consequences arising with respect to the Notes.
6. The offering and sale of the Notes are not subject to registration with the Securities and Exchange Commission under the Securities Act of 1933, as amended, and the Program Resolution is not required to be qualified under the Trust Indenture Act of 1939, as amended. We have not passed upon matters pertaining to compliance with the Blue Sky laws of any state in connection with the offering and sale of the Notes.

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

Unless otherwise notified by us, you may continue to rely on this opinion to the extent that (1) there is no change in pertinent existing state or federal law, (2) the Program Resolution and the Supplemental Resolution, in the form in effect on the date hereof, remain in full force and effect, (3) the representations, warranties, and covenants of the parties contained in the Issuing and Paying Agency Agreement, and the Dealer Agreement and certain certificates dated the date hereof and delivered by authorized officers of the State remain true and accurate and are complied with in all material respects, and (4) no litigation affecting the issuance or validity of the Notes is pending or threatened at the time of delivery of any such instruments.

Very truly yours,

FOLEY & LARDNER