

***THE FOLLOWING OFFICIAL STATEMENT IS PLACED ON THE INTERNET AS
A MATTER OF CONVENIENCE. THIS OFFICIAL STATEMENT HAS BEEN
REFORMATTED TO PDF FORMAT FOR USE ON THE INTERNET; PHYSICAL
APPEARANCE MAY DIFFER FROM THAT OF THE PRINTED OFFICIAL
STATEMENT. IN THE EVENT OF DISCREPANCIES, INDIVIDUALS SHOULD
REFER TO THE PRINTED OFFICIAL STATEMENT. COPIES OF THE
PRINTED OFFICIAL STATEMENT CAN BE OBTAINED FROM:***

***CAPITAL FINANCE OFFICE
DEPARTMENT OF ADMINISTRATION
101 EAST WILSON STREET, FLR 10
MADISON, WI 53703***

***E-MAIL: CAPFIN@DOA.STATE.WI.US
PHONE: (608) 266-5355
FAX: (608) 266-7645***

OFFICIAL STATEMENT

New Issue

This Official Statement has been prepared by the State of Wisconsin Department of Administration to provide information on the Certificates. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Certificates, a prospective investor should read this Official Statement in its entirety. Unless indicated, capitalized terms used on this cover page have the meanings given in the Official Statement.

\$28,855,000

**MASTER LEASE CERTIFICATES OF PARTICIPATION
OF 1999, SERIES A**

\$14,120,000

**MASTER LEASE CERTIFICATES OF PARTICIPATION
OF 1999, SERIES B (TAXABLE)**

**Evidencing Proportionate Interests of the Owners Thereof in
Certain Lease Payments to be Made by the**

STATE OF WISCONSIN

Acting by and through the Department of Administration

Dated: Delivery Date

Due: March 1 and September 1, as shown on inside front cover

Certificate Ratings	AA- Fitch IBCA, Inc. A1 Moody's Investors Service, Inc. A+ Standard & Poor's Ratings Group
Tax Exemption	Interest on the Series A Certificates is, for federal income tax purposes, excluded from gross income and is not an item of tax preference but is subject to State of Wisconsin income and franchise taxes. Interest on the Series B (Taxable) Certificates is subject to federal income and State of Wisconsin income and franchise taxes— <i>See pages 15-19.</i>
Redemption	Certificates are subject to mandatory redemption upon termination of a Lease Schedule resulting from Nonappropriation or upon an Event of Default— <i>See page 3.</i>
Security	Certificates are secured by lease payments and property purchased under the Master Lease Program— <i>See pages 7-10.</i>
Purpose	Provide fixed-rate funding for Lease Schedules previously financed through a variable-rate taxable revolving line of credit and for additional Lease Schedules originated on the delivery date of the Certificates— <i>See pages 6-7.</i>
Interest Payment Dates	March 1 and September 1
First Interest Payment Date	September 1, 1999
Denominations	\$5,000
Closing/Delivery/Settlement	February 18, 1999
Bond Counsel	Foley & Lardner
Registrar/Paying Agent	Firstar Bank Milwaukee, N.A., as Trustee
Issuer Contact	Wisconsin Capital Finance Office; (608) 266-2305; capfin@doa.state.wi.us
Book-Entry-Only Form	The Depository Trust Company— <i>See pages 3-5.</i>
Annual Report	This Official Statement incorporates by reference certain parts of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 1998.

The Certificates were sold at competitive sales on February 10, 1999. The interest rates payable on the Certificates, which are shown on the inside front cover, resulted from bids received at these competitive sales. February 10, 1999

NOTE: The State has been advised by the Series B Underwriters that they have received a Commitment for Municipal Bond Insurance from Ambac Assurance Corporation (**Ambac Assurance**) for the Series B (Taxable) Certificates. Further information on this Commitment and the Municipal Bond Insurance Policy can be obtained from the Series B Underwriters or Ambac Assurance.

MATURITIES, PRINCIPAL AMOUNTS, AND INTEREST RATES

\$28,855,000

**MASTER LEASE CERTIFICATES OF PARTICIPATION
OF 1999, SERIES A**

STATE OF WISCONSIN

Acting by and through the Department of Administration

<u>CUSIP</u>	<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
977087 AT2	September 1, 1999	\$5,455,000	3.50%
977087 AU9	March 1, 2000	5,315,000	3.50
977087 AV7	September 1, 2000	4,730,000	3.30
977087 AW5	March 1, 2001	4,285,000	3.40
977087 AX3	September 1, 2001	2,345,000	3.40
977087 AY1	March 1, 2002	1,580,000	3.50
977087 AZ8	September 1, 2002	1,425,000	3.50
977087 BA2	March 1, 2003	1,335,000	3.70
977087 BB0	September 1, 2003	1,050,000	3.70
977087 BC8	March 1, 2004	715,000	3.80
977087 BD6	September 1, 2004	475,000	3.80
977087 BE4	March 1, 2005	145,000	3.90

Purchase Price: \$28,763,647.12

\$14,120,000

**MASTER LEASE CERTIFICATES OF PARTICIPATION
OF 1999, SERIES B (TAXABLE)**

STATE OF WISCONSIN

Acting by and through the Department of Administration

<u>CUSIP</u>	<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
977087 BF1	September 1, 1999	\$ 970,000	5.10%
977087 BG9	March 1, 2000	1,020,000	5.10
977087 BH7	September 1, 2000	1,050,000	5.20
977087 BJ3	March 1, 2001	1,075,000	5.20
977087 BK0	September 1, 2001	1,105,000	5.25
977087 BL8	March 1, 2002	1,135,000	5.50
977087 BM6	September 1, 2002	1,035,000	5.50
977087 BN4	March 1, 2003	1,045,000	5.50
977087 BP9	September 1, 2003	1,075,000	5.50
977087 BQ7	March 1, 2004	1,105,000	5.60
977087 BR5	September 1, 2004	1,135,000	5.60
977087 BS3	March 1, 2005	1,170,000	5.60
977087 BT1	September 1, 2005	1,200,000	5.60

Purchase Price: \$13,996,432.99

NOTE: The State has been advised by the Series B Underwriters that they have received a Commitment for Municipal Bond Insurance from Ambac Assurance for the Series B (Taxable) Certificates. Further information on this Commitment and the Municipal Bond Insurance Policy can be obtained from the Series B Underwriters or Ambac Assurance.

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 Certificates 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.

TABLE OF CONTENTS

	Page
PARTICIPANTS IN THE ISSUANCE AND SALE OF MASTER	
LEASE CERTIFICATES OF PARTICIPATION	ii
SUMMARY DESCRIPTION OF CERTIFICATES	iii
INTRODUCTION	1
THE MASTER LEASE PROGRAM	1
THE STATE.....	2
THE CERTIFICATES	2
General	2
Redemption Provisions ..	3
Book-Entry-Only Form..	3
Registration and Payment of Certificates	6
Ratings.....	6
Sources and Uses of Funds.....	6
SECURITY FOR CERTIFICATES	7
General	7
Common Pool of Collateral	7
Reserve Fund.....	7
Governmental Use.....	8
Centralized Control and Review.....	8
Two-Phase Financing Structure.....	8
Appropriation Process	8
Risk factors	9
Event of Nonappropriation	9
Essential Use of Leased Items.....	9
Security Interest in Leased Items.....	9
Tax Exemption.....	10
Applicability of Securities Law	10
STATE YEAR 2000 READINESS DISCLOSURE	10
Overview	10
Internal Year 2000 Issues.....	12
External Year 2000 Issues.....	12
Mechanical Year 2000 Issues.....	12
OTHER INFORMATION ..	13
Borrowing Plans for 1999	13
Underwriting.....	13
Reference Information About the Certificates.....	14
Financial Advisor.....	15
Legal Opinion	15
Tax Exemption.....	15
CONTINUING DISCLOSURE	19
APPENDIX A – INFORMATION ABOUT THE MASTER	
LEASE PROGRAM	A-1
APPENDIX B – INFORMATION ABOUT THE STATE.....	
	B-1
APPENDIX C – EXPECTED FORM OF LEGAL OPINION	
	C-1

**PARTICIPANTS IN THE
ISSUANCE AND SALE OF
MASTER LEASE CERTIFICATES OF PARTICIPATION**

The Honorable Tommy G. Thompson
Governor
State of Wisconsin

Mr. Mark D. Bugher
Secretary
Department of Administration

Mr. Frank R. Hoadley
Capital Finance Director
Department of Administration
101 E. Wilson Street, 10th Floor
P.O. Box 7864
Madison, Wisconsin 53707-7864
(608) 266-2305
Telefax (608) 266-7645
frank.hoadley@doa.state.wi.us

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

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

Bond Counsel
Foley & Lardner

Financial Advisor
Public Financial Management, Inc.
Boston, Massachusetts

Trustee
Firststar Bank Milwaukee, N.A.

SUMMARY DESCRIPTION OF CERTIFICATES

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

Principal Amount and Description:	\$28,855,000 Master Lease Certificates of Participation of 1999, Series A \$14,120,000 Master Lease Certificates of Participation of 1999, Series B (Taxable)
Denominations:	\$5,000 and integral multiples
Date of Issue:	February 18, 1999
Record Date:	February 15 and August 15
Interest Payment:	March 1 and September 1, commencing September 1, 1999
Maturities:	March 1 and September 1, commencing September 1, 1999 and ending March 1, 2005 for the Series A Certificates and September 1, 2005 for the Series B (Taxable) Certificates
Redemption:	<i>Mandatory</i> —The Certificates are subject to mandatory redemption upon termination of a Lease Schedule as a result of Nonappropriation or upon an Event of Default— <i>See page 3</i>
Form:	Book-entry-only— <i>See pages 3-5</i>
Paying Agent:	All payments of principal and interest on the Certificates will be paid by Firstar Bank Milwaukee, N.A. (as successor to Firstar Trust Company, Milwaukee, Wisconsin). All payments will be made to The Depository Trust Company, which will distribute payments to Beneficial Owners as described herein.
Security:	The Certificates and all other outstanding master lease certificates of participation are secured by lease payments and property purchased under the Master Lease Program. As of December 31, 1998, the principal amount of all outstanding Lease Schedules was \$49.1 million— <i>See pages 7-10</i>
Bond Insurance for Series B (Taxable) Certificates	The State has been advised by the Series B Underwriters that they have received a Commitment for Municipal Bond Insurance from Ambac Assurance for the Series B (Taxable) Certificates. Further information on this Commitment and the Municipal Bond Insurance Policy can be obtained from the Series B Underwriters or Ambac Assurance.
Authority for Issuance:	The Master Lease has been entered into under Section 16.76 of the Wisconsin Statutes.
Purpose:	To provide fixed-rate funding for Lease Schedules previously financed through a variable-rate taxable line of credit and for additional Lease Schedules originated on the delivery date of the Certificates— <i>See pages 6-7</i>
Additional Certificates:	Additional master lease certificates of participation may be issued.
Tax Exemption:	Interest on the Series A Certificates is not included in gross income and is not an item of tax preference for federal income tax purposes. Interest on the Series B (Taxable) Certificates is included in gross income for federal income tax purposes Interest on both series of Certificates is subject to State of Wisconsin income and franchise taxes— <i>See pages 15-19</i>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner— <i>See page C-1</i>

OFFICIAL STATEMENT

\$28,855,000

MASTER LEASE CERTIFICATES OF PARTICIPATION OF 1999, SERIES A

\$14,120,000

MASTER LEASE CERTIFICATES OF PARTICIPATION OF 1999, SERIES B (TAXABLE)

**Evidencing Proportionate Interests of the Owners Thereof in
Certain Lease Payments to be Made by the**

STATE OF WISCONSIN

Acting by and through the Department of Administration

This Official Statement sets forth information concerning the \$28,855,000 Master Lease Certificates of Participation of 1999, Series A (**Series A Certificates**) and the \$14,120,000 Master Lease Certificates of Participation of 1999, Series B (**Series B (Taxable) Certificates**) that each represent a proportionate interest in certain Lease Payments to be made by the State of Wisconsin (**State**) pursuant to the Second Amended and Restated Master Lease 1992-1, dated July 1, 1996 (**Master Lease**) between Firststar Bank Milwaukee, N.A. (**Lessor**) and the State of Wisconsin, acting by and through its Department of Administration (**Department**). The Series A Certificates and the Series B (Taxable) Certificates are collectively referred to as **Certificates**.

The Certificates are issued and secured by a Master Indenture, dated July 1, 1996, among the State, acting by and through its Department, the Lessor, and Firststar Bank Milwaukee, N.A., as successor to Firststar Trust Company (**Trustee**). The Master Indenture established a trust that consists of Lease Schedules, Lease Payments, Leased Items and other property and rights related to those Lease Schedules, including the security interest granted in the Master Lease (**Trust**). *The Trust serves as a common pool of collateral, ratably securing all present and future master lease certificates of participation.*

The State is required under the Master Lease to make lease payments from any source of legally available funds, subject to annual appropriation, and the scheduled lease payments are sufficient to pay, when due, the semiannual principal and interest on the then outstanding master lease certificates of participation. *The obligation of the State to make lease payments does not constitute an obligation of the State for which the State is obligated to levy or pledge any form of taxation. The obligation of the State to make lease payments does not constitute debt of the State.*

In connection with the issuance and sale of the Certificates, the Department has prepared this Official Statement, which contains information furnished by the State or obtained from the sources indicated. This Official Statement includes by reference [Part II](#) and [Part III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 1998 \(1998 Annual Report\)](#). Capitalized terms not defined in this Official Statement have the meanings provided in the Master Lease and Master Indenture.

THE MASTER LEASE PROGRAM

The Department created the Master Lease Program (**Program**) in 1992 to acquire equipment, and in certain situations, prepaid service items (**Leased Items**) for all State agencies through

installment purchase contracts. Information concerning the Program, Master Lease, Events of Default under the Master Lease, Master Indenture, Lease Schedules, and master lease certificates of participation is included as **APPENDIX A**, which includes by reference [Part IV of the 1998 Annual Report](#).

As of December 31, 1998, the principal amount of all outstanding Lease Schedules was \$49.1 million. The Certificates are the second and third publicly offered master lease certificates of participation issues for the Program. In addition, one series of certificates of participation has been privately placed to evidence repayment of a revolving credit facility being used by the Program.

Requests for additional information about the Program 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

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, its financial condition, and general obligation debt is included as **APPENDIX B**, which includes by reference [Part II](#) and [Part III of the 1998 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

THE CERTIFICATES

General

The inside front cover of this Official Statement sets forth the maturity dates, amounts and interest rate for the Certificates.

The Certificates will be dated their date of delivery and will bear interest from that date payable on September 1, 1999 and semiannually thereafter on March 1 and September 1 of each year. Interest on the Certificates will be computed on the basis of a 30-day month and a 360-day year. Principal will be payable beginning on September 1, 1999 and semiannually thereafter on March 1 and September 1 of each year. Principal of and interest on each Certificate will be payable to the registered owner of the Certificates, which initially will be a nominee of The Depository Trust Company, New York, New York (DTC).

The Certificates are issuable as fully registered certificates without coupons in denominations of \$5,000 principal amount or any integral multiple thereof.

Redemption Provisions

Optional Redemption

The Certificates are not subject to optional redemption.

Mandatory Redemption

The Certificates of both series are subject to mandatory redemption, at a redemption price of 100% of the principal of the Certificates to be redeemed, plus accrued interest to the redemption date, upon termination of a Lease Schedule as a result of Nonappropriation or upon an Event of Default.

Selection of Certificates

If the Certificates are in book-entry-only form and less than all of a particular maturity are to be redeemed, selection of the ownership interests of Beneficial Owners of the Certificates affected thereby shall be made solely by DTC and its Direct Participants and Indirect Participants in accordance with their then prevailing rules. If the Certificates 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 Certificates are in book-entry-only form, the Trustee will send a notice of the redemption of any Certificates to the securities depository not less than 30 days and not more than 45 days before the redemption date. The Trustee may revoke a notice of redemption by sending notice to the securities depository not less than 15 days before the proposed redemption date.

In the event that the Certificates are outstanding in certificated form, a notice of the redemption of any of said Certificates shall be mailed, postage prepaid, not less than 30 and not more than 45 days before the date of redemption to the registered owners of any Certificates to be redeemed, but such mailing shall not be a condition precedent to such redemption and failure to mail any such notice shall not affect the validity of any proceedings for the redemption of the Certificates. Interest on any Certificates so called for prior redemption shall cease to accrue on the redemption date provided payment thereof has been duly made or provided for. A notice of redemption may be revoked by mailing, postage prepaid, not less than 15 days prior to the proposed date of redemption to the registered owners of any Certificates to have been redeemed, but such mailing shall not be a condition precedent to such revocation and failure to mail any such notice shall not affect the validity of such revocation.

Book-Entry-Only Form

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully registered securities, registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Certificate will be issued for each maturity of each series of Certificates set forth on the **inside 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 (**Direct Participants**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct 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 Indirect Participants and Direct Participants are collectively referred to as **Participants**). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate (**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 interests in the Certificates 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 Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of the Certificates 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 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to Cede & Co. If less than all of the Certificates 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 Certificates. 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Certificates 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, 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 is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor securities depository is not obtained, 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, certificates will be printed and delivered at the expense of the State.

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

No assurance can be given by the State or Trustee that DTC, Direct Participants and Indirect Participants will promptly transfer payments or notices received with respect to the Certificates. The State and 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 Certificates.

Similarly, no assurance can be given by the State or 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.

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.

Registration and Payment of Certificates

So long as the Certificates are in book-entry-only form, payment of principal due on the Certificates shall be made by wire transfer to the securities depository or its nominee upon their presentation and surrender at the principal office of the Trustee, which shall be the Registrar and Paying Agent on the Certificates. Payment of interest due on the Certificates shall be made by wire transfer to the securities depository or its nominee shown in the registration books at the close of business on the 15th day (whether or not a business day) of the month next preceding such interest payment date (**Record Date**) on the payment date.

When in certificated form payment of principal due on the Certificates shall be made by check or draft issued upon their presentation and surrender at the principal office of the Paying Agent. Payment of interest due on the Certificates shall be made by check or draft mailed to the registered owner shown in the registration books on the Record Date.

Ratings

At the State's request, several rating agencies have rated the Program and Certificates:

<i>Rating</i>	<i>Rating Agency</i>
AA-	Fitch IBCA, Inc.
A1	Moody's Investors Service, Inc.
A+	Standard and Poor's Ratings Group.

Any explanation of the significance of a rating may only be obtained from the rating service furnishing that rating. There is no assurance a rating given to the Certificates 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 Certificates.

Sources and Uses of Funds

The Certificates are being issued for the purpose of providing fixed-rate funding for Lease Schedules previously financed through a variable-rate taxable line of credit and for additional Lease Schedules originating on the delivery date of the Certificates.

The proceeds to be received from the sale of the Series A Certificates (other than accrued interest, if any, which will be deposited in the Certificate Payment Fund) are expected to be applied, as follows:

Sources:	
Principal Amount of Series A Certificates	\$28,855,000.00
Original Issue Discount	
	<u>3,633.68</u>
Total Sources of Funds	\$28,851,366.32
Uses:	
Funding of Lease Schedules.....	\$28,685,600.79
Cost of Issuance.....	78,049.33
Underwriter's Discount	
	<u>87,719.20</u>
Total Uses of Funds	\$28,851,366.32

The proceeds to be received from the sale of the Series B (Taxable) Certificates (other than accrued interest, if any, which will be deposited in the Certificate Payment Fund) are expected to be applied, as follows:

Sources:	
Principal Amount of Series B (Taxable) Certificates.....	\$14,120,000.00
Original Issue Discount	
	<u>27,833.41</u>
Total Sources of Funds	\$14,092,166.59
Uses:	
Funding of Lease Schedules.....	\$13,929,550.79
Cost of Issuance.....	66,882.20
Underwriter's Discount	<u>95,733.60</u>
Total Uses of Funds	\$14,092,166.59

SECURITY FOR CERTIFICATES

General

The Certificates represent a proportionate interest in certain Lease Payments to be made by the State under the Master Lease. The State is required under the Master Lease to make Lease Payments from any source of legally available funds, subject to annual appropriation, and the scheduled Lease Payments are sufficient to pay when due the semiannual principal and interest payments on all then outstanding master lease certificates of participation. *The obligation of the State to make Lease Payments does not constitute an obligation for which the State is obligated to levy or pledge any form of taxation or for which the State has levied or pledged any form of taxation. The obligation of the State to make Lease Payments does not constitute debt of the State or any of its political subdivisions. See “RISK FACTORS; Event of Nonappropriation”.*

Common Pool of Collateral

Under the Master Indenture, the Lessor has assigned to the Trustee, for the benefit of all master lease certificate of participation holders, all its rights in the funds and accounts created by the Master Indenture, the Lease Schedules specified in Supplemental Indentures, and all Lease Payments, Leased Items, and other property and rights related to those Lease Schedules, including the security interest granted in the Master Lease.

All this property serves as a common pool of collateral, ratably securing all present and future master lease certificates of participation. All master lease certificates of participation are secured by all Leased Items, regardless of their funding source or the time at which they are financed by the Program. An Event of Default or Nonappropriation under any master lease certificate of participation constitutes an Event of Default or Nonappropriation under all outstanding master lease certificates of participation, so any remedial action affects all master lease certificates of participation equally. Once a Lease Schedule is fully paid, the applicable Leased Item no longer serves as collateral.

In the opinion of Bond Counsel, the transfer of Lease Schedules by the Lessor to the Trustee constitutes a true sale and not a secured transaction. The State's obligation to make Lease Payments does not depend upon any service provided by the Lessor, and thus the transfer of Lease Schedules would be unaffected by any insolvency of the Lessor.

Reserve Fund

The Master Indenture allows for the funding of a reserve fund for any specific series of master lease certificates of participation. No reserve fund has been established for the Series A Certificates or the Series B (Taxable) Certificates. As of December 1, 1998, no reserve funds apply to any outstanding master lease certificates of participation. In the event that the Department of Administration establishes a reserve fund under the Master Indenture, the amounts in the reserve

fund will only be available to the series of master lease certificates of participation for which the reserve fund is authorized.

Governmental Use

The State will certify that each Leased Item will be used to perform a governmental function. Though the State does not certify them as such, some of those functions may be considered “essential” government functions. Examples of Leased Items currently existing in the Trust include the State’s accounting system, expansion of the State’s central mainframe computer, and various information technology items that provide various automated services and information technology upgrades for the State.

Centralized Control and Review

The Program structure allows one division (the Division of Executive Budget and Finance) within the Department of Administration to centrally administer many Program activities. Program functions related to administration, review, and day-to-day operations occur in the Capital Finance Office. Program functions related to review and biennial budget preparation occur in the State Budget Office. Program functions related to collection of Lease Payments occur in the State Controller’s Office.

Two-Phase Financing Structure

The State currently uses a two-phase financing structure for the Program. In the first (or acquisition) phase, all Leased Items are initially financed with proceeds from a revolving credit facility. The revolving credit facility is a line of credit, and the State, acting on behalf of the Trustee, requests draws from the revolving credit facility only for amounts equal to invoices presented to the Program for payment. A master lease certificate of participation has been issued to the current provider of this revolving credit facility, Bank of America NT&SA, evidencing the State’s repayment of balances under the facility. The State pays interest on funds provided by the facility based on a variable, taxable interest rate. Use of this line-of-credit approach eliminates any nonorigination risk for the second phase since an obligation is created only after the Leased Item has been installed and accepted and an invoice has been presented for payment.

In the second phase, the State, acting on behalf of the Trustee, sells additional master lease certificates of participation to refinance the revolving credit facility with proceeds of a fixed-rate, and most often tax-exempt, financing. All sources of financing for the Program are issued under the Master Indenture. See “**SECURITY FOR CERTIFICATES; Common Pool of Collateral**”.

An exception to the two-phase structure will occur with the delivery of the Certificates. Certain Lease Schedules will be originated on the date of delivery and funded directly with proceeds of the Series B (Taxable) Certificates.

Appropriation Process

The central control of the Program provides the State Budget Office with knowledge of all past, current, and pending scheduled Lease Payments due under the Master Lease. Lease Payments due under the Master Lease are not included in the State budget as a separate budget line item; rather, Lease Payments due under the Master Lease are included with other expenditures in one or more of an agency’s existing budget lines. The Secretary of the Department of Administration, under the direction of the Governor and with assistance from the State Budget Office, compiles all budget information and prepares an executive budget consisting of the planned operating expenditures and revenues of all State agencies.

State law establishes procedures for establishing and enacting a State budget. State law also provides that in the event a budget is not in effect at the start of a fiscal year, the prior year's budget serves as the budget until such time a new budget is enacted.

The Secretary of the Department of Administration has statutory power to order reductions in the appropriations of state agencies (which represent less than one-third of the General Fund budget). See Part II of the 1998 Annual Report for additional information on the State's budget process.

Priority of Claims

The Master Lease includes representations that, if an emergency arises that requires the Department of Administration to draw vouchers for payment which will be in excess of available moneys, the Secretary of the Department of Administration will establish a priority schedule for payments which shall give a high priority to Lease Payments due under the Master Lease, but not higher than the priority given to payments on outstanding general obligation bonds. See "GENERAL FUND INFORMATION; General Fund Cash Flow" in [Part II of the 1998 Annual Report](#).

RISK FACTORS

Event of Nonappropriation

The State's obligation to make Lease Payments is subject to appropriation of the necessary funds by Legislature. No assurance is given that sufficient funds will be appropriated or otherwise will be available to make the Lease Payments. A failure by the State to make a Lease Payment with respect to any Leased Item would cause the Master Lease to terminate with respect to all Leased Items. The State's obligation to make Lease Payments is not a general obligation of the State, and moreover, the obligation does not involve the State of Wisconsin Building Commission. Rather, the Master Lease is a contract entered into by the Department of Administration under separate statutory authority.

The Master Lease does not include a nonsubstitution clause. If the Legislature fails to appropriate necessary funds for the continued performance of the State's obligations under the Master Lease (**Event of Nonappropriation**), the State is allowed to acquire and use similar equipment or a similar service contract for the same function as the equipment or service contract for which no appropriation was made.

While it is possible that failure to make the Lease Payments would thereafter hinder the State's access to the capital markets, it should not be assumed that the Legislature would regard that possible consequence a compelling reason to make the appropriations needed for Lease Payments. See "[SUMMARY OF THE MASTER LEASE](#)" and "[SUMMARY OF THE MASTER INDENTURE](#)" in [Part IV of the 1998 Annual Report](#) for additional information about remedies available under the Master Lease and Master Indenture upon an Event of Nonappropriation.

Essential Use of Leased Items

Although the State has made certain representations that each Leased Item serves a governmental function, some of which functions may be considered "essential" government functions, it should nevertheless be assumed that the State could function without any of the Leased Items.

Security Interest in Leased Items

Although the State has provided a security interest in the Leased Items to the Trustee (for the benefit of the owners of the master lease certificates of participation), the Certificates are not offered on the basis of the collateral value of the Leased Items or value of any other pledged asset (other than the Lease Payments). The term of the Master Lease is not permitted to exceed the useful life of the Leased Item; however, it should not be assumed that the value of the Leased Item

at any time will exceed the portion of the remaining Lease Payments that will be applied to principal or that the existence of such an excess would motivate the State to continue making Lease Payments. Typically it is difficult to realize the full value of collateral through sale of the collateral, and some of the Leased Items, such as service contracts or intangible property, may be particularly difficult to sell. Records that evidence the security interest are kept by the Department of Administration, separate and apart from the records kept by the Department of Financial Institutions with respect to security interests in most other personal property.

Tax Exemption

Should the Master Lease be terminated, there is no assurance that subsequent payments made by the Trustee with respect to the Series A Certificates and designated as interest will be excluded from gross income for federal income tax purposes.

Applicability of Securities Law

Should the Master Lease be terminated, the transfer of a Maser Lease Certificate of Participation may be subject to compliance with the registration provisions of applicable federal and state securities laws, which could impair the liquidity of the master lease certificates of participation.

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 enterprise Year 2000 project plan to manage enterprise efforts. This approach allows the State to focus on the highest priority Year 2000 compliance needs.

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 (State's accounting system)
- Income Tax Processing
- Shared Revenues
- Motor Vehicle Registration
- Wisconsin Employee Benefit Systems
- Investment Accounting System
- Local Government Investment Pool

* The information in this section was included by reference in APPENDIX B of the Preliminary Official Statement, dated January 29, 1999.

The Department of Administration is requiring agencies to report monthly on efforts to ensure operation of critical business functions within the agency, progress on making information technology systems supporting those critical business functions and 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.

Based on this reporting, as of November 1998, the following information is available:

- Three of the 21 most critical applications are completed through testing and implementation of changes, or have been certified as Year 2000 ready by the private vendor responsible for the system.
- Fourteen of the 21 applications are in final acceptance testing of changes made to make the application ready for Year 2000.
- Four of the 21 applications are in the modification phase, and the agencies have indicated that the work is proceeding and is expected to be completed before the end of calendar year 1999.

The Department of Administration is continuing 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.

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/.
- Agencies are preparing contingency plans designed to address possible problems arising from failures of information technology systems or other disruptions of business processes. The Department of Administration has provided agencies with instructions and templates for their contingency planning efforts and will be offering 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.

Internal Year 2000 Issues

The 21 highest priority critical applications have a direct impact on critical and core State operations. Specific examples of Year 2000 efforts for these 21 highest priority critical applications include the following. 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, has completed modification of 15 of its 16 critical applications and has completed or is in the process of going through final acceptance testing. The one application not tested is scheduled for testing in April 1999, after the main workload for the tax processing season is completed.

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 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 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 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 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 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, N.A.(Trustee)
March 1, 2000	Master Lease Certificates of Participation	Firststar Bank Milwaukee, N.A. (Trustee)/DTC
May 1, 2000	General Obligation Bonds	State Treasurer’s Office/DTC
June 1, 2000	Clean Water Revenue Bonds	Firststar Bank Milwaukee, N.A. (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.

OTHER INFORMATION

Borrowing Plans for 1999

No other master lease certificates of participation issues for the Program have been or are expected to be, publicly offered this calendar year.

The State of Wisconsin Building Commission (**Commission**) has authorized the issuance of up to \$147 million of general obligation bonds for general governmental purposes. These general obligation bonds were sold via competitive sale on February 9, 1999 and delivery is expected on March 3, 1999. Additional series of general obligation bonds or commercial paper notes for governmental purposes are expected to be issued in this calendar year. In addition, the Commission has authorized the issuance of up to \$278 million of general obligation refunding bonds. The timing and amount of the negotiated sales of general obligation refunding bonds depend on market conditions. The State also anticipates the issuance of general obligation bonds for the veterans housing loan program and one or more private sales of general obligation subsidy bonds for the Clean Water Fund program to occur this calendar year.

The Commission has authorized the issuance of up to \$275 million of transportation revenue refunding bonds. The timing and amount of the negotiated sales of transportation revenue refunding bonds depend on market conditions. The State also anticipates the issuance in this calendar year of transportation revenue bonds or commercial paper notes for the transportation revenue bond program.

The State anticipates the issuance of clean water revenue bonds in this calendar year for providing loans under the Environmental Improvement Fund.

The State also anticipates the issuance in this calendar year of operating notes.

Underwriting

The Series A Certificates were purchased at competitive bidding on February 10, 1999 by the following syndicate (**Series A Underwriters**): Dain Rauscher Incorporated, book-running manager; Griffin, Kubik, Stephens & Thompson, Inc., Prudential Securities Incorporated, Fidelity Capital Markets, Isaak Bond Investments, Inc., Prager, McCarthy & Sealy and Kirlin Securities, Inc.

The Series A Underwriters paid \$28,763,647.12, resulting in a true interest cost rate to the State of 3.6879%.

The Series B (Taxable) Certificates were purchased at competitive bidding on February 10, 1999 by the following syndicate (**Series B Underwriters**): Dain Rauscher Incorporated, book-running manager; Griffin, Kubik, Stephens & Thompson, Inc., Prudential Securities Incorporated, Fidelity Capital Markets, Prager, McCarthy & Sealy and Kirlin Securities, Inc.

The Series B Underwriters paid \$13,996,432.99, resulting in a true interest cost rate to the State of 5.7756%.

Reference Information About the Certificates

The following tables and the [tables on the inside front cover](#) of this Official Statement include information about the Certificates and are provided for reference. The CUSIP number for each maturity has been obtained from sources believed to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The reoffering yields and prices have been provided by the successful bidder in order to allow the computation of yield for federal tax law compliance. The reoffering prices have been calculated to the lower of maturity or call.

\$28,855,000

Master Lease Certificates of Participation of 1999, Series A

State of Wisconsin

Acting by and through the Department of Administration

Dated and Delivery Date: February 18, 1999

First Interest Date: September 1, 1999

<u>CUSIP</u>	<u>Date</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>
977087 AT2	September 1, 1999	\$5,455,000	3.500%	3.155%	100.181%	Not Callable	NA
977087 AU9	March 1, 2000	5,315,000	3.500	3.299	100.202	Not Callable	NA
977087 AV7	September 1, 2000	4,730,000	3.300	3.300	100.000	Not Callable	NA
977087 AW5	March 1, 2001	4,285,000	3.400	3.450	99.901	Not Callable	NA
977087 AX3	September 1, 2001	2,345,000	3.400	3.450	99.878	Not Callable	NA
977087 AY1	March 1, 2002	1,580,000	3.500	3.600	99.713	Not Callable	NA
977087 AZ8	September 1, 2002	1,425,000	3.500	3.600	99.669	Not Callable	NA
977087 BA2	March 1, 2003	1,335,000	3.700	3.750	99.813	Not Callable	NA
977087 BB0	September 1, 2003	1,050,000	3.700	3.750	99.792	Not Callable	NA
977087 BC8	March 1, 2004	715,000	3.800	3.850	99.771	Not Callable	NA
977087 BD6	September 1, 2004	475,000	3.800	3.850	99.751	Not Callable	NA
977087 BE4	March 1, 2005	145,000	3.900	3.950	99.732	Not Callable	NA

\$14,120,000

Master Lease Certificates of Participation of 1999, Series B (Taxable)

State of Wisconsin

Acting by and through the Department of Administration

Dated and Delivery Date: February 18, 1999

First Interest Date: September 1, 1999

<u>CUSIP</u>	<u>Date</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>
977087 BF1	September 1, 1999	\$ 970,000	5.100%	4.993%	100.053%	Not Callable	NA
977087 BG9	March 1, 2000	1,020,000	5.100	5.023	100.074	Not Callable	NA
977087 BH7	September 1, 2000	1,050,000	5.200	5.140	100.085	Not Callable	NA
977087 BJ3	March 1, 2001	1,075,000	5.200	5.160	100.074	Not Callable	NA
977087 BK0	September 1, 2001	1,105,000	5.250	5.210	100.091	Not Callable	NA
977087 BL8	March 1, 2002	1,135,000	5.500	5.500	100.000	Not Callable	NA
977087 BM6	September 1, 2002	1,035,000	5.500	5.500	100.000	Not Callable	NA
977087 BN4	March 1, 2003	1,045,000	5.500	5.600	99.640	Not Callable	NA
977087 BP9	September 1, 2003	1,075,000	5.500	5.600	99.601	Not Callable	NA
977087 BQ7	March 1, 2004	1,105,000	5.600	5.650	99.780	Not Callable	NA
977087 BR5	September 1, 2004	1,135,000	5.600	5.650	99.762	Not Callable	NA
977087 BS3	March 1, 2005	1,170,000	5.600	5.750	99.241	Not Callable	NA
977087 BT1	September 1, 2005	1,200,000	5.600	5.750	99.189	Not Callable	NA

NOTE: The State has been advised by the Series B Underwriters that they have received a Commitment for Municipal Bond Insurance from Ambac Assurance for the Series B (Taxable) Certificates. Further information on this Commitment and the Municipal Bond Insurance Policy can be obtained from the Series B Underwriters or Ambac Assurance.

Financial Advisor

Public Financial Management, Inc., Boston, Massachusetts, has served as a financial advisor to the State with respect to the issuance and sale of the Certificates. The financial advisor assisted the State in the preparation of this Official Statement and provided other advice on the structuring of the Certificates and the Program. Public Financial Management, Inc. is an independent financial advisory and consulting organization and is not engaged in the underwriting, marketing, or trading of municipal securities or other negotiable instruments.

Legal Opinion

Legal matters incident to the authorization, issuance and sale of the Certificates are subject to the approval of Foley & Lardner, Bond Counsel, whose approving opinion, substantially in the form shown in **APPENDIX C**, will be delivered on the date of issue of the Certificates. In the event certificated Certificates are issued, the opinion will be printed on the reverse side of each Certificate.

Tax Exemption

Series A Certificates

In the opinion of Bond Counsel, under existing law the interest on the Series A Certificates is excluded from gross income for federal income tax purposes and the interest on the Series A Certificates 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. Bond Counsel expresses no opinion regarding the federal income tax consequences resulting from ownership of the Series A Certificates or the receipts by the owners thereof of payments on the Series A Certificates following the termination of the Master Lease resulting from an Event of Nonappropriation or an Event of Default thereunder.

The opinions set forth 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 Series A Certificates 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 Series A Certificates to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series A Certificates. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Series A Certificates.

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of the Series A Certificates maturing on or after March 1, 2001 (**Discount Series A Certificates**), to the extent properly allocable to each owner of a Discount Series A Certificate, is excluded from gross income for federal income tax purposes to the same extent that any interest payable on such Discount Series A Certificates is or would be excluded from gross income for federal income tax purposes. The original issue discount is the excess of the stated redemption price at maturity of a Discount Series A Certificate over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discount Series A Certificates were sold (**Issue Price**).

Under Section 1288 of the Code, original issue discount on Discount Series A Certificates accrues on a compound interest basis. The amount of original issue discount that accrues to an owner of a Discount Series A Certificate during any accrual period generally equals (1) the Issue Price of such

Discount Series A Certificate plus the amount of original issue discount accrued in all prior accrual periods multiplied by (2) the yield to maturity of such Discount Series A Certificate (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 Discount Series A Certificate 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 Discount Series A Certificate. The adjusted basis in a Discount Series A Certificate 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 Discount Series A Certificate.

Owners of Discount Series A Certificates who did not purchase such Discount Series A Certificates in the initial offering at the Issue Price should consult their own tax advisors with respect to the tax consequences of owning such Discount Series A Certificate.

Owners of Discount Series A Certificates should consult their own tax advisors with respect to the state and local tax consequences of holding such Discount Series A Certificates. It is possible that under the applicable provisions governing the determination of state and local taxes, accrued original issue discount on the Discount Series A Certificates 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 Series A Certificates maturing September 1, 1999 and March 1, 2000 (**Premium Series A Certificates**) have an issue price that is greater than the amount payable at maturity of such Series A Certificates. Any Premium Series A Certificate 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 Series A Certificate that has amortizable bond premium is not allowed any deduction for the amortizable certificate premium. During each taxable year, such an owner must reduce his or her tax basis in such Premium Series A Certificate 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 Series A Certificate. The adjusted tax basis in a Premium Series A Certificate will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or repayment and maturity) of such Premium Series A Certificate.

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

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

The Code contains numerous provisions which could affect the economic value of the Series A Certificates to particular owners of Series A Certificates. 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 Series A Certificates or, in the case of financial institutions, that portion of an owner's interest expense allocable to interest on the Series A Certificates.
- 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 Series A Certificates, 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 Series A Certificates 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 Series A Certificates, 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 Series A Certificates.

This section does not present an exhaustive discussion of collateral tax consequences arising from ownership of the Series A Certificates. There may be other provisions of the Code which could adversely affect the value of an investment in the Series A Certificates for owners of Series A Certificates. Investors should consult their own tax advisors with respect to the tax consequences of owning a Series A Certificate.

Interest of the Series A Certificates 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 Series A Certificate.

Series B (Taxable) Certificates

The following discussion is a summary of certain United States federal income tax considerations relevant to the purchase, ownership and disposition of the Series B (Taxable) Certificates by owners thereof, based upon current provisions of the Code, judicial decisions, and administrative interpretations. This summary does not purport to be a complete analysis of all the potential federal income tax effects relating to the purchase, ownership and disposition of the Series B (Taxable) Certificates, and without limiting the generality of the foregoing, it does not address the effect of any foreign, state or local tax laws, or the special rules applicable to certain types of purchasers (including dealers in securities, insurance companies, financial institutions, and tax-exempt entities and persons who hold Series B (Taxable) Certificates as part of a straddle, hedge or conversion transaction). In addition, this discussion is limited to owners who hold Series B (Taxable) Certificates as capital assets within the meaning of Section 1221 of the Code. Each prospective purchaser of the Series B (Taxable) Certificates is strongly urged to consult its own tax advisor with respect to its particular tax situation and possible changes in the tax laws.

Except in the case of an owner who is a foreign person and who is not subject to federal income tax on income derived from a Series B (Taxable) Certificate (see discussion below regarding foreign persons), the interest paid on a Series B (Taxable) Certificate will be included in the owner's gross income for federal income tax purposes at the time that the interest is paid or accrued, in accordance with the owner's method of accounting for federal income tax purposes.

Although the Series B (Taxable) Certificates maturing on or after March 1, 2003 are being issued at prices that are less than their respective principal amounts, these Series B (Taxable) Certificates are not being treated as having original issue discount for federal income tax purposes, because the amount of the discount is less than the applicable *de minimis* amount.

If an owner purchases a Series B (Taxable) Certificate at a cost that is greater than the stated redemption price at maturity of the Series B (Taxable) Certificate, the excess will be treated as "bond premium" under Section 171 of the Code, and the owner may elect to treat the portion of the excess that is allocable to each taxable year as being an offset to the interest income derived from

the Series B (Taxable) Certificate in that taxable year. If such an election is made, the amount of each such offset to interest income will result in a corresponding reduction in the owner's adjusted tax basis of the Series B (Taxable) Certificate.

A Series B (Taxable) Certificate will be deemed to have "market discount" in the hand of an owner if:

- (1) the owner's tax basis in such Series B (Taxable) Certificate immediately after acquisition is less than the Series B (Taxable) Certificate's adjusted issue price, and
- (2) the amount of this difference (**market discount**) exceeds a specified *de minimis* amount.

If a Series B (Taxable) Certificate has market discount in the hand of an owner, then unless an election is made to include such discount in gross income for federal income tax purposes on an accrual basis over the remaining life of the Series B (Taxable) Certificate, any gain recognized by an owner upon the sale or other disposition (including payment at maturity) of this Series B (Taxable) Certificate will be treated as ordinary income to the extent that this gain does not exceed the amount of "market discount" that has accrued on the Series B (Taxable) Certificate while held by the owner. If interest is paid or accrued by the owner on indebtedness incurred or maintained to purchase or carry a Series B (Taxable) Certificate with market discount, the deduction for the portion of the owner's interest expense that is allocable to the accrued market discount may be deferred.

In the case of a sale or exchange (including a redemption) of a Series B (Taxable) Certificate, the owner will recognize gain or loss equal to the difference, if any, between the amount received and the owner's adjusted tax basis in the Series B (Taxable) Certificate. Any such gain or loss will be treated as a capital gain or loss, except to the extent that any gain is treated as ordinary income under the "market discount" rules as described above.

The following is a general discussion of certain United States federal income and estate tax consequences of the ownership of Series B (Taxable) Certificates by a nonresident alien (other than a former United States citizen described in Section 877(a) of the Code or a former resident of the United States described in Section 877(e) or 7701(b)(10) of the Code), a foreign corporation, a foreign partnership, a foreign trust, or a foreign estate (**foreign person**). Owners of Series B (Taxable) Certificates who are foreign persons are urged to consult their own tax advisers regarding the specific tax consequences to them of owning Series B (Taxable) Certificates.

Interest and any original issue discount earned on a Series B (Taxable) Certificate by an owner who is a foreign person will be considered "portfolio interest" and will not be subject to United States federal income tax or withholding if:

- (1) such foreign person is neither (a) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code, nor (b) a bank that is purchasing Series B (Taxable) Certificates pursuant to an extension of credit made in the ordinary course of its trade or business;
- (2) such foreign person provides the person who would otherwise be required to withhold tax from payments of such interest (**withholding agent**) with an appropriate statement, signed under the penalties of perjury, identifying the beneficial owner and stating, among other things, that the beneficial owner of the Series B (Taxable) Certificate is a foreign person; and

- (3) the interest is not effectively connected with the conduct of a trade or business within the United States by the foreign person.

Any interest or original issue discount (other than “portfolio interest”) earned on a Series B (Taxable) Certificate by a foreign person will be subject to United States federal income tax and withholding at a rate of 30% (or at a lower rate under an applicable tax treaty) if this interest or original issue discount is not effectively connected with the conduct of a trade or business within the United States by this foreign person.

All interest and original issue discount earned on a Series B (Taxable) Certificate, and any gain realized on a sale or exchange (including redemption) of a Series B (Taxable) Certificate, that is effectively connected with the conduct of a trade or business with the United States by a foreign person will be subject to United States federal income tax at regular graduated rates (and if the foreign person is a corporation, may also be subject to a United States branch profits tax). Such income will not be subject to United States income tax withholding, however, if the foreign person furnishes the proper certificate to the withholding agent.

Any gain realized by a foreign person on a sale or exchange (including a redemption) of a Series B (Taxable) Certificate will not be subject to United States federal income tax or withholding if (1) the gain is not effectively connected with the conduct of a trade or business within the United States, and (2) in the case of a foreign individual, such individual is not present in the United States for 183 days or more in the taxable year of the sale or exchange.

For United States estate tax purposes, the gross estate of a nonresident alien individual who holds a debt obligation of a United States person is not deemed to include such debt obligation if all of the interest on the obligation constitutes “portfolio interest”.

A 31% backup withholding tax applies to certain payments of interest and principal on, and any proceeds of a sale or exchange (including a redemption) of the Series B (Taxable) Certificates. In the case of an owner that is not a foreign person, backup withholding generally will apply only if such owner fails to furnish its correct taxpayer identification number, is notified by the Internal Revenue Service that such owner has failed to report properly payments of interest or dividends, or fails to provide a required certification under penalties of perjury.

In the case of an owner that is a foreign person, backup withholding generally will not apply to payments made on the Series B (Taxable) Certificates if such owner has provided the required certification under penalties of perjury that it is a foreign person, as defined above, or has otherwise established an exemption, provided in each case that the State does not have actual knowledge that the payee is not a foreign person.

Any amounts withheld from payment under the backup withholding rules will be allowed as a credit against an owner’s United States federal income tax liability and may entitle such owner to a refund, provided that the required information is furnished to the Internal Revenue Service.

Interest on the Series B (Taxable) Certificates 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 Series B (Taxable) Certificate.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Certificates, to provide an annual report, providing certain financial information and operating data relating to the State (**Annual Reports**), 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 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/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.

Certain statements in this Official Statement involve matters of opinion or estimates and are not intended as representations of fact. The quotations, summaries, and explanations of laws, resolutions, judicial decisions, and administrative regulations in this Official Statement do not purport to be complete and are qualified by reference to the complete text of such documents. This Official Statement is not a contract or agreement between the State and the purchasers or owners of any of the Certificates.

This Official Statement is submitted only in connection with the sale of the Certificates by the State and may not be reproduced or used in whole or in part for any other purpose, except with express permission.

Dated: February 10, 1999

**STATE OF WISCONSIN,
Acting by and Through the
DEPARTMENT OF ADMINISTRATION**

/s/ MARK D. BUGHER

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

Appendix A

INFORMATION ABOUT THE MASTER LEASE PROGRAM

This appendix includes information concerning the Master Lease Program (**Program**) and master lease certificates of participation. [Part IV 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 IV to the [1998 Annual Report](#) contains information about the Program and master lease certificates of participation. This part presents the following information

- Program structure
- Program operations
- Security for the master lease certificates of participation
- Risk factors
- Outstanding master lease certificates of participation
- Outstanding Lease Schedules
- Summary of the Master Lease
- Summary of the Master Indenture

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

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

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 and Part III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 1998 \(1998 Annual Report\)](#) are included by reference as part of this APPENDIX B.

Part II to the [1998 Annual Report](#) contains general information about the State. This part presents information on the following:

- 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 Official Statement, the 1998 Annual Report can be found on the world wide web at:

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

Appendix C

EXPECTED FORM OF LEGAL OPINION

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

(Letterhead of Foley & Lardner)

\$28,855,000

**Master Lease Certificates of Participation
of 1999, Series A
(State of Wisconsin)**

\$14,120,000

**Master Lease Certificates of Participation
of 1999, Series B (Taxable)
(State of Wisconsin)**

We have acted as bond counsel in connection with the issuance by Firststar Bank Milwaukee, N.A., as successor to Firststar Trust Company, as trustee (**Trustee**), of its Master Lease Certificates of Participation of 1999, Series A to the amount of \$28,855,000, dated the date of their delivery (**Series A Certificates**) and its Master Lease Certificates of Participation of 1999, Series B to the amount of \$14,120,000, dated the date of their delivery (**Series B (Taxable) Certificates**) (the Series A Certificates and Series B (Taxable) Certificates are collectively referred to as **Certificates**), and evidencing a proportionate interest of the owners thereof in certain lease payments to be made by the State of Wisconsin (**State**), acting by and through the Department of Administration (**Department**), as lessee, under the Second Amended and Restated Master Lease #1992-1 (**Master Lease**), dated as of July 1, 1996, between the State and Firststar Bank Milwaukee, N.A., as lessor (**Lessor**). We investigated the law and examined such certified proceedings and other papers as we deemed necessary to render this opinion.

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 also relied upon opinions of counsel for the Trustee and the Lessor.

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 Certificates (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). However, in connection with the rendering of our opinion as to the validity of the Certificates, nothing has come to our attention that would lead us to believe that the Official Statement (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 Certificates, 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.

The Master Lease was entered into pursuant to Section 16.76, Wisconsin Statutes, as amended, (**Act**). The Certificates are being issued pursuant to a Master Indenture dated as of July 1, 1996,

among the State, the Lessor and the Trustee, a Supplemental Indenture No. 1999-A, dated as of February 1, 1999 (**Series A Supplemental Indenture**), among the State, the Lessor and the Trustee, and a Supplemental Indenture No. 1999-B, dated as of February 1, 1999 (**Series B Supplemental Indenture**) (the Series A Supplemental Indenture and Series B (Taxable) Supplemental Indenture are collectively referred to as **Supplemental Indentures**) between among the State, the Lessor and the Trustee

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

1. The Certificates, to the amount named, are valid obligations of the Trustee representing a proportionate interest in the lease payments assigned under the respective Supplemental Indenture.
2. The State is required to make the lease payments from any source of legally available funds, subject to annual appropriation. The obligation of the State to make the lease payments does not constitute an obligation of the State for which the State is obligated to levy or pledge any tax or for which the State has levied or pledged any tax. The obligation of the State to make the lease payments does not constitute public debt of the State or any of its political subdivisions as defined under Chapter 18 of the Wisconsin Statutes.
3. The interest on the Series A Certificates is excluded from gross income for federal income tax purposes, and the interest on the Series A Certificates 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. We express no opinion regarding the federal income tax consequences resulting from ownership of the Series A Certificates or the receipt by the owners thereof of payments on the Series A Certificates following the termination of the Master Lease resulting from an event of nonappropriation or an event of default thereunder. The opinions set forth in this subsection 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 Series A Certificates 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 the inclusion of interest on the Series A Certificates in gross income for federal income tax purposes retroactively to the date of issuance of the Series A Certificates. We express no opinion regarding other federal tax consequences arising with respect to the Series A Certificates or the Series B (Taxable) Certificates.

It is to be understood that the rights of the owners of the Certificates and the enforceability of the Certificates 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 subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,