

OFFICIAL STATEMENT

New Issue

This Official Statement provides information about the 2008 Bonds. Some of the information appears on this cover page for ready reference. To make an informed investment decision, a prospective investor should read the entire Official Statement. Unless otherwise indicated, capitalized terms are defined in [APPENDIX C](#).

\$127,335,000 STATE OF WISCONSIN \$100,000,000 CLEAN WATER REVENUE BONDS, 2008 SERIES 1

\$27,335,000 CLEAN WATER REVENUE REFUNDING BONDS, 2008 SERIES 2

Dated: Date of Delivery

Due: June 1, as shown on the inside front cover

Ratings

AA+ Fitch Ratings
Aa1 Moody's Investors Service, Inc.
AA+ Standard & Poor's Ratings Services

Tax Exemption

For both series of 2008 Bonds, interest is, for federal income tax purposes, excluded from gross income and not an item of tax preference. For both series of 2008 Bonds, interest is not excluded from current State of Wisconsin income and franchise taxes—[Pages 12-13](#).

Redemption

The 2008 Series 1 Bonds maturing on or after June 1, 2019 are callable at par on or after June 1, 2018. The 2008 Series 2 Bonds are not subject to redemption prior to maturity—[Page 3](#).

Security

The 2008 Bonds are payable solely from (1) Pledged Loan Repayments, (2) amounts in the Loan Fund, Loan Credit Reserve Fund, and Subsidy Fund, and (3) all other Pledged Receipts. The State and the Milwaukee Metropolitan Sewerage District are each expected to be the source of approximately 20% of the funds expected to pay debt service on the Outstanding Bonds—[Pages 6-9](#).

Priority

The 2008 Bonds are issued on parity with all other Bonds previously or hereafter issued under the General Resolution—[Page 6](#).

Purpose

Proceeds of the 2008 Series 1 Bonds are being used to make Pledged Loans to Municipalities primarily for construction or improvement of their wastewater treatment facilities and to make a deposit into the Loan Credit Reserve Fund. Proceeds of the 2008 Series 2 Bonds are being used to refund previously issued Outstanding Bonds. Proceeds of both series of 2008 Bonds are being used to pay for Costs of Issuance—[Page 4](#).

Interest Payment Dates

June 1 and December 1, commencing December 1, 2008

Closing/Settlement

On or about February 12, 2008

Denominations

Multiples of \$5,000

Trustee/Registrar/Paying Agent

U.S. Bank National Association

Bond Counsel

Foley & Lardner LLP

Issuer Contact

Wisconsin Capital Finance Office

(608) 266-2305; DOACapitalFinanceOffice@wisconsin.gov

Book-Entry-System

The Depository Trust Company—[Pages 4-5](#)

2007 Annual Report

This Official Statement incorporates by reference Parts I, II, III, and VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 21, 2007.

The prices and yields listed on the inside front cover were determined on January 31, 2008 at negotiated sale. The 2008 Bonds were purchased at an aggregate purchase price of \$137,719,703.68.

Morgan Stanley

Citi

Loop Capital Markets LLC

Lehman Brothers

February 1, 2008

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, AND PRICES

\$127,335,000

STATE OF WISCONSIN

**\$100,000,000 CLEAN WATER REVENUE BONDS,
2008 SERIES 1**

CUSIP	Year (June 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Redemption Date	Call Price
977092 QM0	2009	\$ 2,995,000	4.00%	2.00%	102.556%	Not Callable	-
977092 QN8	2010	3,120,000	4.00	2.32	103.743	Not Callable	-
977092 QP3	2011	3,245,000	4.00	2.50	104.723	Not Callable	-
977092 QQ1	2012	3,380,000	4.00	2.68	105.327	Not Callable	-
977092 QR9	2013	3,535,000	5.00	2.87	110.404	Not Callable	-
977092 QS7	2014	3,715,000	5.00	3.00	111.403	Not Callable	-
977092 QT5	2015	3,905,000	5.00	3.14	112.049	Not Callable	-
977092 QU2	2016	4,105,000	5.00	3.30	112.253	Not Callable	-
977092 QV0	2017	4,315,000	5.00	3.42	112.494	Not Callable	-
977092 QW8	2018	4,540,000	5.00	3.55	112.415	Not Callable	-
977092 QX6	2019	4,770,000	5.00	3.69	111.137	6/1/2018	100%
977092 QY4	2020	5,015,000	5.00	3.82	109.967	6/1/2018	100
977092 QZ1	2021	5,270,000	5.00	3.94	108.899	6/1/2018	100
977092 RA5	2022	5,540,000	5.00	4.05	107.931	6/1/2018	100
977092 RB3	2023	8,000,000	5.00	4.14	107.147	6/1/2018	100
977092 RC1	2024	6,235,000	5.00	4.23	106.370	6/1/2018	100
977092 RD9	2025	6,555,000	5.00	4.30	105.770	6/1/2018	100
977092 RE7	2026	6,895,000	5.00	4.37	105.175	6/1/2018	100
977092 RF4	2027	7,245,000	5.00	4.42	104.752	6/1/2018	100
977092 RG2	2028	7,620,000	5.00	4.47	104.331	6/1/2018	100

**\$27,335,000 CLEAN WATER REVENUE REFUNDING BONDS,
2008 SERIES 2**

CUSIP	Year (June 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Redemption Date	Call Price
977092 RH0	2016	\$ 5,370,000	5.00%	3.30%	112.253%	Not Callable	-
977092 RJ6	2017	10,705,000	5.00	3.42	112.494	Not Callable	-
977092 RK3	2018	11,260,000	5.00	3.55	112.415	Not Callable	-

This document is the State's official statement about the offering of the 2008 Bonds; that is, it is the only document the State has authorized for providing information about the 2008 Bonds. This document is not an offer or solicitation for the 2008 Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document is not a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the 2008 Bonds, and anything else related to the offering.

The purpose of this document is to provide prospective investors with information that may be important in making an investment decision. It may not be used for any other purpose without the State's permission. The State is the author of this document and is responsible for its accuracy and completeness. The Underwriters are not the authors of this document. In accordance with their responsibilities under federal securities laws, the Underwriters are required to review the information in this document and must have a reasonable basis for their belief in the accuracy and completeness of its key representations.

The estimates, forecasts, projections, and opinions in this document are not hard facts, and no one guarantees them. Some of the people who prepared, compiled, or reviewed this information had specific functions that covered some aspects of the offering but not others. For example, financial staff focused on quantitative financial information, and legal counsel focused on specific documents or legal issues assigned to them.

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the 2008 Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. Neither the delivery of this document nor any sale of the 2008 Bonds implies that there has been no change in the other matters contained in this document since its date. Material referred to in this document is not part of this document unless expressly included.

In connection with the offering of the 2008 Bonds, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of such 2008 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE 2008 BONDS

BUILDING COMMISSION MEMBERS

Voting Members

	Term of Office Expires
Governor Jim Doyle, Chairperson	January 2, 2011
Senator Fred A. Risser, Vice-Chairperson	January 4, 2009
Senator Ted Kanavas	January 4, 2009
Senator Jeffrey Plale	January 2, 2011
Representative Dean Kaufert	January 4, 2009
Representative Phil Montgomery*	January 4, 2009
Representative Jennifer Shilling	January 4, 2009
Mr. Terry McGuire, Citizen Member	At the pleasure of the Governor

* For the Building Commission meeting of October 17, 2007, Representative Robin Vos replaced Representative Phil Montgomery.

Nonvoting, Advisory Members

Mr. Adel Tabrizi, State Chief Engineer Department of Administration	_____
Mr. Dave Haley, State Chief Architect Department of Administration	_____

Building Commission Secretary

Mr. David W. Helbach, Administrator Division of State Facilities Department of Administration	At the pleasure of the Building Commission and the Secretary of Administration
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OTHER PARTICIPANTS

Mr. J.B. Van Hollen State Attorney General	January 2, 2011
Mr. Michael L. Morgan, Secretary Department of Administration	At the pleasure of the Governor
Mr. Matthew J. Frank, Secretary Department of Natural Resources	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

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Assistant Capital Finance Director
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Mr. Michael D. Wolff
Finance Programs Administrator
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Mr. David R. Erdman
Capital Finance Officer
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david.erdman@wisconsin.gov

SUMMARY DESCRIPTION OF THE 2008 BONDS

Selected information is presented on this page for the convenience of the user. To make an informed investment decision regarding the 2008 Bonds, a prospective investor should read the entire Official Statement

Principal Amount and Description:	\$100,000,000 Clean Water Revenue Bonds, 2008 Series 1 \$27,335,000 Clean Water Revenue Refunding Bonds, 2008 Series 2
Denominations:	Multiples of \$5,000
Dated Date:	Date of delivery (on or about February 12, 2008)
Interest Payment:	June 1 and December 1, commencing December 1, 2008
Maturities:	2008 Series 1 Bonds—June 1, 2009-2028 2008 Series 2 Bonds—June 1, 2016-2018
Record Dates:	May 15 and November 15
Redemption:	<i>Optional</i> —The 2008 Series 1 Bonds maturing on or after June 1, 2019 are callable at par on or after June 1, 2018. The 2008 Series 2 Bonds are not subject to redemption prior to maturity—See “ 2008 BONDS; Redemption Provisions ”
Form:	Book-entry-only form.
Trustee/Paying Agent:	All payments of principal and interest on the 2008 Bonds will be made by U.S. Bank National Association, as Paying Agent. All payments will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security for Bonds:	The 2008 Bonds, and all other parity Bonds previously issued or to be issued in the future, are payable solely from: <ul style="list-style-type: none">• Pledged Loan Repayments,• Amounts in the Loan Fund, Loan Credit Reserve Fund, and Subsidy Fund, and• Any other Pledged Receipts. Based on cash-flow calculations as of December 1, 2007, the State and the Milwaukee Metropolitan Sewerage District are each expected to be the source of approximately 20% of the funds expected to pay debt service on the Outstanding Bonds—See “ SECURITY ”
Outstanding Parity Bonds:	\$729,575,000 as of December 15, 2007.
Authority for Issuance:	The 2008 Bonds are authorized under the Act and Chapter 18, Wisconsin Statutes.
Purpose:	Proceeds of the 2008 Series 1 Bonds are being used to make Pledged Loans to Municipalities primarily for construction or improvement of their wastewater treatment facilities and to make a deposit into the Loan Credit Reserve Fund. Proceeds of the 2008 Series 2 Bonds are being used to refund previously issued Outstanding Bonds. Proceeds of both series of 2008 Bonds are being used to pay for Costs of Issuance.
Additional Bonds:	Additional Bonds may be issued without limitation as to the amount, subject to any applicable statutory limitation, payable on parity with the 2008 Bonds and all other Bonds previously issued, provided that the Loan Credit Reserve Fund Requirement and the Subsidy Fund Requirement are satisfied—See “ SECURITY ”
Tax Exemption:	For both series of 2008 Bonds, interest is, for federal income tax purposes, excluded from gross income and not an item of tax preference—See “ OTHER MATTERS; Tax Exemption ”
	For both series of 2008 Bonds, interest is not excluded from current State of Wisconsin income and franchise taxes—See “ OTHER MATTERS; Tax Exemption ”
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP—See APPENDIX E

OFFICIAL STATEMENT
\$127,335,000
STATE OF WISCONSIN
\$100,000,000 CLEAN WATER REVENUE BONDS,
2008 SERIES 1
\$27,335,000 CLEAN WATER REVENUE REFUNDING BONDS,
2008 SERIES 2

INTRODUCTION

This Official Statement provides information about two series of clean water revenue bonds that are being issued by the State of Wisconsin (**State**); the \$100,000,000 Clean Water Revenue Bonds, 2008 Series 1 (**2008 Series 1 Bonds**) and the \$27,335,000 Clean Water Revenue Refunding Bonds, 2008 Series 2 (**2008 Series 2 Bonds**) (the 2008 Series 1 Bonds and the 2008 Series 2 Bonds are collectively called the **2008 Bonds**). This Official Statement includes by reference Parts I, II, III, and VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 21, 2007 (**2007 Annual Report**).

The 2008 Bonds are authorized under the Wisconsin Statutes, as well as a Clean Water Revenue Bond General Resolution adopted by the State of Wisconsin Building Commission (**Commission**) on March 7, 1991, as amended by resolutions adopted by the Commission on July 30, 2003 and June 28, 2006 (**General Resolution**). The 2008 Series 1 Bonds are further authorized under a series resolution adopted by the Commission on October 17, 2007 and the 2008 Series 2 Bonds are further authorized under a series resolution adopted by the Commission on January 16, 2008 (collectively, **Series Resolution**). The General Resolution and the Series Resolution are collectively referred to as the **Resolution**.

The Commission has authorized the State Department of Administration (**DOA**) to prepare this Official Statement. This Official Statement contains information furnished by the State or obtained from the sources indicated. Requests for additional information, including copies of the Resolution, Financial Assistance Agreements, or Municipal Obligations, 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: DOACapitalFinanceOffice@wisconsin.gov
Website: www.doa.wi.gov/capitalfinance

Unless otherwise indicated, capitalized terms used in this Official Statement are defined in **APPENDIX C**.

PLAN OF REFUNDING

General

The 2008 Series 2 Bonds are being issued for the advance refunding of certain maturities of previously issued Outstanding Bonds. The refunded maturities are currently outstanding in the

aggregate principal amount of \$29,275,000 (**Refunded Bonds**). **APPENDIX F** identifies and provides information on the Refunded Bonds.

To provide for the advance refunding of the Refunded Bonds, the 2008 Series 2 Bond proceeds will be used to purchase direct general obligations of the United States (**Government Obligations**). These Government Obligations, together with the interest to be earned and a beginning cash deposit, will be sufficient:

- (i) to pay when due the interest on the Refunded Bonds to and including their respective redemption or maturity dates, and
- (ii) to redeem the Refunded Bonds on their respective redemption or maturity dates at their respective amounts of maturing principal.

Refunding Escrow Agreement

The Government Obligations, the beginning cash balance and the interest earnings will be held in an escrow fund (**Escrow Fund**) created by a Refunding Escrow Agreement (**Escrow Agreement**), between the State and U.S. Bank National Association (**Escrow Trustee**) solely for the benefit of the owners of the Refunded Bonds.

The Escrow Fund will be held by the Escrow Trustee in trust to make principal, redemption premium, if any, and interest payments on the Refunded Bonds. The Escrow Fund will be held by the Escrow Trustee separate and apart from all other funds or accounts held by the Escrow Trustee. The Escrow Trustee will have no lien whatsoever upon any moneys in the Escrow Fund for any of its fees and costs incurred in carrying out the provisions of the Escrow Agreement. Instead, the State will pay these fees and costs to the Escrow Trustee from proceeds of the 2008 Series 2 Bonds.

The arithmetical accuracy of the computations of the sufficiency of the amounts deposited into the Escrow Fund will be independently verified by Samuel Klein & Company, Certified Public Accountants (**Verification Agent**).

In the opinion of Bond Counsel, upon the State making the deposit described above into the Escrow Fund, the Refunded Bonds will be deemed to be paid and will no longer be considered Outstanding for purposes of the General Resolution.

2008 BONDS

General

The **inside front cover of this Official Statement** sets forth the maturity dates, principal amounts, and interest rates for both series of 2008 Bonds.

The 2008 Bonds will be dated the date of their delivery (expected to be February 12, 2008) and will bear interest from that date payable on June 1 and December 1 of each year, beginning on December 1, 2008.

Interest on the 2008 Bonds will be computed on the basis of a 30-day month and a 360-day year. Payment of principal and interest for each 2008 Bond will be paid to the registered owner of the 2008 Bonds. The 2008 Bonds are being issued in book-entry-only form, so the registered owner will be a securities depository or its nominee. The Commission has appointed, as the securities depository for the 2008 Bonds, The Depository Trust Company, New York, New York (**DTC**). See "**2008 BONDS; Book-Entry-Only Form**"

The 2008 Bonds are issued as fully registered bonds without coupons in principal denominations of \$5,000 or multiples of \$5,000.

U.S. Bank National Association is the trustee for the Bonds (**Trustee**). In addition, the Trustee is the registrar (**Registrar**) and paying agent (**Paying Agent**) for the 2008 Bonds.

Redemption Provisions

Optional Redemption

The 2008 Series 1 Bonds maturing on or after June 1, 2019 may be redeemed on June 1, 2018 or any date thereafter, in whole or in part in multiples of \$5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date. The Commission may decide whether to redeem the 2008 Series 1 Bonds, and the Capital Finance Director may direct the amounts and maturities of the 2008 Series 1 Bonds to be redeemed.

The 2008 Series 2 Bonds are not subject to redemption prior to maturity.

Selection of 2008 Series 1 Bonds

If less than all the 2008 Series 1 Bonds of a particular maturity are to be redeemed, the selection of 2008 Series 1 Bonds to be redeemed depends on whether or not the 2008 Series 1 Bonds are in book-entry-only form. See “**2008 BONDS; Book-Entry-Only Form**”. If the 2008 Series 1 Bonds are in book-entry-only form, selection of the beneficial owners affected by the redemption will be made by the securities depository and its participants in accordance with their rules. If the 2008 Series 1 Bonds are not in book-entry-only form, selection will be by lot or such other method as the Trustee shall select.

Notice of Redemption

If the 2008 Series 1 Bonds are in book-entry-only form, any redemption notice (which may be conditioned on certain factors such as the availability of funds) will be sent by the Trustee (by registered or first class mail, postage prepaid) to the securities depository between 30 and 60 days before the redemption date.

If the 2008 Series 1 Bonds are not in book-entry-only form, any redemption notice (which may be conditioned on certain factors such as the availability of funds) will be sent by the Trustee (by registered or first class mail, postage prepaid) to the owners of the 2008 Series 1 Bonds being redeemed between 30 and 60 days before the redemption date.

All redemption notices will also be sent to each Rating Agency and the Information Services. Failure to give any required notice of redemption as to any particular 2008 Series 1 Bonds will not affect the validity of the call for redemption of any 2008 Series 1 Bonds in respect of which no such failure has occurred. Any notice mailed as described above shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

Interest on any 2008 Series 1 Bond called for redemption will cease to accrue on the redemption date so long as the 2008 Series 1 Bond is paid or money is provided for its payment.

Ratings

At the State’s request, ratings have been assigned to the 2008 Bonds by several Rating Agencies:

<u>Rating</u>	<u>Rating Agency</u>
AA+	Fitch Ratings
Aa1	Moody’s Investors Service, Inc.
AA+	Standard & Poor’s Ratings Services

Any explanation of what a rating means may only be obtained from the Rating Agency giving the rating. No one can offer any assurance that a rating given to the 2008 Bonds will be maintained for any period of time; a Rating Agency may lower or withdraw the rating it gives if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the 2008 Bonds.

Sources and Uses of Funds

The State anticipates that the proceeds of the 2008 Bonds will be applied as follows.

Sources

Principal Amount of 2008 Bonds	\$ 127,335,000.00
Original Issue Premium.....	11,105,413.10
Total Sources.....	<u>\$ 138,440,413.10</u>

Uses

Deposit to Loan Fund	\$ 97,106,377.02
Deposit to Escrow Fund	30,505,733.35
Deposit to Loan Credit Reserve Fund	9,927,500.00
Underwriters' Discount	720,709.42
Costs of Issuance	180,093.31
Total Uses.....	<u>\$ 138,440,413.10</u>

Book-Entry-Only Form

The 2008 Bonds will initially be issued in book-entry-only form. Purchasers of the 2008 Bonds will not receive bond certificates but instead will have their ownership in the 2008 Bonds recorded in the book-entry system.

Certificates evidencing the 2008 Bonds are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the 2008 Bonds. Ownership of the 2008 Bonds by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system (**DTC Participants**). All transfers of ownership in the 2008 Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The Paying Agent will make all payments of principal of and interest on the 2008 Bonds to DTC. Owners of the 2008 Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State or the Trustee will provide notices and other communications about the 2008 Bonds to DTC. Owners of the 2008 Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but rather will give a proxy through the DTC Participants.

Redemption

If less than all of the 2008 Bonds of a given maturity are being redeemed, DTC's practice is to determine by lottery the amount of the 2008 Bonds to be redeemed from each DTC Participant.

Discontinued Service

In the event that participation in DTC's book-entry system were to be discontinued and a successor securities depository were not obtained, 2008 Bond certificates would be executed and delivered to DTC Participants.

Further Information

Further information concerning DTC and DTC's book-entry system is available at www.dtcc.com. Neither the State nor the Trustee is responsible for any information available on DTC's web site. That information may be subject to change without notice.

Neither the State nor the Trustee is responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the 2008 Bonds or to follow the procedures established by DTC for its book-entry system.

Payment and Registration of 2008 Bonds

How the 2008 Bonds are paid depends on whether or not they are in book-entry-only form.

If the 2008 Bonds are in book-entry-only form, then payment of principal will be made by wire transfer to the securities depository or its nominee upon the presentation and surrender of the 2008 Bonds at the principal office of the Paying Agent—which is U.S. Bank National Association. Payment of interest will be made by wire transfer on the payment date to the securities depository or its nominee.

If the 2008 Bonds are not in book-entry-only form, then payment of principal will be made by check or draft issued upon the presentation and surrender of the 2008 Bonds at the principal office of the Paying Agent. Payment of interest due on the 2008 Bonds will be made by check or draft mailed on each interest payment date to the registered owner shown in the registration book at the close of business on the **Record Date**—which is the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date. A registered owner of \$1 million or more in principal amount of 2008 Bonds outstanding will be paid by wire transfer to such account as the owner may designate.

The Trustee is not required to transfer or exchange any 2008 Bond during the 15 days before any interest payment date for the 2008 Bonds, or in the case of the proposed redemption of 2008 Bonds, next preceding the date of the selection of the 2008 Bonds to be redeemed. In the event that less than the entire principal amount of a maturity is redeemed, the Trustee shall issue a new 2008 Bond certificate or certificates in the principal amount outstanding after redemption on the redemption date.

ENVIRONMENTAL IMPROVEMENT FUND

The State's Environmental Improvement Fund provides for two separate environmental financing programs:

- **Clean Water Fund Program.** Established in 1990, the Clean Water Fund Program is a municipal financial assistance program for water pollution control projects and includes the State's implementation of a Federal State Revolving Fund Program under the Federal Water Quality Act of 1987. This program also funds the Land Recycling Loan Program, which is a municipal loan program for remediation of contaminated lands.
- **Safe Drinking Water Loan Program.** The Safe Drinking Water Loan Program is a municipal loan program for drinking water projects and includes the State's implementation of the Federal Safe Drinking Water Act Amendments of 1996.

The State intends to use proceeds of the 2008 Series 1 Bonds, as it has done with proceeds of previously issued Bonds (other than refunding Bonds), to make loans under the Clean Water Fund Program. These loans have terms not exceeding 20 years, and most loans have interest rates at or below market interest rates at the times the loans are made. If changes were made to the Wisconsin Statutes, Bond proceeds could be used to make loans under the Safe Drinking Water Loan Program; however, no legislation is pending that would make such changes.

CLEAN WATER FUND PROGRAM

The Clean Water Fund Program consists of three loan portfolios:

- **Leveraged Portfolio**, consisting of **Pledged Loans** funded with Bond proceeds along with repayments of principal and interest on those loans.
- **Direct Portfolio or Clean Water Portfolio**, consisting of **Direct Loans** funded with federal capitalization grants and the required State match along with repayments of principal and interest on those loans.
- **Proprietary Portfolio**, consisting of **Proprietary Loans** funded with State general obligation bond proceeds along with repayments of principal and interest on those loans.

Pledged Loans, Direct Loans, and Proprietary Loans are made to Municipalities pursuant to Financial Assistance Agreements. As evidence of each loan, the Municipality is required to issue and deliver to the State a bond or note of the Municipality (**Municipal Obligation**) obligating the Municipality to repay the loan on the maturity schedule and at the interest rate set forth in the Financial Assistance Agreement.

Only Pledged Loans are funded with Bond proceeds, and only Pledged Loan Repayments are pledged to the repayment of the Bonds. In other words, Bond proceeds do not fund Direct Loans or Proprietary Loans, and repayments of Direct Loans or Proprietary Loans are not pledged to the repayment of the Bonds. This Official Statement and the 2007 Annual Report use the term “Pledged Loans” to refer to the same loans that are called “Leveraged Loans” and “Loans” in the General Resolution.

Information concerning the Clean Water Fund Program is included as **APPENDIX A**, which includes by reference Part VI of the 2007 Annual Report. Part VI of the 2007 Annual Report includes information about Pledged Loans, as of December 1, 2007, the independent auditors' report and financial statements for the Environmental Improvement Fund for the years ended June 30, 2007 and 2006, along with supplemental information as of June 30, 2007, and the independent auditors' report and financial statements for the Leveraged Loan Portfolio for the year ended June 1, 2007.

SECURITY

The 2008 Bonds are issued on parity with all other bonds previously issued or to be issued under the General Resolution. The 2008 Bonds and all other bonds issued or to be issued under the General Resolution are collectively referred to as the **Bonds**.

The Legislature has authorized the issuance of \$1.984 billion of revenue bonds (not including refunding bonds) for the Clean Water Fund Program. The State has previously issued \$1.089 billion of Bonds and an additional \$396 million of refunding Bonds. As of December 15, 2007, approximately \$730 million of Bonds were Outstanding.

The Bonds are special obligations of the State, payable solely from the revenues, receipts, funds, and moneys pledged under the General Resolution. Debt service on the 2008 Bonds and all other parity Bonds is secured by a pledge of:

- Pledged Loan Repayments made by Municipalities.
- Amounts in the Loan Fund, Loan Credit Reserve Fund, and Subsidy Fund, each of which established pursuant to the General Resolution.
- Any other Pledged Receipts.

The State is not obligated to pay the principal of and interest on the 2008 Bonds or any other Bonds from any funds of the State other than those pledged pursuant to the General Resolution, and neither the full faith and credit nor the taxing power of the State or any agency, instrumentality, or political subdivision thereof is pledged to the payment of the principal of and interest on the 2008 Bonds or any other Bonds.

Prior to the issuance of the 2008 Bonds or additional parity Bonds the State must certify that, upon the delivery of such Bonds, there will be on deposit in the Subsidy Fund an amount at least equal to the Subsidy Fund Requirement and in the Loan Credit Reserve Fund an amount at least equal to the Loan Credit Reserve Fund Requirement.

Further information concerning the security and source of payment for the Bonds is included as **APPENDIX A**, which includes by reference Part VI of the 2007 Annual Report. This information addresses the following matters:

- Pledge of revenues
- Pledged Loans
- Subsidy Fund
- Loan Credit Reserve Fund
- Statutory powers
- State financial participation
- Additional Bonds
- General Resolution

Loans

The Wisconsin Statutes set forth certain requirements for eligibility of a Municipality to receive financial assistance from the Clean Water Fund Program. Additional information concerning the loan application process, lending criteria, levy limits for counties, commitments, and financial assistance agreements is described in Part VI of the 2007 Annual Report. See **APPENDIX A**.

Loan Credit Reserve Fund

The General Resolution establishes the amount and timing of funds and securities required to be deposited in the Loan Credit Reserve Fund, based on Loan Credit Reserve Fund Schedules reviewed by each Rating Agency. To the extent the amount of deposit required by the Schedule approved by one Rating Agency differs from the amount required by another Rating Agency, the larger amount is required.

As of December 1, 2007, a portion of the amounts available in the Loan Credit Reserve Fund consisted of \$74 million in cash and investments, which were invested as follows:

- \$22 million in an investment agreement with AIG Matched Funding Corp. (AIGMFC) with the payment obligations of AIGMFC guaranteed by American International Group, Inc.
- \$6 million in an investment agreement with MBIA Investment Management Corp. (MIMCO) with the payment obligations of MIMCO guaranteed by the MBIA Insurance Corporation.
- \$8 million in an investment repurchase agreement with Bayerische Landesbank Girozentrale with the investment securities held by Wells Fargo Bank, National Association, as custodian.
- Three forward delivery agreements with Wachovia Bank, National Association for the delivery of direct obligations of the United States in the aggregate nominal amount of \$21 million.

- Forward delivery agreement with Westdeutsche Landesbank Girozentrale for the delivery of direct obligations of the United States in the nominal amount of \$2 million.
- Two reserve fund forward delivery agreements with JPMorgan Chase Bank, NA for the delivery of direct obligations of the United States in the aggregate nominal amount of \$14 million.
- \$1 million in a pool managed by the State of Wisconsin Investment Board.

The above investments each provide for liquidation of the investments if and when required by the terms of the General Resolution.

In addition, as of December 1, 2007, a portion of the amounts available in the Loan Credit Reserve Fund consisted of a Debt Service Reserve Insurance Policy in the amount of \$17 million issued by XL Capital Assurance Inc.

No information is provided in this Official Statement about any rating assigned to an obligor or guarantor of any investment agreement or forward delivery agreement, or any insurance company issuing an insurance policy, held on deposit in the Loan Credit Reserve Fund. Certain events related to the investments, agreements, or insurance policy could occur that may impact the Loan Credit Reserve Fund, and if needed, the State has alternatives available to it in order to increase the amount available in the Loan Credit Reserve Fund. For example, as a result of the downgrade on January 24, 2008 of XL Capital Assurance Inc. to a rating category lower than AA, the Debt Service Reserve Insurance Policy from XL Capital Assurance Inc. may no longer be included in determining whether the Loan Credit Reserve Fund Requirement has been satisfied. After application of a portion of proceeds from the 2008 Bonds and other funds available to the State, upon closing and delivery of the 2008 Bonds, amounts available in the Loan Credit Reserve Fund will satisfy the Loan Credit Reserve Fund Requirement.

As of December 1, 2007, the total amount available in the Loan Credit Reserve Fund of \$91 million exceeded the amount required on such date, which was approximately \$88 million. See [APPENDIX A](#) and [APPENDIX D](#).

Subsidy Fund

Since most Pledged Loans are made at interest rates below the Clean Water Fund Program's cost of borrowing, the General Resolution establishes a Subsidy Fund and requires that the amount on deposit meet the Subsidy Fund Requirement and that the Subsidy Fund Transfer Amount be transferred to the Debt Service Fund before each Interest Payment Date. Prior to any disbursement from the Loan Fund, the State is required by the General Resolution to meet the Subsidy Fund Requirement by depositing amounts in the Subsidy Fund. As of December 1, 2007, \$137 million principal amount of State general obligation bonds were on deposit in the Subsidy Fund.

Milwaukee Metropolitan Sewerage District

Based on cash-flow calculations as of December 1, 2007, the Milwaukee Metropolitan Sewerage District (**MMSD**) is expected to be the source of 22% of the funds expected to pay debt service on the Outstanding Bonds. This percentage will change when changes occur in either the repayment schedules for the Pledged Loans or the debt service payments remaining on the Outstanding Bonds. MMSD has issued Municipal Obligations to evidence its obligation to repay its Pledged Loans. The Municipal Obligations issued by MMSD are general obligations; MMSD has made an irrevocable levy of ad valorem property taxes sufficient to pay debt service on its Pledged Loans when due.

Information concerning MMSD is included in Part VI of the 2007 Annual Report, which incorporates by reference the MMSD Comprehensive Annual Financial Report for the period ending December 31, 2006. **See APPENDIX A.**

The State

Based on the general obligations of the State deposited in the Subsidy Fund and cash-flow calculations as of December 1, 2007, the State is expected to be the source of 18% of the funds expected to pay debt service on the Outstanding Bonds. This percentage will change when changes occur in either the repayment schedules for the Pledged Loans or the debt service payments remaining on the Outstanding Bonds.

Information concerning the State, its financial condition, and its general obligations is included as **APPENDIX B**, which includes by reference Parts II and III of the 2007 Annual Report.

OTHER MATTERS

Borrowing Plans for 2008

These are the first series of Bonds to be issued in this calendar year. Pursuant to the respective Series Resolution, an authorization exists to issue an additional \$50 million of Bonds to make Pledged Loans in the Clean Water Fund Program and an additional \$98 million of Bonds to refund previously issued Outstanding Bonds. The amount and timing of any additional Bonds to make Pledged Loans in the Clean Water Fund Program depend on loan activity in the Clean Water Fund Program and the amount and timing of any additional Bonds to refund previously issued Outstanding Bonds depend on market conditions.

Underwriting

The 2008 Bonds are being purchased by the **Underwriters**, for which Morgan Stanley & Co. Incorporated is acting as the representative. The Underwriters have agreed, subject to certain conditions, to purchase from the State the 2008 Series 1 Bonds at an aggregate purchase price of \$107,154,877.02 (reflecting an aggregate original issue premium of \$7,712,015.30 and underwriters' discount of \$557,138.28), and the 2008 Series 2 Bonds at an aggregate purchase price of \$30,564,826.66 (reflecting an aggregate original issue premium of \$3,393,397.80 and underwriters' discount of \$163,571.14). The Underwriters have agreed to reoffer both series of the 2008 Bonds at the public offering prices or yields set forth on the inside front cover of this Official Statement. The 2008 Bonds may be offered and sold to certain dealers (including dealers depositing the 2008 Bonds into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions, and they will be obligated to purchase all the 2008 Bonds of both series if any 2008 Bonds are purchased.

Certain legal matters will be passed upon for the Underwriters by their counsel, Gonzalez Saggio & Harlan LLP.

Reference Information About 2008 Bonds

The **tables on the following page** and **the tables on the inside front cover** both include information about the 2008 Bonds and are provided for reference. The CUSIP number for each maturity has been obtained from sources the State believes are reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the initial reoffering yields and prices. For each of the 2008 Series 1 Bonds subject to optional redemption, the dollar price at issuance is computed to the lower of the yield to the first optional redemption date or the yield to the nominal maturity date.

\$127,335,000
State of Wisconsin
\$100,000,000 Clean Water Revenue Bonds,
2008 Series 1

Dated Date: Delivery Date

First Interest Date: December 1, 2008

Delivery Date: On or About February 12, 2008

CUSIP	Year (June 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Redemption Date	Call Price
977092 QM0	2009	\$ 2,995,000	4.00%	2.00%	102.556%	Not Callable	-
977092 QN8	2010	3,120,000	4.00	2.32	103.743	Not Callable	-
977092 QP3	2011	3,245,000	4.00	2.50	104.723	Not Callable	-
977092 QQ1	2012	3,380,000	4.00	2.68	105.327	Not Callable	-
977092 QR9	2013	3,535,000	5.00	2.87	110.404	Not Callable	-
977092 QS7	2014	3,715,000	5.00	3.00	111.403	Not Callable	-
977092 QT5	2015	3,905,000	5.00	3.14	112.049	Not Callable	-
977092 QU2	2016	4,105,000	5.00	3.30	112.253	Not Callable	-
977092 QV0	2017	4,315,000	5.00	3.42	112.494	Not Callable	-
977092 QW8	2018	4,540,000	5.00	3.55	112.415	Not Callable	-
977092 QX6	2019	4,770,000	5.00	3.69	111.137	^(a) 6/1/2018	100%
977092 QY4	2020	5,015,000	5.00	3.82	109.967	^(a) 6/1/2018	100
977092 QZ1	2021	5,270,000	5.00	3.94	108.899	^(a) 6/1/2018	100
977092 RA5	2022	5,540,000	5.00	4.05	107.931	^(a) 6/1/2018	100
977092 RB3	2023	8,000,000	5.00	4.14	107.147	^(a) 6/1/2018	100
977092 RC1	2024	6,235,000	5.00	4.23	106.370	^(a) 6/1/2018	100
977092 RD9	2025	6,555,000	5.00	4.30	105.770	^(a) 6/1/2018	100
977092 RE7	2026	6,895,000	5.00	4.37	105.175	^(a) 6/1/2018	100
977092 RF4	2027	7,245,000	5.00	4.42	104.752	^(a) 6/1/2018	100
977092 RG2	2028	7,620,000	5.00	4.47	104.331	^(a) 6/1/2018	100

^(a)These bonds are priced to the June 1, 2018 call date.

**\$27,335,000 Clean Water Revenue Refunding Bonds,
2008 Series 2**

Dated Date: Delivery Date

First Interest Date: December 1, 2008

Delivery Date: On or About February 12, 2008

CUSIP	Year (June 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Redemption Date	Call Price
977092 RH0	2016	\$ 5,370,000	5.00%	3.30%	112.253%	Not Callable	-
977092 RJ6	2017	10,705,000	5.00	3.42	112.494	Not Callable	-
977092 RK3	2018	11,260,000	5.00	3.55	112.415	Not Callable	-

Financial Advisor

DEPFA First Albany Securities, LLC has been employed by the State to perform professional services in the capacity of financial advisor (**Financial Advisor**). The Financial Advisor has provided advice on the structure of the 2008 Bonds and has also reviewed certain legal and disclosure documents, including this Official Statement, for financial matters.

Verification of Mathematical Computations

The arithmetical accuracy of certain computations was independently verified by the Verification Agent. These computations, which were provided by the Underwriters, indicate (1) the sufficiency of the receipts from the Escrow Obligations, together with an initial cash deposit, to pay to and at maturity or early redemption the principal of and interest on the Refunded Bonds and (2) the yield of the Escrow Fund is less than the yield on the 2008 Bonds. The Verification Agent relied upon assumptions and information supplied by the Underwriters on behalf of the State and has not made any study or examination of them, except as noted in its report. The

Verification Agent has not expressed an opinion on the reasonableness of the assumptions or the likelihood that the debt service requirements of the Refunded Bonds will be paid as described in its report.

Legal Investment

State law provides that the 2008 Bonds are legal investments for the following:

- Banks, bankers, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business.
- Personal representatives, guardians, trustees, and other fiduciaries.
- The State and all public officers, municipal corporations, political subdivisions, and public bodies.

Certain Legal Matters

Legal matters relating to the authorization, issuance, and sale of the 2008 Bonds are subject to the approval of **Bond Counsel**, which is Foley & Lardner LLP. Bond Counsel will deliver an approving opinion when the 2008 Bonds are delivered, in substantially the form shown in **APPENDIX E**. If certificated 2008 Bonds are issued, then the opinion will be printed on the reverse side of each 2008 Bond.

As a condition to making a loan, the State will require an opinion of counsel (which counsel need not be a nationally recognized bond counsel) to the effect that (subject to certain exceptions for bankruptcy, insolvency, and similar laws affecting creditors' rights or remedies and equitable principles), among other things, the related Financial Assistance Agreement and Municipal Obligation constitute legal, valid, and binding obligations of the Municipality enforceable against the Municipality in accordance with their respective terms.

Absence of Litigation

As required by law, the office of the Attorney General will examine a certified copy of all proceedings preliminary to issuance of the 2008 Bonds. Upon delivery of the 2008 Bonds, the State will furnish an opinion of the Attorney General of the State, dated the date of delivery of the 2008 Bonds, to the effect that there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the 2008 Bonds, or in any way contesting or affecting (1) the titles to their respective offices of any of the State officers involved in the issuance of the 2008 Bonds, (2) the validity of the 2008 Bonds or any of the proceedings taken with respect to the issuance and sale thereof, or (3) the pledge or application of any moneys or security to the payment of the 2008 Bonds. In addition, the opinion will state that there is no controversy or litigation of any nature then pending or threatened by or against the State in which an adverse judgment or ruling could have a material adverse impact on the power of the State to collect and enforce the collection of the Pledged Receipts or other revenues, receipts, funds, or moneys pledged for the payment of the 2008 Bonds.

Each Municipality entering into a Financial Assistance Agreement is required, as a condition of the loan, to deliver a certificate to the effect that there is no controversy or litigation of any nature pending or, to its knowledge, threatened against the Municipality contesting or affecting the validity or enforceability of the related Financial Assistance Agreement or Municipal Obligation or the use of the proceeds of the Municipal Obligation. In addition, the certificate must state that there is no controversy or litigation of any nature then pending or, to the Municipality's knowledge, threatened by or against the Municipality in which an adverse ruling could have a material adverse impact on the financial condition of the Municipality or adversely affect the

power of the Municipality to levy, collect, and enforce the levying or collection of taxes (if the Municipal Obligation is a general obligation) or the imposition of rates or charges (if the Municipal Obligation is a revenue obligation) or the collection of any of the foregoing for the payment of its Municipal Obligation.

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law and for both series of 2008 Bonds, interest is excluded from gross income for federal income tax purposes. Such interest also is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. For the purpose of computing the alternative minimum tax imposed on certain corporations, however, interest on the 2008 Bonds is taken into account in determining adjusted current earnings. As to questions of fact material to Bond Counsel's opinion, Bond Counsel has relied upon certified proceedings and certifications of public officials without independently undertaking to verify them. Moreover, the State must comply with all requirements of the Internal Revenue Code of 1986, as amended (**Code**), that must be satisfied after the 2008 Bonds are issued for interest on the 2008 Bonds to be, or to continue to be, excluded from gross income for federal income tax purposes. The State has promised to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the 2008 Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date the 2008 Bonds were issued. The proceedings authorizing the 2008 Bonds do not provide for an increase in interest rates or a redemption of the 2008 Bonds in the event interest on the 2008 Bonds ceases to be excluded from gross income.

Certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed, and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel does not express any opinion as to any 2008 Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Foley & Lardner LLP.

Future legislation or clarifications or amendments to the Code, if enacted into law, may cause the interest on the 2008 Bonds to be subject, directly or indirectly, to federal taxation, or otherwise prevent the owners of the 2008 Bonds from realizing the full current benefit of the tax status of the interest on the 2008 Bonds. Prospective purchasers of the 2008 Bonds are encouraged to consult their own tax advisors regarding any pending federal legislation.

The opinion of Bond Counsel is based on legal authorities that are current as of its date, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment regarding the proper treatment of the 2008 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (**IRS**) or the courts, and it is not a guarantee of result.

The IRS has an active tax-exempt bond enforcement program. Bond Counsel is not obligated to defend the State regarding the tax-exempt status of the 2008 Bonds in the event of an examination by the IRS. Under current IRS procedures, the owners of the 2008 Bonds and other parties other than the State would have little, if any, right to participate in an IRS examination of the 2008 Bonds. Moreover, because obtaining judicial review in connection with an IRS examination of tax-exempt bonds is difficult, obtaining independent review of IRS positions with which the State may legitimately disagree may not be practicable. Any action of the IRS, including but not limited to selection of the 2008 Bonds for examination, or the course or result of such an examination, or an examination of obligations presenting similar tax issues may affect

the market price, or the marketability of the 2008 Bonds, and may cause the State or the owners of the 2008 Bonds to incur significant expense.

Bond Counsel expresses no opinion about other federal tax consequences arising regarding the 2008 Bonds. There may be other federal tax law provisions that could adversely affect the value of an investment in the 2008 Bonds for particular owners of 2008 Bonds. Prospective investors should consult their own tax advisors about the tax consequences of owning a Bond.

State of Wisconsin Income and Franchise Taxes

For both series of 2008 Bonds, interest is not excluded from current State of Wisconsin income and franchise taxes. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a 2008 Bond.

Premium Bonds

Each 2008 Series 1 Bond and each 2008 Series 2 Bond (**Premium Bond**) has an Issue Price that is greater than the amount payable at the maturity of the respective 2008 Series 1 Bond or 2008 Series 2 Bond.

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

Owners of Premium Bonds who do not purchase their Premium Bonds in the initial offering at the Issue Price should consult their own tax advisors with respect to the federal tax consequences of owning Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning Premium Bonds.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 2008 Bonds, to provide an annual report presenting certain financial information and operating data about the Clean Water Fund Program (**Annual Reports**). The Annual Reports currently include information about the State and MMSD, which are each currently expected to be the source of approximately 20 percent of the funds to pay debt service on the Outstanding Bonds. By December 27 of each year, the State will send the report to each nationally recognized municipal securities information repository (**NRMSIR**) and to any state information depository (**SID**) for the State. The State will also provide notices of the occurrence of certain events specified in the undertaking to each NRMSIR, or the Municipal Securities Rulemaking Board (**MSRB**), and to any SID. At this time, there is no SID for the State. [Part I of the 2007 Annual Report](#), which contains information on the undertaking, is included by reference as part of this Official Statement.

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

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
DOACapitalFinanceOffice@wisconsin.gov
www.doa.wi.gov/capitalfinance

The undertaking also describes the consequences if the State fails to provide any required information. The State must report the failure to the NRMSIRS, or the MSRB, and to any SID. In the last five years, the State has not failed to comply in any material respect with this or any similar undertaking.

FURTHER INFORMATION

The State has covenanted to file with the Trustee, and to make available from DOA upon request, a copy of the audited financial statements for the Clean Water Revenue Bond Program. The independent auditors' report and financial statements for the Environmental Improvement Fund for the years ended June 30, 2007 and 2006, along with supplemental information as of June 30, 2007 and independent auditors' report and financial statements for the Leveraged Loan Portfolio for the year ended June 1, 2007, are included by reference as part of **APPENDIX A**.

Dated: February 1, 2008

STATE OF WISCONSIN

/S/ JIM DOYLE

Governor Jim Doyle, Chairperson
State of Wisconsin Building Commission

/S/ MICHAEL L. MORGAN

Michael L. Morgan, Secretary
State of Wisconsin Department of Administration

/S/ DAVID W. HELBACH

David W. Helbach, Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT THE CLEAN WATER FUND PROGRAM

This appendix includes by reference information concerning the State of Wisconsin Clean Water Fund Program, contained in [Part VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 21, 2007 \(2007 Annual Report\)](#). This appendix also includes changes or additions to the information presented in Part VI of the 2007 Annual Report. This Official Statement and the 2007 Annual Report use the term “Pledged Loans” to refer to the same loans that are called “Leveraged Loans” and “Loans” in the General Resolution.

[Part VI of the 2007 Annual Report](#) contains general information about the Environmental Improvement Fund, the Clean Water Fund Program, and the security and source of payment for the Bonds. More specifically, [Part VI of the 2007 Annual Report](#) presents information about the following matters:

- Plan of finance
- Financial assistance
- Capitalization grants
- Funding levels
- Interest subsidy
- Management
- Security and source of payment
- Pledged Loans
- Subsidy Fund
- Loan Credit Reserve Fund
- Statutory powers
- State financial participation
- Additional Bonds
- General Resolution

Included as [APPENDIX A to Part VI of the 2007 Annual Report](#) are the independent auditors' report and financial statements for the Environmental Improvement Fund for the years ended June 30, 2007 and 2006, along with supplemental information as of June 30, 2007, and the independent auditors' report and financial statements for the Leveraged Loan Portfolio for the year ended June 1, 2007.

The 2007 Annual Report has been filed with each nationally recognized municipal securities information repository ([NRMSIR](#)). As of the date of this Official Statement, [Part VI of the 2007 Annual Report](#) is available from the part of the Capital Finance Office web site called “Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin”. The Capital Finance Office web site is located at the following address:

www.doa.wi.gov/capitalfinance

Copies of the 2007 Annual Report may also be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
DOACapitalFinanceOffice@wisconsin.gov

After publication and filing of the 2007 Annual Report, certain changes or events have occurred that affect items discussed in the 2007 Annual Report. Listed below, by reference to particular sections of Part VI of the 2007 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes or additions have not been filed with the NRMSIRs. However, the State has filed, and expects to continue to file, certain

informational notices with the NRMSIRs, some of which may be notices that do not describe listed material events under the State's Master Agreement on Continuing Disclosure.

Security and Source of Payment for Bonds; Loan Credit Reserve Fund (Part VI; Pages 199-201). Add the following new information:

Certain events related to the investments, agreements, or insurance policy could occur that may impact the Loan Credit Reserve Fund, and if needed, the State has alternatives available to it in order to increase the amount available in the Loan Credit Reserve Fund. For example, as a result of the downgrade on January 24, 2008 of XL Capital Assurance Inc. to a rating category lower than AA, the Debt Service Reserve Insurance Policy from XL Capital Assurance Inc. may no longer be included in determining whether the Loan Credit Reserve Fund Requirement has been satisfied. After application of a portion of proceeds from the 2008 Bonds and other funds available to the State, upon closing and delivery of the 2008 Bonds, amounts available in the Loan Credit Reserve Fund will satisfy the Loan Credit Reserve Fund Requirement.

APPENDIX B

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin (**State**) and general obligations issued by the State, contained in Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 21, 2007 (**2007 Annual Report**). This appendix also includes changes or additions to the information presented in Parts II and III of the 2007 Annual Report.

Part II of the 2007 Annual Report contains general information about the State. More specifically, that part presents information about the following matters:

- State's operations and financial procedures
- State's accounting and financial reporting
- Organization of, and services provided by, the State
- Results of fiscal year 2006-07
- State budget
- Potential effects of litigation
- Obligations of the State
- State Investment Board
- Statistical information about the State's population, income, and employment

Included as **APPENDIX A to Part II of the 2007 Annual Report** are the audited general purpose external financial statements for the fiscal year ending June 30, 2007, prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Government Accounting Standards Board, and the independent auditor's report provided by the State Auditor.

Part III of the 2007 Annual Report contains information concerning general obligations issued by the State. That part discusses the security provisions for general obligations (including the flow of funds to pay debt service on general obligations) and presents data about the State's outstanding general obligations and the portion of outstanding general obligations that is revenue supported.

The 2007 Annual Report has been filed with each nationally recognized municipal securities information repository (**NRMSIR**) and is also available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin". The Capital Finance Office web site is located at the following address:

www.doa.wi.gov/capitalfinance

Copies of the 2007 Annual Report may also be obtained from:

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Department of Administration
101 East Wilson Street, FLR 10
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Madison, WI 53707-7864
(608) 266-2305
DOACapitalFinanceOffice@wisconsin.gov

After publication and filing of the 2007 Annual Report, certain changes or events have occurred that affect items discussed in the 2007 Annual Report. Listed below, by reference to particular sections of Parts II and III of the 2007 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes or additions have not been filed with the NRMSIRs. However, the State has filed, and expects to continue to file, certain

informational notices with the NRMSIRs, some of which may be notices that do not describe listed material events under the State's Master Agreement on Continuing Disclosure.

Budget for 2007-08 and 2008-09 Fiscal Years (Part II; Pages 26-27). Add the following new section:

Preliminary Information Regarding General Fund Tax Revenue Estimates

On January 24, 2008, the Legislative Fiscal Bureau (**LFB**) released a letter that provided preliminary information about General Fund tax revenue estimates for the remainder of the 2007-09 biennium. The letter states that year-to-date collections growth for three of the major General Fund taxes (individual income, sales, and corporate income) were below expectations, and that based on General Fund tax collections through December 2007 and the January 2008 economic forecast, the projected General Fund balance for the remainder of the 2007-09 biennium could be revised downward by \$300 million to \$400 million. The letter cautions, however, that a formal re-estimate of General Fund tax collections for the 2007-09 biennium will not be completed until LFB has reviewed the General Fund tax collections though January and the February economic forecast.

APPENDIX C

DEFINITIONS OF CERTAIN TERMS

The following definitions apply to capitalized terms used in this Official Statement. All defined terms from the General Resolution are available in the “GLOSSARY” from Part VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 21, 2007. See **APPENDIX A**.

2008 Bonds means, collectively, the 2008 Series 1 Bonds and the 2008 Series 2 Bonds.

2008 Series 1 Bonds means the State of Wisconsin Clean Water Revenue Bonds, 2008 Series 1, expected to be issued on February 12, 2008.

2008 Series 2 Bonds means the State of Wisconsin Clean Water Revenue Refunding Bonds, 2008 Series 2, expected to be issued on February 12, 2008.

Accreted Value means, with respect to any Capital Appreciation Bond, the initial principal amount at which such Capital Appreciation Bond is sold to the initial purchaser by the State without reduction to reflect underwriter's discount, compounded from the date of delivery of such Bonds semiannually on each interest payment date prior to the date of calculation (and including such date of calculation if such date of calculation shall be an interest payment date) at the original issue yield to maturity less, with respect to Bonds with interest payable on a current basis, interest paid and payable during such period plus, if such date of calculation shall not be an interest payment date, a portion of the difference between the Accreted Value as of the immediately preceding interest payment date and the Accreted Value as of the immediately succeeding interest payment date calculated based upon an assumption that Accreted Value accrues during any semiannual period in equal daily amounts (based on a 360-day year of twelve 30-day months); provided, however, that the calculation of Accreted Value for purposes of determining whether Bondowners of the requisite amount of Outstanding Bonds have given any requisite demand, authorization, direction, notice, consent or waiver under the General Resolution shall be based upon the Accreted Value calculated as of the interest payment date immediately preceding such date of calculation (unless such date of calculation shall be an interest payment date, in which case shall be calculated as of the date of calculation).

Act means Sections 281.58 and 281.59 of the Wisconsin Statutes, as amended.

Administrative Fund means the fund of that name established by the General Resolution.

Aggregate Debt Service for any period means, with respect to the Bonds, as of any date of calculation, the sum of the amounts of Debt Service for such period.

Authorized Officer means the Capital Finance Director of the State and any other person designated in writing to the Trustee by the Capital Finance Director or by the Commission as an Authorized Officer.

Bond or Bonds means any bond or bonds, as the case may be, authenticated and delivered under the General Resolution pursuant to a Series Resolution.

Bondowners or Owner of Bonds or Owner (when used with reference to Bonds) or any term of similar import means the person or party in whose name the Bond is registered.

Business Day means any day other than a Saturday or Sunday or other day on which commercial banks in the city in which the principal office of the Trustee is located are not open for business, except as may be provided in a Series or Supplemental Resolution.

Capital Appreciation Bond means Bonds that provide for the addition of all or any part of accrued and unpaid interest thereon to the principal due thereon upon such terms and for such periods of time as may be determined by the applicable Series Resolution.

Capitalized Interest Account means the account of that name established within the Debt Service Fund by the General Resolution.

Clean Water Fund Program means the program established pursuant to the Act and operated and administered as part of the Environmental Improvement Fund.

Code means the Internal Revenue Code of 1986, as amended from time to time, and all regulations promulgated thereunder to the extent applicable to any Bonds, Loans or Municipal Obligations, as the case may be.

Commission means the State of Wisconsin Building Commission or any successor body having the power under the Subchapter II of Chapter 18, as amended, of the Wisconsin Statutes to authorize and direct the issuance of Bonds.

Contribution Amount has the meaning set forth in the definition of “Loan Credit Reserve Fund Requirement.”

Costs of Issuance means, except as limited in any Series Resolution, any items of expense directly or indirectly payable by or reimbursable to the State and related to the authorization, sale and issuance of Bonds or Notes and the investment of the proceeds thereof, including, but not limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of Fiduciaries, legal fees and charges, professional consultants’ fees, costs of credit ratings, premiums for insurance of the payment of Bonds or Notes, or any fees and expenses payable in connection with any entity insuring the State, the Trustee or the owners of the Bonds or Notes against loss on Loans or Municipal Obligations, fees and charges for execution, transportation and safekeeping of Bonds or Notes, costs and expenses of refunding of Bonds or Notes, fees and expenses payable in connection with any Credit Facility, remarketing agreements, tender agent agreements or interest rate indexing agreements, and other costs, charges and fees in connection with the original issuance of Bonds or Notes.

Costs of Issuance Account means the account of that name established within the Administrative Fund by the General Resolution.

Credit Facility means a letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy, guaranty or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution or the federal government or an agency thereof which:

- (1) provides for payment of all or a portion of the principal of, Redemption Price of, or interest on any Series of Bonds,
- (2) provides funds for the purchase of such Bonds or portions thereof,
- (3) provides deposits for a fund or account under the General Resolution, or
- (4) provides for or further secures payment of Loans or Municipal Obligations, provided that with respect to (3) above, the issuer of which Credit Facility is rated, or the effect of which Credit Facility would cause bonds insured or secured thereby to be rated, in a rating category by each Rating Agency no lower than the then current rating on the Bonds (without such Credit Facility).

Debt Service for any period means, as of any date of calculation and with respect to any Series, an amount equal to the sum of:

- (1) interest payable during such period on Bonds of such Series,
- (2) that portion of the Principal Installments for such Series which are payable during such period, and
- (3) any “Reimbursement Obligation” or “Parity Reimbursement Obligation” as defined in the General Resolution.

Such interest and Principal Installments for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

Debt Service Fund means the fund of that name established by the General Resolution.

Depository means any bank, trust company, or national banking association, which may be the Trustee, selected by the Commission and approved by the Trustee as a depository of moneys and securities held under the provisions of the General Resolution and its successor or successors.

Direct Loan means loans made primarily from the proceeds of federal capitalization grants, the State match, or repayments of Direct Loans, and excludes any Pledged Loan or Proprietary Loan. This type of loan is not funded with Bond proceeds.

DNR means the State of Wisconsin Department of Natural Resources.

DOA means the State of Wisconsin Department of Administration.

DTC means The Depository Trust Company, New York, New York.

Environmental Improvement Fund means the nonlapsible trust fund of that name created by Section 25.43, Wisconsin Statutes.

EPA means the United States Environmental Protection Agency.

Expense Account means the account of that name established within the Administrative Fund established by the General Resolution.

Fees and Charges means all fees and charges, if any, charged by the State to Municipalities pursuant to the terms and provisions of Loans or Municipal Obligations but does not include principal of and interest on such Municipal Obligations.

Fiduciary or Fiduciaries means the Trustee, any Paying Agent, any Depository or any or all of them, as may be appropriate.

Financial Assistance Agreement means any agreement entered into between DNR, DOA, and a Municipality for financial assistance.

Fiscal Year means any 12 consecutive calendar months commencing with the second day of June and ending on the first day of the following June.

General Resolution means the Clean Water Revenue Bond General Resolution adopted by the Commission on March 7, 1991, as amended by resolutions adopted by the Commission on July 30, 2003 and June 28, 2006, as the same may be amended and supplemented from time to time.

Information Services means an institution or other service providing information with respect to called bonds, which shall include but not be limited to those identified in the General Resolution and others designated by an Authorized Officer.

Interest Account means the account of that name established within the Debt Service Fund by the General Resolution.

Leveraged Loan or Pledged Loan means a loan heretofore or hereafter made by the State to a Municipality from the Loan Fund pursuant to a Financial Assistance Agreement and the Act. This type of loan is funded from the Loan Fund, including from Bond proceeds.

Loan Credit Reserve Fund means the fund of that name established by the General Resolution.

Loan Credit Reserve Fund Requirement means and is calculated as follows:

(1) Upon the issuance of the initial Series of Bonds, an Authorized Officer delivered to the Trustee, with respect to each Rating Agency, a schedule of credit quality categories and loan credit reserve fund requirements (**Loan Credit Reserve Fund Schedule or Schedule**) approved by such Rating Agency. Each Schedule sets forth the percentage of the annual debt service attributable to each Loan disbursement from the Loan Fund to be deposited in the Loan Credit Reserve Fund with respect to each Loan disbursement. A Schedule may be amended from time to time upon the presentation to the Trustee of a certificate of an Authorized Officer, supported by a certificate from the Rating Agency to which such Schedule applies, confirming that such amendment to the Schedule will not adversely affect the then-outstanding rating assigned to the Bonds by such Rating Agency.

(2) The amount required in the Schedules for each Loan disbursement from the Loan Fund (and if the Schedules provide for different amounts, then the higher amount) is the "**Contribution Amount**".

(3) The Loan Credit Reserve Fund Requirement shall be, as of any date of calculation, the total Contribution Amount derived from each Schedule (and if the Schedules provide for different total Contribution Amounts, then the highest total Contribution Amount) that would be required were all disbursements from the Loan Fund outstanding to be disbursed on that date, based on the then-current Schedules.

Loan Fund means the fund of that name established by the General Resolution.

Municipal Obligations means the bonds, notes, or other evidences of debt issued by any Municipality and authorized by law and which have heretofore been or will hereafter be acquired by the State as evidence of indebtedness of a Pledged Loan (also referred to as a Leveraged Loan), Direct Loan, or Proprietary Loan to the Municipality pursuant to the Act. Municipal Obligations may constitute any of a combination of the following: a revenue obligation secured by a covenant to assess user fees and a pledge of the utility's revenues, a revenue obligation secured by special assessments and other utility revenue and a pledge of the utility's revenues, or a general obligation secured by a tax levy and a pledge of all available financial resources of the Municipality.

Municipality means a political subdivision of the State constituting a "municipality" within the meaning of the Act, duly organized and existing under the laws of the State and any successor entity or a federally recognized American Indian tribe or band in the State.

Notes means any bond anticipation notes issued by the State pursuant to the Act.

NRMSIR means nationally recognized municipal securities information repository.

Outstanding, when used with reference to Bonds, other than Bonds referred to in Section 10.05 of the General Resolution (addressing Bonds owned or held by or for the account of the State), means, as of any date, Bonds theretofore or then being delivered under the provisions of the General Resolution, except:

(1) any Bonds cancelled by the Trustee or any Paying Agent at or prior to such date,

(2) any Bonds for the payment or redemption of which moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in Trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, irrevocable notice of such redemption shall have been given as provided in the General Resolution or provision satisfactory to the Trustee shall have been made for the giving of such notice,

(3) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the General Resolution, and

(4) Bonds deemed to have been paid as provided in Article 12 of the General Resolution (concerning defeasance).

In determining whether Bondowners of the requisite amount of Outstanding Bonds have given any requisite demand, authorization, direction, notice, consent or waiver under the General Resolution, the principal amount of a Capital Appreciation Bond that shall be deemed Outstanding for such purposes shall be the Accreted Value thereof.

Paying Agent for the Bonds of any Series means the bank, trust company, or national banking association, which may be the Trustee, and its successor or successors, appointed pursuant to the provisions of the General Resolution and a Series Resolution or any other resolution of the Commission adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

Pledged Loan or Leveraged Loan means a loan heretofore or hereafter made by the State to a Municipality from the Loan Fund pursuant to a Financial Assistance Agreement and the Act. This type of loan is funded from the Loan Fund and with Bond proceeds.

Pledged Loan Repayments or Leveraged Loan Repayments means any payment on a Pledged Loan pursuant to a Financial Assistance Agreement, or on the Municipal Obligations evidencing and securing the same, on account of the principal, interest, and premium, if any, due on such Pledged Loan, including without limitation scheduled payments of principal and interest on such Loan or Municipal Obligation, any payment made to cure a default, prepayments of principal or interest, and any additional amounts payable upon prepayment of such Pledged Loan or Municipal Obligations, and any amounts paid with respect to such Pledged Loan or Municipal Obligation on account of (1) acceleration of the due date of such Pledged Loan or such Municipal Obligation, (2) the sale or other disposition of such Pledged Loan or the Municipal Obligations and other collateral securing such Pledged Loan, (3) the receipt of proceeds of any insurance or guaranty of such Pledged Loan or Municipal Obligations or any Credit Facility applicable to such Pledged Loan or Municipal Obligations, and (4) the exercise of any right or remedy granted to the State and available under law or the applicable Financial Assistance Agreement upon default on such Pledged Loan or Municipal Obligations, but specifically excluding Fees and Charges.

Pledged Receipts means:

- (1) all Pledged Loan Repayments, including both timely and delinquent payments,
- (2) Fees and Charges held or collected by the State,
- (3) any moneys received by the State under Section 281.59 (11)(b) of the Wisconsin Statutes (that is, State payments intercepted by DOA and taxes collected by county treasurers) upon a default under a Municipal Obligation,
- (4) any moneys made available to the Clean Water Fund Program pursuant to Section 281.59 (13m) of the Wisconsin Statutes (that is, as a result of the designation of an individual Loan as one to which the State's "moral obligation" applies),
- (5) any moneys collected by recourse to collateral and security devices under the Municipal Obligations, and
- (6) any other moneys held or received by the State or the Trustee relating to the Municipal Obligations.

Principal Account means the account of that name established within the Debt Service Fund by the General Resolution.

Principal Installment means, as of any date of calculation and with respect to any Series of Bonds Outstanding, (1) the principal amount or Accreted Value of Bonds of such Series due on any payment date for which no Sinking Fund Installments have been established, or (2) the Sinking Fund Installment due on a date for Bonds of such Series, or (3) if such dates coincide, the sum of such principal amount or Accreted Value of Bonds and of such Sinking Fund Installment(s) due on such date; in each case in the

amounts and on the dates as provided in the Series Resolution authorizing such Series of Bonds; provided, however, that Principal Installments shall not include the principal of Notes.

Proprietary Loan means financial assistance made primarily from the proceeds of State general obligation bonds or repayment of Proprietary Loans, and excludes any Direct Loan or Pledged Loan. This financial assistance or type of loan is not funded with Bond proceeds.

Rating Agency means a credit rating agency which is nationally recognized for skill and expertise in rating the credit of obligations similar to the Bonds and which has assigned and currently maintains a rating on any Outstanding Bonds at the request of the State (which request may be withdrawn by the State so long as following such withdrawal of request, the Bonds are rated by at least two Rating Agencies), and any successor to any such agency by merger, consolidation or otherwise.

Rebate Fund means the fund of that name established by the General Resolution.

Record Date means, unless otherwise determined by a Series Resolution for a Series of Bonds, the close of business on the 15th day preceding a payment date or, if such day shall not be a Business Day, the immediately preceding Business Day. The Series Resolutions for the 2008 Bonds provide that, for the 2008 Bonds, **Record Date** means the close of business on the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date.

Redemption Account means the account of that name established within the Debt Service Fund by the General Resolution.

Redemption Price, when used with respect to a Bond other than a Capital Appreciation Bond, or a portion thereof to be redeemed, means the principal amount of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof, plus interest to the redemption date, pursuant to the General Resolution and the applicable Series Resolution, but, when used with respect to a Capital Appreciation Bond, "Redemption Price" means the Accrued Value on the date of redemption of such Bond or portion thereof plus the applicable premium, if any.

Refunding Bonds means all Bonds constituting the whole or a part of a Series of Bonds delivered on original issuance to refund other Bonds.

Revenue Fund means the fund of that name established by the General Resolution.

Series of Bonds or Bonds of a Series or words of similar meaning means the series of Bonds authorized by a Series Resolution.

Series Resolution means a resolution of the Commission authorizing the issuance of a Series of Bonds in accordance with the terms and provisions of the General Resolution, as adopted from time to time. For the 2008 Series 1 Bonds, the Series Resolution was adopted on October 17, 2007, and for the 2008 Series 2 Bonds, the Series Resolution was adopted on January 16, 2008.

Sinking Fund Installment means, as of any particular date of calculation, (i) the amount required by the General Resolution and a Series Resolution to be deposited by the State for the retirement of Bonds which are stated to mature subsequent to such date or (ii) the amount required by the General Resolution and a Series Resolution to be deposited by the State on a date for the payment of Bonds at maturity on a subsequent date.

State means the State of Wisconsin.

State Equity Fund means the fund of that name established by the General Resolution.

Subsidy Fund means the fund of that name established by the General Resolution.

Subsidy Fund Requirement means that amount which, when invested as permitted in the General Resolution, is projected by an Authorized Officer to result in an amount being available during each

period commencing on an interest payment date and ending on the next interest payment date (**Period**) which is at least equal to the amount by which Aggregate Debt Service payable during the Period exceeds the sum of (1) scheduled disbursements from the Capitalized Interest Account and (2) Loan Repayments scheduled to be received during the Period from sources other than transfers of Loan capitalized interest from the Loan Fund. In making the projections set forth above, the State may treat undisbursed amounts in the Loan Fund as if (a) such undisbursed amounts are invested at an appropriate rate of interest to the final maturity of Bonds and (b) such undisbursed amounts and the earnings thereon are transferred from time to time to the Revenue Fund to pay debt service, and for purposes of calculating the Subsidy Fund Requirement, such amounts may be treated as if they were Loan Repayments made pursuant to clause (2) above; provided that prior to each Loan disbursement the State recalculates the Subsidy Fund Requirement assuming for purposes of calculation that the disbursement has been made (and the amount is repayable in accordance with the applicable Municipal Obligations), and if such calculation fails to confirm that following the disbursement the Subsidy Fund Requirement is met, the State refrains from making a requisition for the disbursement.

Subsidy Fund Transfer Amount means, with respect to any Interest Payment Date, the amount by which Aggregate Debt Service payable during the Period (as such term is used in the definition of Subsidy Fund Requirement) ending on such Interest Payment Date exceeds the sum of:

- (1) Loan Repayments scheduled to be received and delinquent Loan Repayments actually received during the Period,
- (2) earnings on the Loan Credit Reserve Fund deposited in the Revenue Fund during the Period,
- (3) any moneys on deposit in the Revenue Fund, the Interest Account of the Debt Service Fund, or the Principal Account of the Debt Service Fund at the beginning of the Period,
- (4) any amounts in the Loan Fund transferred to the Revenue Fund during the Period as directed in a certificate of an Authorized Officer, and
- (5) amounts scheduled to be transferred from the Capitalized Interest Account to the Interest Account during the Period.

Supplemental Resolution means a resolution supplemental to or amendatory of the General Resolution, adopted by the Commission in accordance with the General Resolution.

Trustee means U.S. Bank National Association, as successor to Firststar Trust Company, and its successor or successors and any other bank, trust company or national banking association at any time substituted in its place pursuant to the General Resolution.

APPENDIX D

LOAN CREDIT RESERVE FUND SCHEDULES

Introduction

The General Resolution establishes the amount and timing of funds and securities required to be on deposit in the Loan Credit Reserve Fund, based on Schedules reviewed by no fewer than two Rating Agencies. The State, with the consent of a Rating Agency, may from time to time change the Schedule previously approved by such Rating Agency so long as the change does not adversely affect the then-current rating on the Bonds. To the extent the amount required to be available by the Schedule approved by one Rating Agency differs from the amount required by the Schedule approved by another Rating Agency, the larger amount is required. As of December 1, 2007, the total amount available of \$91 million in the Loan Credit Reserve Fund (consisting of \$74 million in cash and investments and a Debt Service Reserve Insurance Policy in the amount of \$17 million issued by XL Capital Assurance Inc.) exceeded the amount required on such date, which was approximately \$88 million.

As a result of the downgrade on January 24, 2008 of XL Capital Assurance Inc. to a rating category lower than AA, the Debt Service Reserve Insurance Policy from XL Capital Assurance Inc. may no longer be included in determining whether the Loan Credit Reserve Fund Requirement has been satisfied. After application of a portion of proceeds from the 2008 Bonds and other funds available to the State, upon closing and delivery of the 2008 Bonds, amounts available in the Loan Credit Reserve Fund will satisfy the Loan Credit Reserve Fund Requirement.

No information is provided in this Official Statement about any rating assigned to an obligor or guarantor of any investment agreement or forward delivery agreement, or any insurance company issuing an insurance policy, held on deposit in the Loan Credit Reserve Fund.

Current Schedules

The Bonds are currently rated AA+ by Fitch Ratings (**Fitch**), Aa1 by Moody's Investors Service, Inc. (**Moody's**) and AA+ by Standard & Poor's Ratings Services (**S&P**). Each of the following Schedules has been approved by the respective Rating Agency indicated.

Fitch Ratings

Based on certain credit characteristics, each Pledged Loan will be assigned to one of six credit categories, which are explained below. Any assignment of a Pledged Loan to a credit category other than "Not Rated; Interceptable State Aid Factor 2.0 or Greater" or "Not Rated; Interceptable State Aid Factor Less Than 2.0" is subject to review by Fitch. The amount required to be on deposit in the Loan Credit Reserve Fund with respect to a particular Pledged Loan and any amounts disbursed under that Pledged Loan differs, depending on the Municipality. The Municipality having the largest total outstanding balance of Pledged Loans in a credit category below that of the Bonds, is the "Largest Borrower Below Bond Credit Quality". The required deposit attributable to the Largest Borrower Below Bond Credit Quality shall equal the total of all debt service payments attributable to the Pledged Loan or Pledged Loans to that Borrower over the four-year period in which such debt service payments are the greatest. For any Pledged Loan to a Municipality other than the Largest Borrower Below Bond Credit Quality, the required deposit shall equal the product of the total of all debt service payments attributable to such Pledged Loans over the four-year period in which such debt service payments are the greatest times the factor, described below, assigned to Pledged Loans of the applicable credit category.

Pledged Loans are currently assigned to credit categories based on one or more of the following characteristics; (1) the Fitch rating given to the Municipal Obligation (or its lack of a Fitch

rating), (2) the credit quality estimate for the Municipal Obligation based on information available to Fitch from sources it believes to be reliable, or (3) the anticipated amount of annual State payments that can potentially be intercepted by DOA

The State recognizes that the credit quality estimate, or “shadow rating”, is not necessarily the official or public Fitch rating for the Municipal Obligation and is used solely for purposes of analyzing the credit quality of the Bonds. The intercept power is described under “LOANS; Statutory Powers” in Part VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 21, 2007 (**2007 Annual Report**). See **APPENDIX A**. If the Municipal Obligation is not rated by Fitch, the State may request that Fitch assign a credit quality estimate, or “shadow rating”, for the Municipal Obligation.

Credit categories to which Pledged Loans may be assigned by Fitch currently include the following:

“AAA” Credit Quality Category. A Pledged Loan is assigned to this category if its related Municipal Obligation is deemed to be of the highest credit quality, denoting the lowest expectation of credit risk. Assignments to this category are made only in cases of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

“AA” Credit Quality Category. A Pledged Loan is assigned to this category if its related Municipal Obligation is deemed to be of very high credit quality, denoting a very low expectation of credit risk. Assignments to this category are made in cases of very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

“A” Credit Quality Category. A Pledged Loan is assigned to this category if its related Municipal Obligation is deemed to be of high credit quality, denoting a low expectation of credit risk. Assignments to this category are made in cases of strong capacity for timely payment of financial commitments. Nevertheless, this capacity may be more vulnerable to changes in circumstances or in economic conditions than is the case for higher credit quality categories.

“BBB” Credit Quality Category. A Pledged Loan is assigned to this category if its related Municipal Obligation is deemed to be of good credit quality, denoting a currently low expectation of credit risk. Assignments to this category are made in cases of adequate capacity for timely payment of financial commitments. Adverse changes in circumstances and in economic conditions are more likely to impair this capacity than is the case for higher credit quality categories.

Not Rated; Interceptable State Aid Factor 2.0 or Greater. The anticipated amount of annual State payments that can potentially be intercepted by the State is determined by DOA based on the minimum of the five most recent years for which data are available of one source of State payments to the Municipality. A Pledged Loan is currently assigned to this category if (1) its related Municipal Obligation is not rated by Fitch or is categorized as being of speculative grade credit quality by Fitch and (2) the anticipated amount of annual State payments that can potentially be intercepted by the State equals or exceeds twice the maximum annual debt service payments on the entire amount of the Pledged Loan, whether or not the entire amount has been disbursed.

Not Rated; Interceptable State Aid Factor Less Than 2.0. A Pledged Loan is currently assigned to this category if (1) its related Municipal Obligation is not rated by Fitch or is categorized as being of speculative grade credit quality and (2) the anticipated amount of annual State payments that can potentially be intercepted by the State is less than twice the maximum

annual debt service payments on the entire amount of the Pledged Loan, whether or not the entire amount has been disbursed.

The following chart shows the current factor assigned to each of the six credit categories by Fitch.

<u>Category</u>	<u>Factor</u>
“AAA” Credit Quality Category	0%
“AA” Credit Quality Category	0
“A” Credit Quality Category	6
“BBB” Credit Quality Category	12
Not Rated; Interceptable State Aid Factor 2.0 or Greater	6
Not Rated; Interceptable State Aid Factor Less Than 2.0	34

The State recognizes that lower factors may be assigned to Pledged Loans related to Municipal Obligations that are deemed by Fitch to be general obligations secured by the Municipality’s full faith and credit, based on Fitch’s current rating guidelines for leveraged municipal loan pools. However, the State does not currently opt to assign such lower factors to such Pledged Loans, since the above factors result in a more conservative level of funding for the Loan Credit Reserve Fund.

The State recognizes that Fitch’s rating on the Bonds is based only in part upon the level of funding in the Loan Credit Reserve Fund and the credit quality of Municipalities receiving Pledged Loans. Other factors upon which the Bonds’ rating is based currently include, but are not limited to, Fitch’s general obligation bond rating for the State of Wisconsin, structural and legal characteristics of the Clean Water Fund Program, Clean Water Fund Program management, Clean Water Fund Program loan underwriting practices, Clean Water Fund Program loan monitoring practices, and permitted Clean Water Fund Program investments. Factors upon which the Bonds’ rating is based may change in the future. The State expects to maintain the Loan Credit Reserve Fund at approximately the same proportional levels as it has since inception of the Clean Water Fund Program, and the State recognizes that the rating maintained by Fitch may be based on the maintenance of amounts greater than the amounts required under this particular Loan Credit Reserve Fund Schedule. In obtaining the Fitch rating, the State has agreed to maintain the Loan Credit Reserve Fund investments as either rated or ratable in the same credit rating category as the Bonds. The State has further agreed that, if practicable, it will provide Fitch with at least 30 days notice of significant changes in either the credit quality or amounts maintained in the Loan Credit Reserve Fund.

Moody’s Investors Service, Inc.

As part of the Schedule submitted to Moody’s, the State has indicated that it will maintain the Loan Credit Reserve Requirement at a level that corresponds to certain loan portfolio credit characteristics. The amount required to be on deposit in the Loan Credit Reserve Fund is the product of the average annual debt service of the outstanding, disbursed Pledged Loans times a factor of 120%, and is based on an evaluation of the Pledged Loans shown in “SECURITY AND SOURCE OF PAYMENT FOR BONDS; Pledged Loans” in Part VI of the 2007 Annual Report. See **APPENDIX A**. A different factor may be applied if loan portfolio credit characteristics change.

Standard & Poor’s Ratings Services

Based on certain credit characteristics, each Pledged Loan will be assigned one of five categories, which are explained below. The amount required to be deposited or on deposit in the Loan Credit Reserve Fund with respect to a particular disbursement from the Loan Fund is the product of the maximum annual debt service payment on the Pledged Loan attributable to the disbursement times the factor assigned to that particular category.

The following chart shows the current factor assigned to each of the five categories by S&P. Following the chart is an explanation of the characteristics of each category.

<u>Category</u>	<u>Factor</u>
Higher Investment Grade Rating	0%
Medium Investment Grade Rating	40
Lower Investment Grade Rating	64
Not Rated; Greater State Aids	40
Not Rated; Lesser State Aids	140

Pledged Loans are categorized based on two characteristics: (1) the rating given to the Municipal Obligation (or its lack of a rating), and (2) the anticipated amount of annual State payments that can potentially be intercepted by DOA.

The intercept power is described under “LOANS; Statutory Powers” in Part VI of the 2007 Annual Report). See [APPENDIX A](#). If the Municipal Obligation is not rated by S&P, the State may request permission from S&P to assign the Municipal Obligation to a particular category.

The anticipated amount of annual State payments that can potentially be intercepted by DOA is determined by DOA based on the minimum of the five most recent years for which data are available of one source of State payments to the Municipality.

Higher Investment Grade Rating. A Pledged Loan is assigned to this category if the Municipal Obligation is rated by S&P in either of the two highest rating categories (AAA or AA).

Medium Investment Grade Rating. A Pledged Loan is assigned to this category if the Municipal Obligation is rated by S&P in the third highest rating category (A). S&P may also permit a Pledged Loan to be assigned to this category, regardless of whether or not the Municipal Obligation is rated, in the event the State designates the Pledged Loan as one to which the State “moral obligation” applies. The State “moral obligation” is described in “LOANS; Statutory Powers” in Part VI of the 2007 Annual Report. See [APPENDIX A](#).

Lower Investment Grade Rating. A Pledged Loan is assigned to this category if the Municipal Obligation is rated by S&P in the minimum investment grade rating category (BBB).

Not Rated; Greater State Aids. A Pledged Loan is assigned to this category if (1) the Municipal Obligation either is not rated or is rated below investment grade and (2) the anticipated amount of annual State payments that can potentially be intercepted by the State equals or exceeds twice the average annual debt service payments on the entire amount of the Loan, whether or not the entire amount has been disbursed.

Not Rated; Lesser State Aids. A Pledged Loan is assigned to this category if (1) the Municipal Obligation either is not rated or is rated below investment grade and (2) the anticipated amount of annual State payments that can potentially be intercepted by the State is less than twice the average annual debt service payments on the entire amount of the Pledged Loan, whether or not the entire amount has been disbursed.

The State recognizes that the rating maintained by S&P is based in part upon the level of funds available in the Loan Credit Reserve Fund. The State expects to maintain the Loan Credit Reserve Fund at approximately the same proportional levels as it has since inception of the Clean Water Fund Program, and the State recognizes that the rating maintained by S&P may be based on the maintenance of amounts greater than the amounts required under this Loan Credit Reserve

Fund Schedule. In obtaining the S&P rating, the State has agreed to maintain the Loan Credit Reserve Fund investments as either rated or ratable in the same rating category as the Bonds. The State has further agreed that, if practicable, it will provide S&P with at least 30 days' notice of significant changes in either the credit quality or amounts maintained in the Loan Credit Reserve Fund.

The State has agreed that if the rating on or ratability of an investment in the Loan Credit Reserve Fund is based on either a credit enhancement policy or financial guarantee, the State will notify S&P not less than 30 days prior to the expiration of such policy and indicate what action, if any, is expected to be taken with respect to the credit quality of the investment.

Ratings on Municipal Obligations

Any further explanation of the significance of a rating with respect to a Municipal Obligation may only be obtained from the Rating Agency furnishing the rating. There is no assurance that the rating given to a Municipal Obligation will be maintained for any period of time; a rating may be lowered or withdrawn entirely by the Rating Agency if in its judgment circumstances warrant.

APPENDIX E

EXPECTED FORM OF BOND COUNSEL OPINION

Upon delivery of the 2008 Bonds, it is expected that Foley & Lardner LLP will deliver a legal opinion in substantially the following form:

(Letterhead of Foley & Lardner LLP)
\$100,000,000
State of Wisconsin
Clean Water Revenue Bonds, 2008 Series 1

\$27,335,000
State of Wisconsin
Clean Water Revenue Refunding Bonds, 2008 Series 2

We have served as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its \$100,000,000 Clean Water Revenue Bonds, 2008 Series 1, dated the date hereof (**2008 Series 1 Bonds**) and its \$27,335,000 Clean Water Revenue Refunding Bonds, 2008 Series 2, dated the date hereof (**2008 Series 2 Bonds**) (the 2008 Series 1 Bonds and the 2008 Series 2 Bonds are collectively called the **Bonds**). The Bonds are being issued pursuant to Sections 281.58 and 281.59, Wisconsin Statutes (**Act**) (and in particular, Section 281.59(4), Wisconsin Statutes), Subchapter II of Chapter 18, Wisconsin Statutes, and a resolution (**General Resolution**) adopted by the State of Wisconsin Building Commission (**Commission**) on March 7, 1991, as amended by resolutions adopted by the Commission on July 30, 2003 and June 28, 2006, and as supplemented by resolutions (collectively, **Series Resolution**) adopted by the Commission on October 17, 2007 and January 16, 2008.

Under the General Resolution, the Commission has also established various funds and accounts and designated U.S. Bank National Association, as trustee (**Trustee**), to be the custodian of the funds and accounts. The Commission has pledged certain revenues received pursuant to the Act to secure the payment of the principal of, premium, if any, and interest on the Bonds, any other bonds heretofore or hereafter issued under the General Resolution, and certain other parity obligations. The Commission has directed the Trustee to deposit the amounts into the funds and accounts in the order and amounts provided in the General Resolution. The Bonds are payable solely from cash and securities held by the Trustee from time to time in the redemption fund created under the General Resolution.

We examined the law, a certified copy of the proceedings relating to the issuance of the Bonds, and certifications of public officials and others. As to questions of fact material to our opinion, we relied upon those certified proceedings and certifications without independently undertaking to verify them.

Based upon this examination, it is our opinion that, under existing law:

1. The General Resolution and the Series Resolution have been duly and lawfully adopted by the Commission, are in full force and effect, and are valid and binding upon the State and enforceable in accordance with their respective terms. The Series Resolution has been adopted in accordance with the provisions of the General Resolution and is authorized or permitted by the General Resolution.
2. The General Resolution creates the valid pledge that it purports to create of the "Pledged Receipts," as defined in the General Resolution, moneys, securities, and funds held or set aside or to be held or set aside under the General Resolution.
3. The Bonds are legal, valid, and binding special obligations of the State as provided in the General Resolution, payable and enforceable in accordance with their terms and the terms of the General Resolution and entitled to the benefits of the General Resolution and of the

Act. The Bonds have been duly and validly authorized and issued in accordance with law, including the Act as amended to the date of this letter, and in accordance with the General Resolution.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes. It also is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. For the purpose of computing the alternative minimum tax imposed on certain corporations, however, interest on the Bonds is taken into account in determining adjusted current earnings. The State must comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied after the Bonds are issued for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to do so. A failure to comply may cause interest on the Bonds to be included in gross income for federal income tax purposes, in some cases retroactively to the date the Bonds were issued. This letter expresses no opinion as to other federal tax law consequences concerning the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or an equitable proceeding). This letter expresses no opinion as to the availability of any particular form of judicial relief.

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

This letter speaks as of its date. We assume no duty to change this letter to reflect any facts or circumstances that later come to our attention or any changes in law.

Very truly yours,

FOLEY & LARDNER LLP

APPENDIX F
OUTSTANDING BONDS
REFUNDED BY 2008 SERIES 2 BONDS

Series	Dated Date	Principal Amount	Interest Rate	Maturity	CUSIP	Redemption Date	Redemption Price
1998 Series 1	1/15/1998	\$ 1,015,000 ^(a)	5.00%	6/1/2008	977092 RL1 ^(b)	n/a	n/a
		6,110,000	4.75	6/1/2016	977092 EM3	6/1/2008	100%
		6,420,000	4.80	6/1/2017	977092 EN1	6/1/2008	100
		6,745,000	4.85	6/1/2018	977092 EP6	6/1/2008	100
2001 Series 1	4/1/2001	\$ 160,000 ^(a)	4.50%	6/1/2008	977092 RM9 ^(c)	n/a	n/a
		4,305,000	5.00	6/1/2017	977092 HG3	6/1/2011	100%
		<u>4,520,000</u>	<u>5.00</u>	<u>6/1/2018</u>	<u>977092 HH1</u>	<u>6/1/2011</u>	<u>100</u>
		\$ 29,275,000					

^(a) This amount represents the portion of this maturity being escrowed to the maturity date.

^(b) This CUSIP number is for the amount being escrowed to the maturity date. The CUSIP number of 977092 RN7 has been assigned to the remaining principal amount of this maturity. The original CUSIP number was 977092 ED3.

^(c) This CUSIP number is for the amount being escrowed to the maturity date. The CUSIP number of 977092 RP2 has been assigned to the remaining principal amount of this maturity. The original CUSIP number was 977092 GX7.