

OFFICIAL STATEMENT

New Issue

*This Official Statement provides information about the 2018 Series A 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 B**.*

\$92,080,000

STATE OF WISCONSIN

ENVIRONMENTAL IMPROVEMENT FUND REVENUE BONDS, 2018 SERIES A

Dated: Date of Delivery

Due: June 1, as shown below

Ratings	AAA	Fitch Ratings
	AAA	S&P Global Ratings
Tax Matters	Interest on the 2018 Series A Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers— <i>Pages 21-23</i> .	
	Interest on the 2018 Series A Bonds is not exempt from current State of Wisconsin income or franchise taxes— <i>Page 23</i> .	
No Redemption	The 2018 Series A Bonds are not subject to redemption prior to maturity— <i>Page 5</i> .	
Security	The 2018 Series A Bonds are payable solely from Pledged Revenues, which include (1) Loan Repayments on Pledged Loans, (2) moneys received by the State upon any default under Municipal Obligations, and (3) any other moneys or revenues pledged in the Program Resolution to secure the Bonds, including any amounts on deposit in the Loan Fund, Revenue Fund, Redemption Fund, and Supplemental Income Fund. Pledged Loans are made to municipalities, primarily for the construction and improvement of their wastewater treatment facilities under the State’s Clean Water Fund Program— <i>Pages 7-16</i> .	
Priority	The 2018 Series A Bonds are issued on a parity basis with all other Bonds previously issued, or that may be issued in the future, under the Program Resolution— <i>Page 7</i> .	
Purpose	Proceeds of the 2018 Series A Bonds are being used (1) to make Pledged Loans and (2) to pay Costs of Issuance— <i>Pages 4-5</i> .	
Interest Payment Dates	June 1 and December 1, commencing December 1, 2018	
Closing/Settlement	On or about September 13, 2018	
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) 267-0374; DOACapitalFinanceOffice@wisconsin.gov	
Book-Entry-System	The Depository Trust Company— <i>Pages 6-7</i> .	
2017 Annual Report	This Official Statement incorporates by reference, and makes updates and additions to, Parts I and VII of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2017.	

The prices and yields listed below were determined on August 15, 2018 at negotiated sale. The 2018 Series A Bonds were purchased at an aggregate purchase price of \$104,085,541.26.

CUSIP	Year (June 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional	Call Price
						Call Date (June 1)	
97709T BL9	2020	\$ 8,750,000	5.00%	1.61%	105.714%	Not Callable	-
97709T BM7	2021	12,250,000	5.00	1.76	108.555	Not Callable	-
97709T BN5	2022	12,865,000	5.00	1.88	111.146	Not Callable	-
97709T BP0	2023	13,510,000	5.00	2.00	113.436	Not Callable	-
97709T BQ8	2024	14,180,000	5.00	2.13	115.367	Not Callable	-
97709T BR6	2025	14,890,000	5.00	2.25	117.050	Not Callable	-
97709T BS4	2026	15,635,000	5.00	2.38	118.366	Not Callable	-

BofA Merrill Lynch		Loop Capital Markets		
BAIRD	Barclays	Drexel Hamilton	Goldman Sachs & Co. LLC	Stifel

August 15, 2018

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This document is called an official statement because it is the only document the State has authorized for providing information about the 2018 Series A Bonds. This document is not an offer or solicitation for the 2018 Series A 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. This document should be considered in its entirety. No one factor should be considered more or less important than any other by reason of its position in this document. Prospective investors should consult their advisors and legal counsel with questions about this document, the 2018 Series A 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, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain statements in this document are forward-looking statements that are based on expectations, estimates, projections, or assumptions. Forward-looking statements contained in this document are made as of the date hereof, and the State undertakes no obligation to update such statements to reflect subsequent events or circumstances. Actual results could differ materially from the anticipated results.

Some of the people who prepared, compiled, or reviewed the information in this document had specific functions that covered some of its aspects but not others. For example, financial staff may have been asked to assist with quantitative financial information, and legal counsel with specific documents or legal issues.

No dealer, broker, sales representative, or other person has been authorized by the State to give any information or to make any representations about the 2018 Series A Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. The delivery of this document or any sale of the 2018 Series A Bonds does not imply that there has been no change in the matters contained in this document since the date of this document. Material referred to in this document is not part of this document unless expressly incorporated. Where statutes, resolutions, reports, or other documents are referred to in this document, reference should be made to those documents for complete information regarding their subject matter.

In connection with the offering of the 2018 Series A Bonds, the Underwriters may over-allot or effect transactions which stabilize or maintain the market prices of the 2018 Series A Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the 2018 Series A Bonds to certain dealers and dealer banks and banks acting as agents at prices lower than the public offering prices stated on the **front cover** hereof and such public offering prices may be changed from time to time by the Underwriters.

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**STATE OFFICIALS PARTICIPATING IN
ISSUANCE AND SALE OF THE 2018 SERIES A BONDS**

BUILDING COMMISSION MEMBERS*

Voting Members

Governor Scott Walker, Chairperson	January 7, 2019
Senator Terry Moulton, Vice-Chairperson	January 7, 2019
Senator Jerry Petrowski	January 7, 2019
Senator Janis Ringhand	January 7, 2019
Representative Jill Billings	January 7, 2019
Representative Terry Katsma	January 7, 2019
Representative Rob Swearingen	January 7, 2019
Vacant, Citizen Member	At the pleasure of the Governor

Term of Office Expires

Nonvoting, Advisory Members

Mr. Kevin Trinastic, State Chief Architect
Department of Administration

Building Commission Secretary

Mr. John L. Klenke, Administrator
Division of Facilities Development & Management
Department of Administration

At the pleasure of the Building
Commission and the Secretary of
Administration

OTHER PARTICIPANTS

Mr. Brad D. Schimel State Attorney General	January 7, 2019
Ms. Ellen E. Nowak, Secretary Department of Administration	At the pleasure of the Governor
Mr. Daniel Meyer, Secretary Department of Natural Resources	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

Department of Administration
Capital Finance Office
P.O. Box 7864
101 East Wilson Street, 10th Floor
Madison, WI 53707-7864
Telefax (608) 266-7645
DOACapitalFinanceOffice@wisconsin.gov

Mr. David R. Erdman
Capital Finance Director
(608) 267-0374

Mr. Aaron Heintz
Finance Programs Administrator
(608) 266-0739

* The Building Commission is composed of eight voting members. The Governor serves as the Chairperson. Each house of the Wisconsin State Legislature appoints three members. State law provides for the two major political parties to be represented in the membership from each house. One citizen member is appointed by the Governor and serves at the Governor's pleasure.

SUMMARY DESCRIPTION OF 2018 SERIES A BONDS

Selected information is presented on this page for the convenience of the reader. To make an informed investment decision regarding the 2018 Series A Bonds, a prospective investor should read the entire Official Statement.

Description:	Environmental Improvement Fund Revenue Bonds, 2018 Series A
Principal Amount:	\$92,080,000
Denominations:	Multiples of \$5,000
Date of Issuance:	Date of delivery (On or about September 13, 2018)
Interest Payments:	June 1 and December 1, commencing December 1, 2018
Record Dates:	May 15 and November 15
Maturities:	June 1, 2020-26
No Redemption:	The 2018 Series A Bonds are not subject to redemption prior to maturity— <i>Page 5.</i>
Form:	Book-entry-only— <i>Page 6-7.</i>
Trustee/Paying Agent:	All payments of principal of, and interest on, the 2018 Series A 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 2018 Series A Bonds, and all other Bonds previously issued or that may be issued in the future pursuant to the Program Resolution, are payable solely from Pledged Revenues, which include (1) Loan Repayments on Pledged Loans, (2) moneys received by the State upon any default under Municipal Obligations, and (3) any other moneys or revenues pledged in the Program Resolution to secure the Bonds, including any amounts on deposit in the Loan Fund, Revenue Fund, Redemption Fund, and Supplemental Income Fund, and certain other funds created under the Program Resolution. Pledged Loans are made to municipalities, primarily for the construction and improvement of their wastewater treatment facilities under the State's Clean Water Fund Program — <i>Pages 7-16.</i>
Purpose:	Proceeds of the 2018 Series A Bonds are being used (1) to make Pledged Loans and (2) to pay Costs of Issuance— <i>Pages 4-5.</i>
Outstanding Parity Bonds:	\$237,885,000 as of June 30, 2018. The 2018 Series A Bonds will be the fourth series of Bonds to be issued under the Program Resolution.
Authority for Issuance:	The 2018 Series A Bonds are authorized under Chapter 18 and Sections 281.58 and 281.59, Wisconsin Statutes, and authorized and issued pursuant to the Program Resolution and a Supplemental Resolution adopted by the Commission.
Additional Bonds:	Additional Bonds, including Bonds secured and payable on a parity with the 2018 Series A Bonds, may be issued without limitation as to the amount, subject to any applicable statutory limitation, provided that the Program Resolution requirements are satisfied— <i>Page 14.</i>
Tax Matters:	Interest on the 2018 Series A Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers— <i>Pages 21-23.</i> Interest on the 2018 Series A Bonds is not exempt from current State of Wisconsin income or franchise taxes— <i>Page 23.</i>
2017 Annual Report:	This Official Statement incorporates by reference, and makes updates and additions to, Parts I and VII of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2017.
Legal Opinion:	Validity and tax opinion for the 2018 Series A Bonds to be provided by Foley & Lardner LLP— <i>APPENDIX D.</i>

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OFFICIAL STATEMENT

\$92,080,000

STATE OF WISCONSIN

ENVIRONMENTAL IMPROVEMENT FUND REVENUE BONDS, 2018 SERIES A

INTRODUCTION

This Official Statement provides information about the \$92,080,000 State of Wisconsin Environmental Improvement Fund Revenue Bonds, 2018 Series A (**2018 Series A Bonds**) to be issued by the State of Wisconsin (**State**). This Official Statement incorporates by reference, and makes updates and additions to, **Parts I and VII** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2017 (**2017 Annual Report**).

The 2018 Series A Bonds are authorized under the Wisconsin Statutes and an Amended and Restated Environmental Improvement Fund Revenue Obligations Program Resolution adopted by the State of Wisconsin Building Commission (**Commission**) on February 15, 2017 (**Program Resolution**), which amended and restated a resolution originally adopted by the Commission on October 7, 2015. The 2018 Series A Bonds are being issued under a supplemental resolution adopted by the Commission on April 11, 2018 (**Supplemental Resolution**).

The Program Resolution established a new framework and program for the issuance of revenue bonds to finance the Clean Water Fund Program. Pursuant to this program, the State has issued the State of Wisconsin Environmental Improvement Fund Revenue Bonds, 2015 Series A (**2015 Bonds**) and 2017 Series A and Series B (**2017 Bonds**) and is issuing the 2018 Series A Bonds to finance Loans in the Clean Water Fund Program.

The 2015 Bonds and the 2017 Bonds are secured by Pledged Revenues on a parity basis with the 2018 Series A Bonds, which with other bonds to be issued under the Program Resolution are collectively referred to as the **Bonds**. Bonds were outstanding in an amount of approximately \$238 million as of June 30, 2018.

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 Program Resolution, the Supplemental Resolution, Financial Assistance Agreements, or Municipal Obligations, may be directed to:

Contact: State of Wisconsin Department of Administration
Capital Finance Office
Phone: (608) 267-0374
Mail: 101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
E-mail: DOACapitalFinanceOffice@wisconsin.gov
Web site: doa.wi.gov/capitalfinance

Unless otherwise indicated, capitalized terms used in this Official Statement are defined in **APPENDIX B**. Certain documents are expressly incorporated into this Official Statement by reference; however, any web sites listed in this Official Statement are provided for informational purposes only and are not incorporated by reference into this Official Statement.

STATE REVOLVING FUND PROGRAM

The Federal Water Quality Act of 1987, as amended (**Water Quality Act**), established a joint federal and state program commonly referred to as the State Revolving Fund (**Federal SRF**) Program. Under the Federal SRF Program, the United States Environmental Protection Agency (**EPA**) is authorized to make grants (**Capitalization Grants**) to a state to assist in providing financial assistance to municipalities within the state for governmentally-owned water treatment projects and other water pollution abatement projects. As a condition to receipt of Capitalization Grants, a state is required to establish a perpetual Federal SRF into which each Capitalization Grant must be deposited and to provide state matching funds (**State Match**) equal to at least 20% of the Capitalization Grant for deposit in the Federal SRF.

Before adoption of the Program Resolution, the State issued its general obligations to finance the State Match for the Clean Water Fund Program and Safe Drinking Water Loan Program. Starting in 2015, the State has issued Bonds under the Program Resolution to provide funds for the State Match required for the Clean Water Fund Program. The State expects to fund current and future State Match requirements for the Clean Water Fund Program through the issuance of Bonds, while continuing to issue State general obligations to finance the State Match required for the Safe Drinking Water Loan Program. See **APPENDIX A**.

In response to the Water Quality Act, the State created the Environmental Improvement Fund and the Clean Water Fund Program. Financial assistance is made available to Municipalities in the form of loans from the Clean Water Fund Program that are subject to repayment and provided by the State to a Municipality in accordance with a Financial Assistance Agreement (**Loans**). See "**ENVIRONMENTAL IMPROVEMENT FUND**" and "**CLEAN WATER FUND PROGRAM**".

ENVIRONMENTAL IMPROVEMENT FUND

The State's Environmental Improvement Fund currently provides for the following 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 SRF Program under the Water Quality Act. See "**CLEAN WATER FUND PROGRAM**".
- **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. Loans from the Safe Drinking Water Loan Program are primarily funded from federal Capitalization Grants awarded for this purpose, the required State Match for those Capitalization Grants, and recycled Safe Drinking Water Loan payments.

Although the Program Resolution establishes funds and accounts to accommodate financing for the Safe Drinking Water Loan Program, the Act does not currently authorize the issuance of State revenue obligations under the Revenue Obligations Act with respect to the Safe Drinking Water Loan Program. 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 State's Clean Water Fund Program is a single program that has historically consisted of three loan portfolios, based on the sources of funds:

- **Direct Portfolio**, consisting of Loans funded with Capitalization Grants, the required State Match, and the Bonds, together with repayments of the principal of, and interest on, those Loans.

- **Leveraged Portfolio**, consisting of Loans funded with the State’s Clean Water Revenue Bond proceeds under a General Resolution for Clean Water Fund Program (**Prior General Resolution**), together with repayments of the principal of, and interest on, those Loans.
- **Proprietary Portfolio**, consisting of Loans funded with State general obligation bond proceeds, together with repayments of the principal of, and interest on, those Loans.

Upon the issuance of the 2015 Bonds, all then-existing Loans under the Direct Portfolio were designated as Pledged Loans (also referred to herein as **Financed Loans**). Upon the issuance of the 2017 Bonds, all the Clean Water Revenue Bonds previously issued and outstanding pursuant to the Prior General Resolution were legally or economically defeased, and all then-existing Loans in the Leveraged Portfolio were released from the Prior General Resolution and became Pledged Loans under the Program Resolution (also referred to herein as **Investment Loans**). Pledged Loans include Financed Loans and Investment Loans, and all Loans made from the proceeds of the 2015 Bonds, 2017 Bonds, 2018 Series A Bonds, and any additional Bonds will also be Pledged Loans under the Program Resolution.

Only Pledged Loans for purposes of the Program Resolution will be funded with Bond proceeds, and only repayments of Pledged Loans are pledged to the repayment of the Bonds. In other words, the Bonds are not secured by the Prior General Resolution, any outstanding Clean Water Revenue Bonds are not secured by repayments of Pledged Loans, Bond proceeds will not fund Loans in the Proprietary Portfolio, and repayments of Loans in the Proprietary Portfolio will not be pledged to the repayment of the Bonds. See “**SECURITY**”.

Under EPA regulations, Capitalization Grant proceeds and principal repayments of Pledged Loans in the Direct Portfolio are not permitted to be used to pay any amounts due with respect to debt incurred to finance the State Match. For that reason, the Bonds and the proceeds of the Bonds will be allocated to State Match Portions and Leveraged Portions, and the principal of, and interest on, the State Match Portions of the Bonds will be paid solely from interest receipts with respect to the Pledged Loans and investment earnings on the Funds and Accounts.

The Clean Water Fund Program receives applications for financial assistance and reviews and approves such applications prior to the award of any Loans. All 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.

Information concerning the Clean Water Fund Program is included as **APPENDIX A**, which incorporates by reference, and includes updates and additions to, Part VII of the 2017 Annual Report. Part VII of the 2017 Annual Report presents information about the following matters:

- | | |
|------------------------|--------------------------------------|
| • State Revolving Fund | • Statutory powers |
| • Management | • Loan terms and application process |
| • Municipalities | • Lending criteria |

Funding Levels

The following table presents the historical federal Capitalization Grants and required State Match funding sources for the Clean Water Fund Program’s Direct Portfolio.

Fiscal Year		Federal Funding	State Match	Total
Federal	State			
Prior to 1995	Prior to 1996	\$244,352,400	\$ 48,870,400	\$ 293,222,800
1995	1996	33,298,900	6,659,800	39,958,700
1996	1997	54,544,500	10,908,900	65,453,400
1997	1998	16,849,000	3,369,800	20,218,800
1998	1999	36,404,000	7,280,800	43,684,800
1999	2000	39,981,800	7,996,400	47,978,200
2000	2001	36,283,600	7,256,700	43,540,300
2001	2002	35,960,900	7,192,200	43,153,100
2002	2003	36,123,400	7,224,700	43,348,100
2003 ^(a)	2004	37,162,600	7,229,200	44,391,800
2004	2005	35,828,500	7,165,700	42,994,200
2005	2006	29,132,000	5,826,400	34,958,400
2006	2007	23,673,900	4,734,800	28,408,700
2007	2008	28,934,800	5,787,000	34,721,800
2008	2009	18,396,600	3,679,300	22,075,900
2009 ^(b)	2010	124,344,800	3,679,300	128,024,100
2010	2011	55,083,000	11,016,600	66,099,600
2011	2012	39,920,900	7,984,200	47,905,100
2012	2013	38,208,000	7,641,600	45,849,600
2013	2014	36,093,000	7,218,600	43,311,600
2014	2015	37,905,000	7,581,000	45,486,000
2015	2016	37,711,000	7,542,200	45,253,200
2016	2017	36,121,000	7,224,200	43,345,200
2017	2018	35,843,000	7,168,600	43,011,600
Total		\$1,148,156,500	\$208,238,400	\$1,356,394,900

^(a) Includes grant under the Federal Rural Communities Hardship Grants Program

^(b) The American Recovery and Reinvestment Act of 2009 provided \$104 million for grants and \$2 million for administration and did not require a State Match

The amount of federal funding available in the future may affect the amount of Loans to be made by the Clean Water Fund Program and the amount of Bonds to be issued by the State. However, any change in the amount and timing of future Capitalization Grants would not affect the Pledged Revenues available for payment of debt service on the Bonds.

The Legislature has authorized the issuance of \$2.527 billion of revenue bonds (not including refunding bonds) for the Clean Water Fund Program. The State has issued, in aggregate, \$1.744 billion of Clean Water Revenue Bonds under the Prior General Resolution and Bonds under the Program Resolution, and an additional \$971 million of Clean Water Revenue Bonds issued for refunding purposes under the Prior General Resolution and Bonds issued for refunding purposes under the Program Resolution. There is no statutory limitation on the amount of revenue bonds that may be issued for refunding purposes.

PLAN OF FINANCE

Proceeds of the 2018 Series A Bonds are being used (1) to make Pledged Loans and (2) to pay Costs of Issuance. Approximately \$104 million of the proceeds of the 2018 Series A Bonds will be deposited in the Loan Fund and used to make Pledged Loans, and such proceeds will be further apportioned as either

(i) a State Match Clean Water Portion or (ii) a Leveraged Clean Water Portion, subject to adjustment as set forth in a State Direction.

The State Match Clean Water Portion and the Leveraged Clean Water Portion are not represented by particular 2018 Series A Bonds, but are allocable to portions of the 2018 Series A Bonds or an allocable portion the 2018 Series A Bonds having a particular stated maturity and interest rate.

The State Match Clean Water Portion of the 2018 Series A Bond proceeds will meet the federal fiscal year 2019 State Match requirements of approximately \$9 million, pursuant to federal Capitalization Grants to be received for the Clean Water Program under the Capitalization Grant Agreement. Capitalization Grant proceeds received as a result of payment of the State Match will be held by the State and used to finance the Clean Water Fund Program.

Sources and Uses of Funds

The State anticipates that the proceeds of the 2018 Series A Bonds will be applied as follows.

	<u>State Match Clean Water Portion</u>	<u>Leveraged Clean Water Portion</u>	<u>Total</u>
Sources:			
Principal Amount.....	\$ 7,990,000.00	\$ 84,090,000.00	\$ 92,080,000.00
Premium.....	<u>755,129.25</u>	<u>11,631,279.45</u>	<u>12,386,408.70</u>
Total Sources.....	\$ 8,745,129.25	\$ 95,721,279.45	\$ 104,466,408.70
Uses:			
Loan Fund.....	\$ 8,678,400.00	\$ 95,011,428.70	\$ 103,689,828.70
Underwriters' Discount.....	31,741.60	349,125.84	380,867.44
Cost of Issuance Fund.....	<u>34,987.65</u>	<u>360,724.91</u>	<u>395,712.56</u>
Total Uses.....	\$ 8,745,129.25	\$ 95,721,279.45	\$ 104,466,408.70

2018 SERIES A BONDS

General

The **front cover of this Official Statement** sets forth the maturity dates, principal amounts, interest rates, and other information for the 2018 Series A Bonds. The 2018 Series A 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 2018 Series A Bonds, The Depository Trust Company, New York, New York (DTC). See **“2018 Series A BONDS; Book-Entry-Only Form”**.

The 2018 Series A Bonds will be dated the date of their delivery (expected to be September 13, 2018) and will bear interest from that date, payable on June 1 and December 1 of each year, beginning on December 1, 2018.

Interest on the 2018 Series A Bonds will be computed on the basis of a 360-day year of twelve 30-day months. So long as the 2018 Series A Bonds are in book-entry-only form, payments of the principal of, and interest on, each 2018 Series A Bond will be paid to the Securities Depository.

The 2018 Series A Bonds are being issued as fully registered bonds without coupons in denominations of \$5,000 or any multiple of \$5,000.

The 2018 Series A Bonds and all other bonds issued or to be issued under the Program Resolution are collectively referred to as the **Bonds**. 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 2018 Series A Bonds.

Redemption Provisions

The 2018 Series A Bonds are not subject to redemption prior to maturity.

Payment of 2018 Series A Bonds

So long as the 2018 Series A Bonds are in book-entry-only form, payments of principal and interest will be made by wire transfer to the Securities Depository or its nominee.

Ratings

The following ratings have been assigned to the 2018 Series A Bonds:

<u>Rating</u>	<u>Rating Agency</u>
AAA	Fitch Ratings
AAA	S&P Global Ratings

Any explanation of what a rating means may only be obtained from the Rating Agency giving the rating. A securities rating is not a recommendation to buy, sell, or hold securities. No one can offer any assurance that a rating given to the 2018 Series A 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 2018 Series A Bonds. The State may elect, subject to the requirements of the Program Resolution, not to continue requesting ratings on the 2018 Series A Bonds from a particular Rating Agency or may elect to request ratings on the 2018 Series A Bonds from a different nationally recognized rating agency.

Book-Entry-Only Form

The 2018 Series A Bonds will initially be issued in book-entry-only form. Purchasers of the 2018 Series A Bonds will not receive bond certificates but instead will have their ownership in the 2018 Series A Bonds recorded in the book-entry system.

2018 Series A Bond certificates are to be issued and registered in the name of a nominee of DTC, which acts as Securities Depository for the 2018 Series A Bonds. Ownership of the 2018 Series A 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 2018 Series A 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 2018 Series A Bonds to DTC. Owners of the 2018 Series A Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State or the Trustee will provide any notices or other communications about the 2018 Series A Bonds to DTC. Owners of the 2018 Series A Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but rather will assign its voting rights through the DTC Participants.

Discontinued Service

In the event that participation in DTC's book-entry system was discontinued without a successor Securities Depository being appointed, bond certificates would be executed and delivered to DTC Participants.

Further Information

Further information concerning DTC and DTC's book-entry system is available on DTC's web site. The State is not 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 2018 Series A Bonds or to follow the procedures established by DTC for its book-entry system.

Possible Discontinuance of Book-Entry-Only System

In the event that participation in DTC's book-entry system were to be discontinued without a successor Securities Depository being appointed, how the 2018 Series A Bonds are transferred and paid would differ.

Transfer

The 2018 Series A Bonds would be transferable only upon the registration books maintained by the Trustee, as Registrar, upon surrender to the Trustee of the 2018 Series A Bond to be transferred, together with an instrument of transfer satisfactory to the Trustee. The Trustee would not be required to transfer or exchange any 2018 Series A Bond during the 15 days immediately preceding any interest payment date for the 2018 Series A Bonds.

Payment

Payment of principal would be made by check or draft upon the presentation and surrender of 2018 Series A Bonds at the office of the Paying Agent, and interest would be paid when due by check or draft mailed to the owners of record at the address appearing on the registration books 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 2018 Series A Bonds outstanding would be paid by wire transfer to such account as the owner may designate.

SECURITY

General

The 2018 Series A Bonds are the fourth series of Bonds issued under the Program Resolution and are Senior Bonds for purposes of the Program Resolution. The 2015 Bonds and the 2017 Bonds are also Senior Bonds. Any other Bonds that may be issued under the Program Resolution in the future may be issued on a parity as Senior Bonds or as Subordinate Bonds.

The 2018 Series A Bonds are special obligations of the State of Wisconsin, payable from the revenues or receipts, funds, or moneys pledged under the Program Resolution. It is anticipated that Loan Repayments on Pledged Loans pursuant to the Financial Assistance Agreements will be sufficient to pay principal or redemption price of, and interest on, the Bonds; however, the Bonds are further secured by other amounts in or payable into and the Funds and Accounts held under the Program Resolution. Debt service on the 2018 Series A Bonds and all parity Bonds is secured by a pledge of:

- **Pledged Revenues**, consisting of:
 - Loan Repayments made by Municipalities;
 - moneys received by the State (State payments intercepted by the DOA, and taxes collected by county treasurers) upon a default under a Municipal Obligation;
 - Counterparty Swap Payments (if any);
 - amounts received under a Credit Enhancement Facility (if any), except as limited by a Supplemental Resolution;
 - earnings or income from Funds and Accounts payable to the Revenue Fund;
 - other moneys held or received relating to any Debt Obligation; and
 - any other revenues pledged to secure Bonds.
- Amounts in the Loan Fund, Costs of Issuance Fund, Revenue Fund, Redemption Fund, Supplemental Income Fund, and, to the extent available for particular Bonds pursuant to the Program Resolution, the Reserve Fund.

The Program Resolution also contains provisions for:

- The establishment and funding of an account within the Reserve Fund (or, in the case of Subordinate Bonds, within the Subordinate Reserve Fund) in connection with the issuance of a series of Bonds; and

- The State to obtain letters of credit, bond insurance policies, or other credit enhancement instruments (each, a **Credit Enhancement Facility**) to provide a source of payment or security for a particular series of Bonds.

No account within the Reserve Fund has been established and no Credit Enhancement Facility has been obtained. The 2018 Series A Bonds are not expected to be entitled to the benefit of any Account within the Reserve Fund or any Credit Enhancement Facility in the future.

The Equity Fund and the Rebate Fund established by the Program Resolution are **not** pledged to the payment of the Bonds.

The State is not obligated to pay the principal or redemption price of, and interest on, the Bonds from any revenues or funds of the State other than those pledged pursuant to the Program 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 or redemption price of, or interest on, the Bonds.

Pledged Loans

Proceeds of the 2015 Bonds, a portion of the proceeds of the 2017 Bonds, and proceeds of the 2018 Series A Bonds and expected future Bonds have been and are expected to be used to make Pledged Loans under the Program Resolution. The State may designate additional Loans which are not otherwise subject to the pledge of the Program Resolution as Pledged Loans, and thereby assign and grant to the Trustee a security interest in the related Loan Repayments and other related Pledged Revenues and subject the additional Loans to the lien of the Program Resolution.

Loan Repayments of Pledged Loans are the primary revenues available to pay debt service on the Bonds. The extent to which the failure of a particular Municipality to make its Loan Repayments of Pledged Loans affects the State’s ability to pay principal and redemption price of, and interest on, the Bonds will vary based on the percentage of such payments on the Bonds to be paid from the Loan Repayments of Pledged Loans to that Municipality. The State believes that the security provisions of the Financial Assistance Agreements will limit the effect on Bondowners of a failure by one or more Municipalities to make Loan Repayments on their Pledged Loans. However, persistent failures by one or more Municipalities to make Loan Repayments on Pledged Loans may adversely affect the ability of the Clean Water Fund Program to pay principal and redemption of, and interest on, the Bonds. See **APPENDIX A**.

As discussed in more detail in **APPENDIX A**, DOA may intercept financial assistance from the State Aid payable to certain types of Municipalities if such a Municipality defaults on a Loan. As of June 30, 2018, 46% (by total outstanding principal amount) of Municipal Obligations that evidenced outstanding Pledged Loans represented Loans with State Aid intercept provisions. These percentages will change as new Pledged Loans are made and existing Pledged Loans are repaid.

The following table identifies all Municipalities that have received Pledged Loans and provides certain other information about the Pledged Loans made to these Municipalities. As of June 30, 2018, disbursements for Pledged Loans totaled \$4.129 billion, and the outstanding principal balance of the Pledged Loans was \$1.634 billion.

The table includes the outstanding Pledged Loan principal balance as of June 30, 2018 and the percentage of the Pledged Loan principal balance compared to the principal balances for all outstanding Pledged Loans. The table also includes the amount that remained to be disbursed pursuant to each Municipality’s Financial Assistance Agreements as of the same date. The amounts included in this table only include information on Pledged Loans, and do not include amounts for any grants and other awards such as those made pursuant to the American Recovery and Reinvestment Act of 2009 and the grants awarded pursuant to the Capitalization Grant received for federal fiscal years 2010 and 2011.

As of June 30, 2018, the Municipal Obligations that evidenced outstanding Pledged Loans consisted of 54% (by total outstanding principal amount) general obligations and 46% (by total outstanding principal amount) revenue or special assessment obligations. See “LENDING CRITERIA” in Part VII of the 2017 Annual Report, which is incorporated by reference in **APPENDIX A**.

STATE OF WISCONSIN ENVIRONMENTAL IMPROVEMENT FUND
OUTSTANDING PLEDGED LOAN PRINCIPAL BALANCES
June 30, 2018^(a)
(Amounts in Thousands)

Municipality	Total Outstanding		% of All Pledged Loans	Total Financial Assistance Agreement/Loan	
	Pledged Loan Balance			Amount Remaining To Be Drawn	
Milwaukee Metropolitan Sewerage District	\$ 511,493		31.30%	\$ 11,262	
Green Bay Metropolitan Sewerage District	156,607		9.58%	25,153	
Madison Metropolitan Sewerage District	126,366		7.73%	1,902	
City of Milwaukee	119,660		7.32%	5,191	
City of Waukesha	41,048		2.51%	-	
City of Eau Claire	34,374		2.10%	-	
City of Racine	27,776		1.70%	11,551	
City of Fond du Lac	27,530		1.68%	2,495	
City of Whitewater	22,765		1.39%	1,108	
City of Janesville	19,478		1.19%	-	
City of Franklin	18,800		1.15%	-	
City of Monroe	18,183		1.11%	992	
City of Wisconsin Rapids	17,783		1.09%	6,044	
Heart of the Valley Metropolitan Sewerage District	17,539		1.07%	-	
Neenah - Menasha Sewerage Commission	16,891		1.03%	-	
Walworth County Metropolitan Sewerage District	14,535		0.89%	-	
Village of Lake Delton	12,572		0.77%	1,049	
City of Reedsburg	10,823		0.66%	776	
Village of Mount Horeb	10,390		0.64%	6,921	
Grand Chute - Menasha West Sewerage Commission	10,275		0.63%	-	
Village of Salem Lakes	10,154		0.62%	-	
City of Sheboygan	9,898		0.61%	-	
City of Rhinelander	9,786		0.60%	84	
City of Manitowoc	8,952		0.55%	1,907	
City of Burlington	8,855		0.54%	-	
Ho-Chunk Nation	8,526		0.52%	-	
Village of Caledonia	8,257		0.51%	-	
City of New Lisbon	8,141		0.50%	390	
City of Watertown	7,265		0.44%	-	
City of Oconto Falls	7,254		0.44%	-	
City of Beaver Dam	6,873		0.42%	-	
City of Sun Prairie	6,678		0.41%	-	
Village of Paddock Lake	6,459		0.40%	-	
City of Oshkosh	6,338		0.39%	-	
City of Superior	6,213		0.38%	117	
City of Weyauwega	5,825		0.36%	-	
City of Saint Croix Falls	5,758		0.35%	582	
City of South Milwaukee	5,508		0.34%	-	
City of Two Rivers	5,430		0.33%	492	
Village of East Troy	5,256		0.32%	-	
Village of Kewaskum	5,167		0.32%	-	
Village of Whitefish Bay	4,877		0.30%	-	
Village of Cross Plains	4,707		0.29%	802	
Town of Beloit	4,457		0.27%	-	
City of Stoughton	4,320		0.26%	-	
City of Chippewa Falls	4,163		0.25%	-	
Village of New Glarus	4,103		0.25%	-	
Village of Plover	4,094		0.25%	-	
Village of Sussex	4,070		0.25%	-	
City of Platteville	3,991		0.24%	-	
Western Racine County Sewerage District	3,863		0.24%	-	
Village of Cottage Grove	3,653		0.22%	-	
Village of Hortonville	3,504		0.21%	-	
Village of Suamico	3,389		0.21%	-	
Village of Hilbert	3,321		0.20%	-	
Village of Belleville	3,213		0.20%	-	
City of Menomonie	3,183		0.19%	-	
Delafield - Hartland Pollution Control Commission	3,152		0.19%	-	
City of Wisconsin Dells	3,114		0.19%	209	
City of Dodgeville	3,030		0.19%	236	
Village of Slinger	2,936		0.18%	-	
City of Tomahawk	2,901		0.18%	-	
Village of Belmont	2,898		0.18%	-	
Village of Wrightstown	2,882		0.18%	-	
Village of Brooklyn	2,873		0.18%	-	
City of Richland Center	2,867		0.18%	-	
City of Evansville	2,863		0.18%	3,859	
Village of Cambridge	2,766		0.17%	-	
Consolidated Koshkonong Sanitary Commission	2,549		0.16%	-	

STATE OF WISCONSIN ENVIRONMENTAL IMPROVEMENT FUND
OUTSTANDING PLEDGED LOAN PRINCIPAL BALANCES
June 30, 2018^(a)
(Amounts in Thousands)

Municipality	Total Outstanding Pledged Loan Balance	% of All Pledged Loans	Total Financial Assistance Agreement/Loan Amount Remaining To Be Drawn
Ashippun Sanitary District	\$ 2,462	0.15%	-
Village of Osceola	2,429	0.15%	-
Village of Twin Lakes	2,404	0.15%	-
City of Beloit	2,390	0.15%	-
City of Columbus	2,364	0.14%	-
Village of Randolph	2,279	0.14%	\$ 136
City of New Holstein	2,278	0.14%	-
Village of Ellsworth	2,266	0.14%	-
Town of Oakland Sanitary District #1	2,232	0.14%	-
Rib Mountain Metro Sewerage District	2,144	0.13%	1,685
City of Ladysmith	2,091	0.13%	-
City of Darlington	2,066	0.13%	-
City of Brookfield	2,037	0.12%	-
Village of Dousman	2,019	0.12%	-
City of Gillett	2,009	0.12%	-
City of Green Lake	1,943	0.12%	-
City of Stevens Point	1,922	0.12%	-
Village of Mishicot	1,917	0.12%	-
City of Waupun	1,887	0.12%	-
Village of Hammond	1,807	0.11%	-
Village of Waldo	1,784	0.11%	-
City of Edgerton	1,743	0.11%	-
City of Owen	1,696	0.10%	64
Village of Union Grove	1,690	0.10%	-
Lyons Sanitary District #2	1,689	0.10%	-
City of West Allis	1,658	0.10%	-
City of Baraboo	1,594	0.10%	2,295
City of Mineral Point	1,594	0.10%	-
Village of Black Creek	1,585	0.10%	-
Village of Denmark	1,575	0.10%	-
City of Chilton	1,573	0.10%	-
Village of Cedar Grove	1,554	0.10%	-
City of Hillsboro	1,553	0.10%	48
City of Omro	1,551	0.09%	-
City of Mellen	1,543	0.09%	-
City of Park Falls	1,521	0.09%	144
City of Ripon	1,474	0.09%	-
Village of Lomira	1,459	0.09%	-
Village of Roberts	1,426	0.09%	-
City of River Falls	1,387	0.08%	-
Village of Sharon	1,374	0.08%	26
City of Menasha	1,302	0.08%	-
Village of Fontana	1,300	0.08%	-
Village of Saukville	1,278	0.08%	-
Village of Lowell	1,276	0.08%	-
Village of Belgium	1,268	0.08%	-
City of Peshtigo	1,257	0.08%	-
Village of Port Edwards	1,211	0.07%	-
Village of Black Earth	1,163	0.07%	39
Village of Deerfield	1,162	0.07%	-
Greenville Sanitary District No. 1	1,159	0.07%	-
City of Whitehall	1,154	0.07%	-
City of Mayville	1,130	0.07%	285
Village of Fox Crossing	1,116	0.07%	-
City of Montreal	1,106	0.07%	-
Village of Athens	1,094	0.07%	-
City of Waterloo	1,086	0.07%	-
Forest Junction Sanitary District	1,080	0.07%	-
City of Black River Falls	1,054	0.06%	-
City of Milton	1,046	0.06%	-
Village of Campbellsport	1,043	0.06%	-
Village of Cassville	1,043	0.06%	-
City of Shawano	1,042	0.06%	-
City of Viroqua	1,007	0.06%	1,804
Village of Genoa City	990	0.06%	-
City of Waupaca	918	0.06%	-
Village of Bristol	877	0.05%	-
Village of Rio	862	0.05%	-
City of Bloomer	834	0.05%	70

STATE OF WISCONSIN ENVIRONMENTAL IMPROVEMENT FUND
OUTSTANDING PLEDGED LOAN PRINCIPAL BALANCES
June 30, 2018^(a)
(Amounts in Thousands)

Municipality	Total Outstanding Pledged Loan Balance	% of All Pledged Loans	Total Financial Assistance Agreement/Loan Amount Remaining To Be Drawn
City of Prairie du Chien	\$ 807	0.05%	-
City of Blair	798	0.05%	\$ 16
Village of Cascade	794	0.05%	-
City of Pittsville	763	0.05%	-
Village of Plum City	760	0.05%	-
Wolf Treatment Plant Commission	736	0.05%	-
Village of Random Lake	727	0.04%	-
St. Joseph's Sanitary District No. 1	717	0.04%	-
City of Sparta	711	0.04%	-
City of Bayfield	699	0.04%	-
Village of Waterford	693	0.04%	-
City of Ashland	684	0.04%	85
Village of Johnson Creek	679	0.04%	1,477
City of Greenwood	655	0.04%	370
Village of Clinton	652	0.04%	-
City of Shell Lake	632	0.04%	-
City of Marinette	628	0.04%	-
City of Portage	613	0.04%	-
Village of Birchwood	598	0.04%	-
City of Juneau	596	0.04%	-
Village of Ephraim	589	0.04%	-
City of Horicon	587	0.04%	50
City of Neenah	574	0.04%	-
Village of Necedah	573	0.04%	-
City of Independence	568	0.03%	-
Village of Spencer	563	0.03%	1,963
Harmony Grove - Okee Sewerage Commission	551	0.03%	-
Village of Allouez	510	0.03%	-
Village of Bayside	491	0.03%	-
Town of Dover	489	0.03%	-
Village of Rockdale	479	0.03%	-
Village of Howards Grove	470	0.03%	-
Village of Eastman	463	0.03%	122
Town of Oconomowoc	462	0.03%	-
Village of Vesper	446	0.03%	-
Mindoro Sanitary District #1	442	0.03%	-
City of Phillips	421	0.03%	-
City of Jefferson	417	0.03%	-
Village of Minong	404	0.02%	-
City of Galesville	402	0.02%	-
City of Delavan	401	0.02%	-
Village of Coleman	395	0.02%	-
City of Mauston	395	0.02%	-
Village of Albany	385	0.02%	-
City of New Richmond	382	0.02%	-
Little Suamico Sanitary District #1	379	0.02%	-
City of Brodhead	378	0.02%	105
Village of Rothschild	377	0.02%	-
Village of Junction City	360	0.02%	-
City of Markesan	359	0.02%	190
Village of Somerset	355	0.02%	-
Village of Edgar	350	0.02%	-
City of Tomah	336	0.02%	-
Village of Saint Nazianz	331	0.02%	-
Town of Ixonia	324	0.02%	-
Village of Stratford	323	0.02%	-
Village of Luxemburg	318	0.02%	-
Village of Dallas	317	0.02%	-
Village of Curtiss	313	0.02%	416
City of Algoma	312	0.02%	-
Village of Frederic	306	0.02%	-
City of Delafield	304	0.02%	-
City of Cuba City	301	0.02%	-
Village of New Auburn	301	0.02%	-
Norway Sanitary District #1	299	0.02%	-
O'Dell's Bay Sanitary District #1	299	0.02%	-
Village of Mazomanie	297	0.02%	-
City of Osseo	296	0.02%	-
Madeline Sanitary District	292	0.02%	-

STATE OF WISCONSIN ENVIRONMENTAL IMPROVEMENT FUND
OUTSTANDING PLEDGED LOAN PRINCIPAL BALANCES
June 30, 2018^(a)
(Amounts in Thousands)

Municipality	Total Outstanding Pledged Loan Balance	% of All Pledged Loans	Total Financial Assistance Agreement/Loan	
			Amount Remaining To Be Drawn	
Village of Little Chute	\$ 279	0.02%	-	-
Village of Whitelaw	279	0.02%	-	-
Village of Boyceville	279	0.02%	-	-
Village of Grantsburg	268	0.02%	-	-
Krakow Sanitary District No. 1	254	0.02%	-	-
Pikes Bay Sanitary District	247	0.02%	-	-
City of Clintonville	242	0.01%	-	-
Village of Merrilan	238	0.01%	-	-
Village of Camp Douglas	235	0.01%	-	-
City of Princeton	234	0.01%	\$	1
Wrightstown Sanitary District #1	229	0.01%	-	-
Village of Dorchester	228	0.01%	-	62
Village of Stoddard	224	0.01%	-	-
Kelly Lake Sanitary District #1	223	0.01%	-	-
City of Lake Mills	223	0.01%	-	-
Village of Footville	215	0.01%	-	-
Christmas Mountain Sanitary District	210	0.01%	-	-
City of Kenosha	207	0.01%	-	-
Village of Benton	205	0.01%	-	-
Village of Bangor	204	0.01%	-	-
City of Altoona	200	0.01%	-	-
City of Arcadia	198	0.01%	-	-
Village of Rib Lake	192	0.01%	-	-
Village of Cambria	191	0.01%	-	-
Village of Tennyson	187	0.01%	-	-
Village of Iron Ridge	161	0.01%	-	-
Village of North Fond du Lac	159	0.01%	-	-
Village of Walworth	154	0.01%	-	-
Rockland Sanitary District #1	151	0.01%	-	-
Village of Stetsonville	147	0.01%	-	-
Village of Lena	145	0.01%	-	-
City of Fountain City	139	0.01%	-	-
City of Brillion	138	0.01%	-	-
Village of Butternut	132	0.01%	-	-
City of Kewaunee	131	0.01%	-	-
Village of Poplar	130	0.01%	-	-
Village of Marathon City	121	0.01%	-	-
Village of Reeseville	116	0.01%	-	56
Village of Arlington	106	0.01%	-	-
Village of Arena	89	0.01%	-	-
Village of De Soto	84	0.01%	-	-
Roxbury Sanitary District #1	58	0.00%	-	-
City of Amery	49	0.00%	-	-
Village of Brokaw	46	0.00%	-	-
Poy Sippi Sanitary District	42	0.00%	-	-
Village of Linden	40	0.00%	-	-
City of Chetek	32	0.00%	-	246
City of Loyal	28	0.00%	-	-
Wisconsin Dells - Lake Delton Sewerage Commission	27	0.00%	-	-
Village of Kohler	25	0.00%	-	-
Village of Haugen	19	0.00%	-	-
Village of Wyocena	19	0.00%	-	-
Village of Hancock	17	0.00%	-	-
City of Montello	17	0.00%	-	-
Village of Bagley	14	0.00%	-	-
Village of Combined Locks	10	0.00%	-	-
Village of Cameron	8	0.00%	-	166
Grand Total	\$ 1,633,923	100.00%	\$	95,042

^(a) Amounts and percentages were determined after the May 1, 2018 interest payments due on the Pledged Loans, and after the June 1, 2018 interest payments due on the Bonds, were made.

Lending Criteria and Conditions of Clean Water Fund Program

The Act sets 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 municipalities, commitments, and financial assistance agreements is described in [APPENDIX A](#).

To receive financial assistance from the Clean Water Fund Program a Municipality must be one of the types of governments specified by the Act. The Act further requires that the Municipality comply with a number of other requirements, including establishing a dedicated source of revenue for the repayment of the financial assistance, complying with the requirements of the Water Quality Act, developing a program of water conservation as required by the State of Wisconsin Department of Natural Resources (DNR), and developing and adopting a system of equitable user charges. While the Act permits financial assistance to take forms other than loans, such as guaranteeing or purchasing insurance for Municipal Obligations, awarding hardship grants to certain Municipalities, or subsidizing the interest cost on certain other loans, the State currently makes financial assistance available from the Clean Water Fund Program primarily by making Loans to Municipalities at interest rates that are at or below market rates, as specified in the Act.

Prior to loan disbursements, proceeds expected to be loaned to Municipalities are held by the State, with undisbursed proceeds of Pledged Loans held by the Trustee in the Loan Fund. Interest earnings on proceeds held in the Loan Fund shall be for the benefit of the Clean Water Fund Program. As proceeds are disbursed pursuant to a Municipality's Financial Assistance Agreement, interest on the related loan shall accrue and be payable on the amount disbursed from the date of disbursement until the date such amount is repaid.

In most instances, the repayment schedule of each loan is structured to provide level annual debt service from the disbursement dates until the final maturity specified in the respective Municipality's Financial Assistance Agreement. Upon project completion, a Municipality's loan repayment schedule under its Financial Assistance Agreement will reflect the cumulative principal amortization of the disbursements to the Municipality.

If the final audit of the project reveals that the eligible project costs are less than the amount disbursed to the Municipality, the Municipality agrees in its Financial Assistance Agreement to reimburse the State within 60 days after DNR or DOA provides a notice of overpayment.

If the Municipality fails to make any payment when due on the Municipal Obligation or fails to observe or perform any other covenant, condition, or agreement on its part under the Financial Assistance Agreement for a period of 30 days after written notice specifying the default and requesting that it be remedied has been given to the Municipality by DNR, the State shall have all remedies provided by law and, to the extent permitted by law, the Financial Assistance Agreement.

A Financial Assistance Agreement may be modified or amended upon a written agreement between the State and the related Municipality.

Each Financial Assistance Agreement requires the Municipality to submit annual audited financial statements to the State, within 180 days after the end of the Municipality's fiscal year, for the State's review. DOA takes an active role in the collection of these documents with initial and follow-up requests to Municipalities that have not complied with this requirement. The State's review of these financial statements focuses on revenue sufficiency; if concerns about sufficient revenues are identified, the Municipality is notified and required, pursuant to the Financial Assistance Agreement, to take actions to address the concerns. In addition, each Municipality covenants in its Financial Assistance Agreement to review its user charge system every two years for the life of the loan.

As of June 30, 2018, no Municipality has been in default in the payment of any Municipal Obligation issued to evidence a Pledged Loan.

Further information concerning the security and source of payment for the Bonds is included as [APPENDIX A](#), which incorporates by reference, and includes updates and additions to, Part VII of the 2017

Annual Report, and in **APPENDIX C**. Part VII of the 2017 Annual Report addresses the following security matters:

- Environmental Improvement Fund
- Security
- Security and source of payment
- Municipalities
- Pledged Loans
- Statutory powers
- Additional Bonds
- Program Resolution

Milwaukee Metropolitan Sewerage District

The Milwaukee Metropolitan Sewerage District (MMSD) is currently the largest borrower with respect to Pledged Loans, with \$511 million in principal amount of Pledged Loans outstanding as of June 30, 2018. Based on balances as of June 30, 2018, Pledged Loans to MMSD were approximately 31% of the total principal amount of all outstanding Pledged Loans. This amount and percentage reflect the current amount of Pledged Loans, and the percentage will change when changes occur in the amounts of Pledged Loans.

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.

This Official Statement incorporates by reference the MMSD Comprehensive Annual Financial Report (MMSD CAFR) for the period ending December 31, 2017. The MMSD CAFR has been filed with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system and should be consulted only with respect to MMSD. No representation is made as to the accuracy or completeness of the information included in the MMSD CAFR, or that there has been no material change since its date.

Copies of the MMSD CAFR can be obtained from:

Milwaukee Metropolitan Sewerage District
Attention: Mark T. Kaminski, Director of Finance/Treasurer
260 West Seeboth Street
Milwaukee, Wisconsin 53204-1446
Telephone: (414) 225-2050
Email: mkaminski@mmsd.com

Additional Bonds

Prior to the issuance of the 2018 Series A Bonds or additional Bonds, the State must certify that (1) it is not in default in the performance of any of its covenants and agreements in the Program Resolution (unless, in the opinion of Independent Counsel, any such default does not deprive any Beneficiary in any material respect of the security afforded by the Program Resolution) and (2) as of the date of issuance of the Bonds (and after giving effect to the issuance of the Bonds and the pledge of any additional Pledged Loans to be financed with such Bonds or otherwise to be pledged), (i) the Aggregate Debt Service Coverage Ratio will be at least 1.0 to 1 for each future Fiscal Year, and (ii) if the Bonds to be issued are Senior Bonds, the Senior Debt Service Coverage Ratio will be at least 1.0 to 1 for each future Fiscal Year. In connection with the issuance of Refunding Bonds, the State may instead certify that the issuance of the Refunding Bonds will not increase Debt Service in any Fiscal Year.

Prepayment of Pledged Loans Limited

The State may consent to prepayment of any Pledged Loan and the Municipal Obligation evidencing such Pledged Loan only if it delivers a State Certificate to the effect that, immediately following such prepayment (and giving effect to the deposit of the proceeds thereof into the applicable Fund or Account

and the further application thereof), the State could issue at least \$1 of additional Bonds under the tests set forth in the Program Resolution and described above under “**SECURITY; Additional Bonds**”.

Disposition of Loans

The State may sell, assign, transfer or otherwise dispose of any Pledged Loan and the Municipal Obligation(s) evidencing such Pledged Loan, free and clear of the pledge of the Program Resolution and at such price as the Commission (or the Capital Finance Director, on behalf of the Commission) may determine. Prior to any such sale or disposition, the State must deliver a State Certificate to the effect that, immediately following such sale, assignment, transfer or disposition (and if applicable, giving effect to the deposit of the proceeds thereof into the applicable Fund or Account and the further application thereof), the State could issue at least \$1 of additional Bonds under the tests set forth in the Program Resolution and described above under “**SECURITY; Additional Bonds**”.

The State may also assign, transfer or otherwise dispose of any Pledged Loan and the Municipal Obligation evidencing such Pledged Loan and deposit the proceeds in the applicable Account of the Revenue Fund as specified in a State Certificate, if such Pledged Loan is delinquent in payments of principal or interest and if in the reasonable opinion of the State, as evidenced by a State Certificate, the proceeds of such sale, assignment, transfer or disposition are not less than the fair market value of such delinquent Pledged Loan and Municipal Obligation.

Amendment of Loan Terms

The State may consent or agree to permit amendment or modification of any Financial Assistance Agreement or Municipal Obligation, including amendments and modifications made in connection with settlement of any delinquency or default on any Pledged Loan which settlement the State determines to be in the best interests of the State. However, an amendment or modification will be permitted only if the amended Financial Assistance Agreement or Municipal Obligation and the Pledged Loan thereunder satisfies the requirements of the Program Resolution for a Pledged Loan and the State determines that the modification will not have a material adverse effect, taking into account the reasonable expectations with respect to the Pledged Loan in question immediately prior to the modification, on the State’s ability to pay the principal of and interest on the Bonds and the Other Obligations. In addition, prior to any such amendment or modification that reduces the payments due under the Municipal Obligation securing any Pledged Loan, the State must file with the Trustee a State Certificate to the effect that, immediately following such amendment or modification, the State could issue at least \$1 of additional Bonds under the tests set forth in the Program Resolution and described under “**SECURITY; Additional Bonds**”.

Flow of Funds

Within the Revenue Fund there are a Clean Water Revenue Account and a Safe Drinking Water Revenue Account, within each of which Accounts there are a Principal Receipts Subaccount and an Interest Receipts Subaccount. Revenue obligations for the Safe Drinking Water Program are not contemplated at this time and could only be issued after appropriate changes to the Act.

Upon receipt, all Pledged Revenues (other than (i) payments under Credit Enhancement Facilities or for the payment of the purchase price of Bonds on a Tender Date and (ii) any proceeds of the sale or other disposition of Pledged Loans that the State directs to be deposited in the Loan Fund or another Fund) shall be deposited to the Revenue Fund. All Loan Repayments and other Pledged Revenues received with respect to Pledged Loans under the Clean Water Fund Program, and all Counterparty Swap Payments allocable to the Leveraged Clean Water Portion and the State Match Clean Water Portion, shall be credited to the Clean Water Revenue Account. No Swap Agreements were entered into in connection with the issuance of the 2015 Bonds or the 2017 Bonds, are being entered into connection with the issuance of the 2018 Series A Bonds, or are otherwise contemplated at this time.

On each June 1 and December 1 (each a **Transfer Date**), amounts in the Revenue Fund will be transferred to the applicable accounts in the Redemption Fund and applied to pay the debt service on the Bonds as described under the heading “**Revenue Fund**” in **APPENDIX C**.

The Equity Fund is held and maintained by the State and is not subject to the lien of the Program Resolution. There shall be deposited in the Equity Fund (i) all Fees and Charges, (ii) amounts transferred from the Revenue Fund on a Transfer Date, upon State Direction, following transfers to pay debt service on the Bonds and all other required transfers, and (iii) such additional funds that are not subject to the lien of the Program Resolution as may be directed by an Authorized Commission Representative. Moneys and securities may be transferred from the Equity Fund for any purpose authorized by the Act and deposited into other funds and accounts established by the Program Resolution at the written direction of an Authorized Commission Representative.

The diagram on the [following page](#) is a detailed summary of the flow of funds under the Program Resolution. Further details of the flow of funds within the Program Resolution are outlined in [APPENDIX C](#).

No Acceleration

Upon the occurrence of an Event of Default under the Program Resolution, there is no remedy of acceleration available to the Trustee with respect to the Bonds.

Investment of Funds

Moneys held under the Program Resolution, including the proceeds of Bonds held in the Loan Fund pending disbursement under Financial Assistance Agreements, will be invested by the Trustee, at the direction of the State, in Permitted Investments.

Funding Levels

The Clean Water Fund Program continues to receive applications for financial assistance and reviews and approves such applications prior to award of any additional loans (including Pledged Loans). The amount of federal funding available in the future may affect the amount of loans to be made by the Clean Water Fund Program and the amount of Bonds to be issued by the State. See [“CLEAN WATER FUND PROGRAM”](#).

Non-Impairment

Under Section 18.61 (2), Wisconsin Statutes, the State pledges and agrees with the Holders of the Bonds and the Other Beneficiaries that the State will not limit or alter its powers to fulfill the terms of any agreements made with the Holders of the Bonds and the Other Beneficiaries or in any way impair the rights and remedies of the Holders of the Bonds or the Other Beneficiaries until the Bonds, together with interest (including interest on any unpaid installments of interest) and all costs and expenses in connection with any action or proceeding by or on behalf of the Holders of the Bonds are fully met and discharged and the Other Beneficiaries are fully discharged or provided for.

variations may be material and adverse. The presentation of projected Aggregate Debt Service Coverage Ratios does not constitute a representation by the State that the Projected Annual Revenues will be realized or will be received at the times or in the amounts projected.

The following table also assumes that the 2015 Bonds, 2017 Bonds, and 2018 Series A Bonds continue to be the only Bonds outstanding under the Program Resolution. The future issuance of additional Bonds and the acquisition of additional Pledged Loans will affect the Projected Annual Revenues, the annual Debt Service amounts, and the Debt Service Coverage Ratios. See **“SECURITY; Additional Bonds”**.

Although satisfying certain projected Aggregate Debt Service Coverage Ratio tests is a condition to the issuance of additional Bonds under the Program Resolution, failure to maintain any level of coverage is not a default under the Program Resolution.

PROJECTED DEBT SERVICE COVERAGE

Year (June 30)	Projected Annual Revenues	Debt Service	Aggregate Debt Service Coverage Ratio
2019	197,242,737	99,273,783	1.99x
2020	217,568,994	30,419,250	7.15x
2021	200,785,881	32,428,000	6.19x
2022	184,818,574	32,431,000	5.70x
2023	171,780,688	32,431,250	5.30x
2024	164,774,961	32,431,250	5.08x
2025	156,915,590	31,033,250	5.06x
2026	137,747,308	29,964,250	4.60x
2027	124,836,950	16,073,250	7.77x
2028	106,205,219	14,411,000	7.37x
2029	86,082,379	14,417,750	5.97x
2030	75,680,438	14,412,750	5.25x
2031	63,013,543	10,070,250	6.26x
2032	46,903,000	10,070,750	4.66x
2033	41,449,732	10,071,500	4.12x
2034	29,351,791	10,071,500	2.91x
2035	21,986,434	10,074,750	2.18x

OTHER MATTERS

State of Wisconsin

The State is located in the Midwest among the northernmost tier of states. The State ranks 20th among the states in population and 25th in land area. Wisconsin attained statehood in 1848, its capital is Madison, and its largest city is Milwaukee. Requests for additional information on the State may be directed to:

Contact: State of Wisconsin Department of Administration
Capital Finance Office

Phone: (608) 267-0374

Mail: 101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864

E-mail: DOACapitalFinanceOffice@wisconsin.gov

Website: doa.wi.gov/capitalfinance

The State is not obligated to pay the principal or redemption price of, and interest on, the 2018 Series A Bonds or any other Bonds from any revenues or funds of the State other than those pledged pursuant to the Program 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 or redemption price of, or interest on, the Bonds.

Borrowing Plans for 2018

The 2018 Series A Bonds are the first series of Bonds issued in calendar year 2018 under the Program Resolution. The amount and timing of any issuance of additional Bonds depend on loan originations under the Clean Water Fund Program.

Other Obligations

The State has previously issued one series of general obligations in the principal amount of \$288 million for general governmental purposes. In addition, the Commission has authorized the issuance of the following general obligations:

- Up to \$353 million of additional general obligations for general governmental purposes. The amount and timing of any issuance of these general obligations will depend on many factors, including construction schedules for approved projects and expenditures under approved borrowing programs. These general obligations may be issued in the form of bonds, commercial paper notes, extendible municipal commercial paper, and variable rate demand obligations.
- Up to \$495 million of general obligations for the refunding of general obligation bonds previously issued for general governmental purposes. The amount and timing of any sale and issuance of general obligations for refunding purposes depend, among other factors, on market conditions.
- General obligations for the funding of the State's outstanding general obligation commercial paper notes and extendible municipal commercial paper notes, which were outstanding in the amount of \$406 million as of June 30, 2018. The amount and timing of any issuance of general obligations for this purpose depend on a decision to fund outstanding obligations bearing variable interest rates either with a different form of variable-rate obligations or with bonds bearing fixed interest rates.

The Commission has authorized up to \$300 million of transportation revenue obligations to refund outstanding transportation revenue bonds. The amount and timing of any issuance of transportation revenue refunding bonds depend, among other factors, on market conditions.

The State may sell, or sell and issue, general fund annual appropriation refunding bonds in this calendar year for the refunding of outstanding general fund appropriation bonds that have a May 1, 2019 optional redemption date. The amount and timing of any issuances of general fund annual appropriation refunding bonds depend, among other factors, on market conditions.

The State expects to issue approximately \$27 million of master lease certificates of participation in the third quarter of calendar year 2018.

The State does not currently intend to issue operating notes for the 2018-19 fiscal year.

Underwriting

The 2018 Series A Bonds are being purchased by the **Underwriters** listed on the front cover, for which Merrill Lynch, Pierce, Fenner & Smith Incorporated is acting as the representative.

The Underwriters have agreed, subject to certain conditions, to purchase from the State the 2018 Series A Bonds at an aggregate purchase price of \$104,085,541.26 (reflecting an aggregate original issue premium of \$12,386,408.70 and Underwriters' discount of \$380,867.44). The Underwriters' obligations are subject to certain conditions, and they will be obligated to purchase all the 2018 Series A Bonds if any 2018 Series A Bonds are purchased.

The Underwriters have agreed to reoffer the 2018 Series A Bonds at the public offering prices or yields set forth on the **front cover** of this Official Statement. The 2018 Series A Bonds may be offered and sold to certain dealers (including dealers depositing the 2018 Series A 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. Certain of the Underwriters may have entered into retail distribution agreements with third party broker-dealers, under which the Underwriters may distribute municipal securities to retail investors through the respective financial advisors or electronic trading platforms of such third-party broker-dealers. As part of these arrangements, the Underwriters may share a portion of their underwriting compensation with those third-party broker-dealers.

The Underwriters and their affiliates include full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage, and other financial and non-financial activities and services. In the course of their various business activities, the Underwriters and their affiliates, officers, directors, and employees may purchase, sell, or hold investments and other financial instruments for their own accounts and for the accounts of their customers. Such investment and trading activities may involve assets, securities, or other instruments of the State (directly, as collateral securing other obligations, or otherwise) or of others that have relationships with the State. The Underwriters and their affiliates may also communicate independent investment recommendations, market color, or trading ideas and may publish or express independent research views in respect of any such assets, securities, or instruments and may at any time hold, or recommend to clients that they should acquire, long or short positions in such assets, securities, or instruments.

Certain legal matters will be passed upon for the Underwriters by their counsel, Katten Muchin Rosenman LLP.

Reference Information About 2018 Series A Bonds

The table on the **front cover** includes information about the 2018 Series A Bonds and is 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.

Financial Advisor

PFM Financial Advisors LLC has been engaged 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 2018 Series A Bonds and has also reviewed certain legal and disclosure documents, including this Official Statement, for financial matters and reviewed the pricing of the 2018 Series A Bonds by the Underwriters.

Legal Investment

State law provides that the 2018 Series A Bonds are legal investments for the following:

- Banks, trust companies, bankers, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, insurance companies, insurance associations, and other persons or entities carrying on a banking or insurance business.
- Personal representatives, guardians, trustees, and other fiduciaries.
- The State, the State of Wisconsin Investment Board, 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 2018 Series A Bonds are subject to the approval of **Bond Counsel**, which is Foley & Lardner LLP. When the 2018 Series A Bonds are delivered, Bond Counsel will deliver an approving opinion in substantially the form shown in **APPENDIX**

D. If certificated 2018 Series A Bonds are issued, then the opinion will be printed on the reverse side of each 2018 Series A Bond.

As a condition to making a loan from the Clean Water Fund Program or Safe Drinking Water Loan Program, the State requires 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 of the State will examine a certified copy of all proceedings preliminary to issuance of the 2018 Series A Bonds. Upon delivery of the 2018 Series A Bonds, the State will furnish an opinion of the Attorney General, dated the date of delivery of the 2018 Series A 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 2018 Series A Bonds, or in any way contesting or affecting:

- the titles to their respective offices of any of the State officers involved in the issuance of the 2018 Series A Bonds,
- the validity of the 2018 Series A Bonds or any of the proceedings taken with respect to the issuance and sale thereof, or
- the pledge or application of any moneys or security to the payment of the 2018 Series A 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 Revenues or other revenues, receipts, funds, or moneys pledged for the payment of the 2018 Series A Bonds.

Each Municipality entering into a Financial Assistance Agreement is required, as a condition of the related 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. Those certifications are not made as of any date after the delivery of the respective Municipal Obligations.

TAX MATTERS

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law, interest on the 2018 Series A Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the 2018 Series A Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations for taxable years beginning on or before December 31, 2017. The State must comply with certain requirements of the Internal Revenue Code of 1986, as amended (**Code**), for interest on the 2018 Series A Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to comply with those requirements to

the extent it may lawfully do so. Its failure to do so may cause interest on the 2018 Series A Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date on which the 2018 Series A Bonds are issued. No provision is made for an increase in interest rates or a redemption of the 2018 Series A Bonds in the event interest on the 2018 Series A Bonds is included in gross income.

Each Municipality that obtains a Pledged Loan promises to limit private business use of the financed project. The State has adopted program procedures concerning loans made under the Clean Water Fund Program, including use of the proceeds of each loan. In addition, for each Pledged Loan exceeding the amount of \$1 million, the State requires an opinion from a bond counsel that the related Municipal Obligation is not a “private activity bond” within the meaning of the Code and that interest on the Municipal Obligation is excluded from gross income for federal income tax purposes. Failure of one or more Municipalities to limit private business use of a financed project may, depending upon the aggregate amount of private business use associated with Pledged Loans and if the State were not to take a timely remedial action, cause interest on the 2018 Series A Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date on which the 2018 Series A Bonds are issued.

The opinion of Bond Counsel will be based on legal authorities that are current as of its date, will cover certain matters not directly addressed by those authorities, and will represent Bond Counsel’s judgment regarding the proper treatment of the 2018 Series A Bonds for federal income tax purposes. It will not be binding on the Internal Revenue Service (IRS) or the courts and will not be a guaranty of result. As to questions of fact, Bond Counsel will rely upon certified proceedings and certifications of public officials and others without independently undertaking to verify them.

Bond Counsel will express no opinion about other federal tax matters regarding the 2018 Series A Bonds. Other federal tax law provisions may adversely affect the value of an investment in the 2018 Series A Bonds for particular owners of those 2018 Series A Bonds. Prospective investors should consult their own tax advisors about the tax consequences of owning a 2018 Series A Bond.

The IRS has an active tax-exempt bond enforcement program. Under current IRS procedures, owners of the 2018 Series A Bonds would have little or no right to participate in an IRS examination of the 2018 Series A Bonds. Moreover, it may not be practicable to obtain judicial review of IRS positions with which the State disagrees. Any action of the IRS, including selection of the 2018 Series A Bonds for examination, the conduct or conclusion of such an examination, or an examination of obligations presenting similar tax issues, may affect the marketability of the 2018 Series A Bonds.

Current and future legislative proposals, if enacted into law, may cause the interest on the 2018 Series A Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent the owners of the 2018 Series A Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the marketability of the 2018 Series A Bonds. Prospective investors should consult their own tax advisors about federal legislative proposals.

Premium Bonds

2018 Series A Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity will be treated as having amortizable bond premium. No deduction is allowable for amortizable bond premium in the case of bonds, such as the 2018 Series A Bonds, the interest on which is excluded from gross income for federal income tax purposes.

During each taxable year, an owner of 2018 Series A Bonds with amortizable bond premium must reduce his, her, or its tax basis in the Bond by the amount of the amortizable bond premium that is allocable to the portion of that taxable year during which the owner owned the Bond. The adjusted tax basis in a 2018 Series A Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, or payment at maturity) of the Bond.

Owners of 2018 Series A Bonds purchased at a premium should consult their own tax advisors with respect to the federal tax consequences of owning such 2018 Series A Bonds, including computation of their tax basis and the effect of any purchase of 2018 Series A Bonds that is not made in the initial

offering at the issue price. Owners of such 2018 Series A Bonds should also consult their own tax advisors with respect to the state and local tax consequences of owning those 2018 Series A Bonds.

State of Wisconsin Income and Franchise Taxes

Interest on the 2018 Series A Bonds is not exempt from current State of Wisconsin income or franchise taxes. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a 2018 Series A Bond.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 2018 Series A Bonds, to provide an annual report presenting certain financial information and operating data about the State (**Annual Reports**). By December 27 of each year, the State will file the Annual Report with the **MSRB** through **EMMA**. The State will also provide to the MSRB notices of the occurrence of certain events specified in the undertaking. [Part I of the 2017 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 Department of Administration
Capital Finance Office
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 267-0374
DOACapitalFinanceOffice@wisconsin.gov
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 MSRB. In the last five years, the State has not failed to comply in any material respect with this, or any similar, undertaking.

Dated: August 15, 2018

STATE OF WISCONSIN

/s/ SCOTT WALKER

Governor Scott Walker, Chairperson
State of Wisconsin Building Commission

/s/ ELLEN E. NOWAK

Ellen E. Nowak, Secretary
State of Wisconsin Department of Administration

/s/ JOHN L. KLENKE

John L. Klenke, Secretary
State of Wisconsin Building Commission

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APPENDIX A

INFORMATION ABOUT THE CLEAN WATER FUND PROGRAM

This Appendix includes by reference information concerning the State of Wisconsin (**State**) Clean Water Fund Program and Environmental Improvement Fund Revenue Bond Program contained in [Part VII of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2017 \(2017 Annual Report\)](#), which can be obtained as described below.

[Part VII of the 2017 Annual Report](#) contains information on the Clean Water Fund Program, including but not limited to the following matters:

- State Revolving Fund
- Clean Water Fund
- Environmental Improvement Fund
- Security
- Management
- Security and source of payment
- Municipalities
- Pledged Loans
- Statutory powers
- Loan terms and application process
- Lending criteria
- Additional Bonds
- Program Resolution

[Part VII of the 2017 Annual Report](#) also includes the independent auditor's reports and financial statements for the Environmental Improvement Fund for the years ended June 30, 2017 and 2016, along with supplemental information as of June 30, 2017.

The 2017 Annual Report was filed with the Municipal Securities Rulemaking Board (**MSRB**) through its Electronic Municipal Market Access (**EMMA**) system, and also 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:

doa.wi.gov/capitalfinance

Copies of the 2017 Annual Report may also be obtained from:

State of Wisconsin Department of Administration
Capital Finance Office
101 E. Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 267-0374
DOACapitalFinanceOffice@wisconsin.gov

Certain information in Part VII of the 2017 Annual Report has been updated with information contained in this Official Statement, including, but not limited to, information in the sections entitled "**SECURITY**" and "**PROJECTED CASH FLOW AND DEBT SERVICE TABLE**".

After publication and filing of the 2017 Annual Report, certain other changes or events may have occurred that affect items discussed in the 2017 Annual Report. When such changes occur, the State may or may not file notices with the MSRB, some of which may be notices that are not required to be filed under the State's undertakings.

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APPENDIX B

DEFINITIONS OF CERTAIN TERMS

The following definitions apply to capitalized terms used in this Official Statement.

Account means any of the accounts in the Funds created by or pursuant to the Program Resolution.

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

Acting Beneficiaries Upon Default means:

- (1) for purposes of the direction of proceedings by the Trustee, the Holders of not less than the specified percentage (as set forth in the applicable provisions of the Program Resolution) of the aggregate Principal Amount of Senior Bonds Outstanding if Senior Bonds are Outstanding and otherwise the Holders of not less than the specified percentage of the most senior class of Bonds Outstanding, and
- (2) for all other purposes under the Program Resolution, any Senior Other Beneficiary or the Holders of not less than the specified percentage of the aggregate Principal Amount of Senior Bonds Outstanding if Senior Bonds or Senior Other Obligations are Outstanding and otherwise the Holders of not less than the specified percentage of Bonds the most senior class any Bonds or Other Obligations of which are Outstanding and any Other Beneficiary of such class.

Aggregate Debt Service Coverage Ratio means, for any Fiscal Year, the ratio of Projected Annual Revenues to Debt Service.

Authorized Commission Representative means any person at the time designated to act on behalf of the State by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the State by the Capital Finance Director, and also includes the Capital Finance Director.

Balloon Bonds means any series of Bonds, 25% or more of the aggregate principal amount of which mature in a single year.

Balloon Payments means regularly scheduled principal payments with respect to a series of Balloon Bonds that are due in any year in which 25% or more of the aggregate principal amount of such series of Balloon Bonds matures.

Beneficial Owner means the Person in whose name a Bond is recorded as beneficial owner of such Bond by the Securities Depository, Participant, or Indirect Participant, as the case may be.

Beneficial Ownership Interest means the right to receive payments and notices with respect to Bonds which are held by the Securities Depository under a Book-Entry System and for which the Securities Depository does not act on behalf of the Beneficial Owners in connection with the optional or mandatory tender of Bonds on a Tender Date.

Beneficiary means any Holder of Bonds and, to the extent provided in a Supplemental Resolution, any Swap Counterparty and any Credit Facility Provider.

Bond Anticipation Notes means obligations for the funding of which the Building Commission has authorized the issuance of Bonds in a Supplemental Resolution.

Bond Counsel means any Independent Counsel selected by the State and nationally recognized as an attorney or firm of attorneys whose opinions are generally accepted in the municipal bond market and who is familiar with the transactions contemplated under the Program Resolution. Any opinion of Bond Counsel required by the Program Resolution shall be in writing.

Bonds means revenue obligations of the State, however designated and whether Senior or Subordinate, that are issued pursuant to the Program Resolution and payable, in whole or in part, from the Pledged

Revenues but does not include Bond Anticipation Notes that are payable solely from the proceeds of Bonds authorized in a Supplemental Resolution.

Book-Entry System means a book-entry system established and operated for the recordation of Beneficial Owners of Bonds pursuant to the Program Resolution and the Supplemental Resolution providing for the issuance of such Bonds.

Borrower means any Person authorized to obtain a Loan under the Act pursuant to a Program.

Building Commission means the State of Wisconsin Building Commission or any successor body having the power under subchapter II of Chapter 18 of the Wisconsin Statutes (or any successor provision) to authorize and direct the issuance of Bonds.

Capitalization Grant means grants that EPA is authorized to make, pursuant to the Water Pollution Control Act or the Safe Drinking Water Act, to a state to assist in providing financial assistance to municipalities within the state for governmentally-owned water treatment projects and other water pollution abatement projects.

Capitalization Grant Agreement means the agreement the State has entered into with EPA for receipt of the Capitalization Grant.

Clean Water Fund Program means the Clean Water Fund Program as defined in and established by the Act.

Clean Water Revenue Bonds means the State's clean water revenue bonds previously issued under the Prior General Resolution.

Code means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code in the Program Resolution shall be deemed to include the United States Treasury Regulations in effect or proposed from time to time with respect thereto and applicable to the Bonds or the use of the proceeds thereof.

Commission means the State of Wisconsin Building Commission.

Costs of Issuance means, except as limited in any Supplemental 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 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, fees, costs and expenses of underwriters, purchasers and placement agents, legal fees and charges, professional consultants' fees, costs of credit ratings, premiums for insurance of the payment of Bonds or any fees and expenses payable in connection with any Credit Enhancement Facilities or Swap Agreements, costs and expenses of refunding of Bonds or any fees and expenses payable in connection with any remarketing agreements, tender agent agreements or interest rate indexing agreements and other costs, charges and fees in connection with the original issuance of Bonds.

Costs of Issuance Fund means the Costs of Issuance Fund established by the Program Resolution.

Counterparty Swap Payment means a payment due to or received by the State from or for the account of a Swap Counterparty pursuant to a Swap Agreement (including payments in respect of any early termination of such Swap Agreement), including amounts received by the State under any related guaranty or other credit support in favor of the State given in connection with such Swap Agreement.

Credit Enhancement Facility means, if and to the extent provided for in a Supplemental Resolution, with respect to Bonds of one or more series, (1) an insurance policy insuring, or a letter of credit, surety bond, or other guaranty providing a direct or indirect source of funds for, the payment of principal of and interest on such Bonds or (2) a letter of credit, standby purchase agreement, line of credit, or similar instrument or facility, providing for the purchase of such Bonds (or the Beneficial Ownership Interests therein) on a Tender Date, and in either case, all agreements entered into by the State or the Trustee and the Credit Facility Provider with respect thereto.

Credit Facility Provider means any Person or Persons engaged by the State, pursuant to a Credit Enhancement Facility, to provide credit enhancement or liquidity for the payment of the principal of and interest on Bonds or the State's obligation to purchase Bonds (or the Beneficial Ownership Interests therein) on a Tender Date.

Debt Obligation means an evidence of indebtedness issued by a Borrower evidencing and securing a Loan to such Borrower, which in the case of a Municipality shall be a Municipal Obligation.

Debt Service means the aggregate regularly scheduled principal payments (whether at stated maturity or pursuant to sinking fund redemption requirements), interest payments, and other payments of the State on all Outstanding Bonds and Other Obligations for any Fiscal Year (including any State Swap Payments, less any Counterparty Swap Payments unless the Swap Counterparty is in default with respect to its payment obligations under the related Swap Agreement, and including any fees with respect to Credit Enhancement Facilities). For purposes of calculating such amount:

- (a) Any Variable Rate Bonds shall, for any future period for which the actual interest rate is not known on the date of determination (that is, on the date on which Debt Service is being calculated), be assumed to bear interest at a rate equal, as applicable, to: (i) if such Variable Rate Bonds bear interest based on a stated index or benchmark rate (including at a stated margin above or below such index or benchmark or a percentage thereof), the rate that would apply based on the daily average of such index or benchmark during the five years preceding the date of such calculation (or if such index or benchmark has not been available for five years, such shorter period during which it has been available) or (ii) if such Variable Rate Bonds do not bear interest based on a stated index or benchmark rate, (A) if such Variable Rate Bonds have been or are to be issued as Tax-Exempt Bonds, the daily average SIFMA Municipal Swap Index during the five years preceding the date of such calculation, or (B) if such Variable Rate Bonds have been or are to be issued as Taxable Bonds, the daily average LIBOR during the five years preceding the date of such calculation. A Supplemental Resolution that contains a determination by the Building Commission that another generally available index or benchmark more closely corresponds to the actual or expected interest rate on any such Variable Rate Bonds may substitute such index or benchmark for the SIFMA Municipal Swap Index or LIBOR, as applicable.
- (b) All Outstanding Bond Anticipation Notes shall be assumed to be funded at or before the stated maturity thereof, and all Bond Anticipation Notes which have been authorized by a Supplemental Resolution but not yet issued shall be assumed to be issued and immediately funded on the date of determination, in each case by the issuance of Senior Refunding Bonds in the full amount authorized with respect to such Bond Anticipation Notes, maturing according to such amortization schedule as the State may determine (however, the final maturity must not be later than 30 years from the original issuance of the Bond Anticipation Notes), and bearing interest at rates based on the then-applicable rates for comparable maturities of municipal bonds of comparable credit rating, as set forth in such nationally recognized municipal market publication as the State may select (including interest rate scales published by Municipal Market Data, a divisions of Thompson Reuters).
- (c) All Balloon Payments shall be assumed to be funded or refunded at or before the stated maturity thereof, by the issuance of Senior Refunding Bonds in the full amount of such Balloon Payment, maturing according to such amortization schedule as the State may determine (however, the final maturity must not be later than 30 years from the original issuance of the related Balloon Bonds), and bearing interest at rates based on the then-applicable rates for comparable maturities of municipal bonds of comparable credit rating, as set forth in such nationally recognized municipal market publication as the State may select (including interest rate scales published by Municipal Market Data, a divisions of Thompson Reuters).
- (d) Amounts of principal or interest due on a particular date shall be excluded from the determination of Debt Service to the extent that such amounts are payable from amounts deposited in trust, escrowed, or otherwise set aside for the payment thereof with the Trustee or another Person

approved by the State or the Trustee (including amounts in an Escrow Account established in the Redemption Fund pursuant to the Program Resolution).

- (e) State Swap Payments, Counterparty Swap Payments, and payments with respect to Credit Enhancement Facilities shall be determined based upon such assumptions as may be set forth in the Supplemental Resolution authorizing the related Swap Agreement or the Credit Enhancement Facility, as the case may be, or in a State Direction provided to the Trustee with respect to such Swap Agreement or Credit Enhancement Facility, as provided in the Program Resolution.
- (f) For purposes of applying the test set forth in the Program Resolution in connection with the issuance of Refunding Bonds, the proceeds of such Refunding Bonds shall be assumed to have been applied on their issuance date for the purposes provided in the Supplemental Resolution authorizing such Refunding Bonds.

Defeasance Securities means, subject to any applicable restrictions relating to investment of Funds or Accounts in the Revenue Obligations Act or otherwise applicable to the Environmental Improvement Fund, and except as limited with respect to any series of Bonds as provided in the Supplemental Resolution authorizing such series:

- (a) any direct and general obligations of, or any obligations unconditionally guaranteed by, the United States of America, which obligations are not redeemable prior to maturity other than at the option of the holder thereof;
- (b) obligations of, or unconditionally guaranteed as to payment of principal and interest by, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Bank, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, the Farmers Home Administration or the Federal Home Loan Mortgage Corporation, or any other agency or corporation created pursuant to an act of the Congress of the United States as an agency or instrumentality thereof, which obligations are not redeemable prior to maturity other than at the option of the holder thereof;
- (c) any obligations of any state or political subdivision of a state (“Municipal Bonds”) that are rated at least the rating then assigned to the Senior Bonds by each Rating Agency and that (a) are fully secured as to principal and interest by an irrevocable pledge of moneys or direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America, which moneys or obligations are segregated in trust and pledged for the benefit of the owners of the Municipal Bonds, and (b) are not redeemable prior to maturity other than at the option of the holder thereof;
- (d) certificates of ownership of the principal of or interest on direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America, which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System, which certificates of ownership are not redeemable prior to maturity other than at the option of the holder thereof;
- (e) the interest component of obligations issued by the Resolution Trust Corporation, which are not redeemable prior to maturity other than at the option of the holder thereof; and
- (f) securities evidencing ownership interests in open-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, whose investments are limited to the obligations described in clauses (a) and (b) of the definition of “Permitted Investments” and to repurchase agreements fully collateralized by such obligations, the average maturity of which obligations does not exceed 90 days.

DNR means the State of Wisconsin Department of Natural Resources or any other body succeeding to the authority and responsibilities of the State of Wisconsin Department of Natural Resources under the Act.

DOA means the State of Wisconsin Department of Administration or any other body succeeding to the authority and responsibilities of the State of Wisconsin Department of Administration under the Act.

Environmental Improvement Fund means the separate nonlapsible trust fund created under Section 25.43, Wisconsin Statutes, which includes all the Funds and Accounts created under the Program Resolution and which is a separate fund held in the State treasury.

EPA means the United States Environmental Protection Agency or any successor entity which may succeed to the administration of the programs established by the Water Pollution Control Act or the Safe Drinking Water Act.

Escrow Account means a separate and distinct Account created within the Redemption Fund or the Subordinate Redemption Fund pursuant to the Program Resolution in connection with the defeasance of any Bonds pursuant to the Program Resolution.

Event of Default means one of the events described as such under the heading “Events of Default” in **APPENDIX C**.

Equity Fund means the Equity Fund created in the Program Resolution.

Fees and Charges means all fees and charges, if any, charged by the State to Borrowers pursuant to the terms and provisions of Pledged Loans or Financial Assistance Agreements but does not include principal of and interest on, or any prepayment fee or premium with respect to, such Pledged Loans.

Fiduciary means each of the Trustee and any co-trustee, Registrar, Issuing Agent, Paying Agent, or other fiscal agent and includes any agent designated by or on behalf of the Building Commission or a Fiduciary to perform the functions of a Fiduciary. One entity may perform multiple Fiduciary functions, and multiple entities may perform a particular Fiduciary function.

Financed Loans means all Pledged Loans other than Investment Loans.

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

Fiscal Year means the annual period beginning on July 1 of each year and ending on June 30 of the following year.

Fund means any of the funds created by the Program Resolution.

Grant Proceeds means the funds received under a capitalization grant award made to the DNR by the EPA under the terms of a Capitalization Grant Agreement.

Holder means the registered owner of any Bond (which shall be the Securities Depository Nominee so long as a Book-Entry System is being used), as shown on the registration books of the State maintained by the Registrar, *except* that to the extent and for the purposes provided in a Supplemental Resolution for a series of Bonds (including for purposes of the definition of “Acting Beneficiaries Upon Default”), a Credit Facility Provider that has delivered a Credit Enhancement Facility with respect to such series of Bonds may instead be treated as the Holder of the Bonds of such series.

Independent Counsel means an Independent Person duly admitted to practice law before the highest court of any state of the United States of America or the highest court of the District of Columbia. Any opinion of Independent Counsel required by the Program Resolution shall be in writing.

Independent Person means a Person designated by the State and not an employee of the State.

Indirect Participant means a broker-dealer, bank, or other financial institution for which the Securities Depository holds Bonds as a securities depository through a Participant.

Interest Payment Date means any date on which interest is due on any Bond pursuant to the Program Resolution and the applicable Supplemental Resolution.

Investment Loans means any Loans that meet the definition of “Permitted Investments” in this APPENDIX B pursuant to clause (o) of that definition, financed through the application of amounts in the Supplemental Income Fund as provided in the Program Resolution, except that Investment Loans shall not include Loans released from the pledge of the Program Resolution as described under “**SECURITY; Disposition of Loans**” in the Official Statement.

Issuing Agent means an entity designated by or on behalf of the Building Commission to perform such duties as may be required of the Issuing Agent under the Program Resolution or any Supplemental Resolution.

Legislature means the legislature of the State.

Leveraged Clean Water Portion means that portion of a series of Bonds designated as such in the applicable Supplemental Resolution, as adjusted pursuant to a State Direction, if applicable.

Leveraged Portion means the Leveraged Clean Water Portion and/or the Leveraged Safe Drinking Water Portion of a series of Bonds.

Leveraged Safe Drinking Water Portion means that portion of a series of Bonds designated as such in the applicable Supplemental Resolution, as adjusted pursuant to a State Direction, if applicable.

LIBOR means, for any date of determination, a rate of interest equal to the rate per annum (rounded to the nearest one-hundred thousandth percent) at which United States dollar deposits having a maturity of one month are offered to prime banks in the London interbank market which appears on Reuters Page LIBOR01 as of approximately 11:00 a.m., London time, on such date. If such rate does not appear on Reuters Page LIBOR01, the rate shall be determined from such other source in general use in the financial service industry as may be designated in a State Direction. For this purpose, “Reuters Page LIBOR01” means the display page so designated on the Reuters Money 3000 Service (or such other page as may replace that page on that service or such other service as may be nominated by ICE Benchmark Administration Limited or a successor organization for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

Loan means any form of financial assistance subject to repayment, whether or not interest bearing, provided by the State to a Borrower in accordance with a Financial Assistance Agreement for all or any part of the cost of a Project, made pursuant to the Act.

Loan Capitalized Interest means, for any Loan financed in whole or in part by disbursement of amounts in the Loan Fund, the amount, if any, that the State agrees in a Financial Assistance Agreement shall be advanced on behalf of a Borrower as capitalized interest on such Loan, which amount shall be transferred by the Trustee from the Loan Fund to the Interest Receipts Subaccount(s) of the appropriate Account(s) in the Revenue Fund as provided in the Program Resolution, and which amount shall, when transferred, be deemed to be a Loan disbursement from the Loan Fund to such Borrower.

Loan Fund means the Loan Fund established by the Program Resolution.

Loan Repayment means any payment on a Pledged Loan pursuant to a Financial Assistance Agreement, or on the Debt Obligation evidencing and securing such Pledged Loan, on account of the principal, interest and premium, if any, due on such Pledged Loan, including scheduled payments of principal and interest on such Pledged Loan or Debt 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 Debt Obligation, and any amounts paid with respect to such Pledged Loan or Debt Obligation on account of (i) acceleration of the due date of such Pledged Loan or such Debt Obligation, (ii) the sale or other disposition of such Pledged Loan or Debt Obligation and other collateral securing such Pledged Loan, (iii) the receipt of proceeds of any insurance, letter of credit or other guaranty of such Pledged Loan or Debt Obligation, (iv) payments with respect to such Pledged Loan pursuant to Section 281.59 (13m) of the Wisconsin Statutes (that is, the State moral obligation), and (v) the exercise or any right or remedy granted to the State and available under law or the applicable Financial Assistance Agreement or Debt

Obligation upon default on such Pledged Loan or Debt Obligation (including by recourse to collateral and security devices under the Debt Obligation), but specifically excluding Fees and Charges.

Municipal Obligation means the Debt Obligation, in the form of a bond, note or other evidence of debt issued by any Municipality and authorized by law, which has been or shall be acquired by the State as evidence of indebtedness of a Loan to the Municipality pursuant to the Act.

Municipality means a political subdivision of the State or a federally recognized American Indian tribe or band located within the State, in either case constituting a “municipality” within the meaning of the Act.

Other Beneficiary means a Person who is a Beneficiary of an Other Obligation.

Other Obligation means, to the extent provided in a Supplemental Resolution, the State’s obligations to pay any amounts under any Swap Agreements and any Credit Enhancement Facilities.

Outstanding means, (1) when used in reference to the Bonds as of any given date, all Bonds which have been duly authenticated and delivered by the Registrar or Issuing Agent under the Program Resolution *except*:

- (a) Bonds which have been canceled by the Registrar at or before such date or which have been delivered to the Registrar at or before such date for cancellation;
- (b) Bonds deemed to be paid in accordance with Article VI of the Program Resolution (relating to defeasance);
- (c) Bonds in lieu of which other Bonds have been authenticated under the Program Resolution;
- (d) Bonds not surrendered for payment when due (unless the State shall default in the payment thereof); and
- (e) Bonds which are otherwise not treated as Outstanding pursuant to the terms of the Supplemental Resolution providing for their issuance; and

(2) when used with respect to Other Obligations, means any Other Obligations which have become, or may in the future become, due and payable and which have not been paid or otherwise satisfied.

Participant means a broker-dealer, bank, or other financial institution for which the Securities Depository holds Bonds as a securities depository.

Paying Agent means the Trustee or another agent of the State designated by or on behalf of the Building Commission to process payments to Holders of the Bonds.

Permitted Investments means, subject to any applicable restrictions relating to investment of Funds or Accounts in the Revenue Obligations Act (including particularly Sections 18.561 (5) and 18.57 (3), Wisconsin Statutes) or otherwise applicable to the Environmental Improvement Fund, any of the following:

- (a) Any bonds or other obligations which the timely payment of principal and interest constitutes direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (c) of this definition to the extent unconditionally guaranteed by the United States of America.
- (b) Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (ii) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) of this definition, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on

such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate, and (iii) as to which the principal of and interest on bonds or other obligations of the character described in clause (a) of this definition which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (b) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate; and that are rated at the date of purchase at least the Required Rating for Permitted Investments.

- (c) Bonds, debentures or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an act of Congress as an agency or instrumentality of the United States of America.
- (d) The interest component of obligations issued by the Resolution Trust Corporation, which are not redeemable prior to maturity other than at the option of the holder thereof.
- (e) Obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any such state or political subdivision which are rated at least the Required Rating for Permitted Investments.
- (f) Certificates or other instruments that evidence ownership of the right to payments of principal of or interest on obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision, if (i) such obligations are held in trust by a commercial bank which is a member of the Federal Reserve System and meets the eligibility requirements for a Trustee under the Program Resolution, and (ii) payment of all principal of and interest on such certificates or such obligations is fully insured or unconditionally guaranteed by, or unconditionally payable pursuant to a credit support arrangement provided by, one or more financial institutions or insurance companies or associations the debt of which is rated at least the Required Rating for Permitted Investments, or, in the case of an insurer providing municipal bond insurance policies insuring the payment when due of the principal of and interest on municipal bonds, such insurance policy results in such municipal bonds being rated at least the Required Rating for Permitted Investments.
- (g) Certificates that evidence ownership of the right to payments of principal of or interest on obligations described in clause (a) of this definition, provided that such obligations are held in trust by a commercial bank which is a member of the Federal Reserve System and meets the eligibility requirements for a Trustee under the Program Resolution.
- (h) Certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances of any bank in the United States of America which is rated at least the Required Rating for Permitted Investments.
- (i) Commercial paper, other than that issued by bank holding companies, the debt of which is rated at least the Required Rating for Permitted Investments.
- (j) Written repurchase contracts, reverse repurchase contracts or securities lending agreements (collateralized by cash or securities) that satisfy the criteria for being rated at least the Required Rating for Permitted Investments.
- (k) Shares of an investment company organized under or a money market fund regulated under the Investment Company Act of 1940, as amended, or units of a common trust fund, which satisfies the criteria for being rated at least the Required Rating for Permitted Investments.
- (l) Any agreement for an investment of money with a Qualified Institution, provided that such agreement (or the debt of the Qualified Institution) must (i) be rated at least the Required Rating for Permitted Investments at the time such agreement is entered into or (ii) be collateralized with cash or securities in such manner as required for a Required Rating for Permitted Investments.

“Qualified Institution” means any entity, the unsecured long-term debt obligations of which are rated at least the Required Rating for Permitted Investments.

- (m) obligations secured or supported by a letter of credit, contract, guaranty, agreement or surety bond issued by an entity the obligations of which are rated at least the Required Rating for Permitted Investments.
- (n) any investment agreements or debt obligations rated at least the Required Rating for Permitted Investments.
- (o) Loans or other obligations incurred under the Clean Water Fund Program or the Safe Drinking Water Loan Program (including Loans made with bonds issued pursuant to the Prior General Resolution).
- (p) The local government pooled-investment fund managed by the State of Wisconsin Investment Board pursuant to Section 25.50 of the Wisconsin Statutes.
- (q) Any other investment that the State is authorized to make pursuant to the Act and the Revenue Obligations Act and that is rated at least the Required Rating for Permitted Investments.

Person means any natural person, firm, association, corporation, company, trust, partnership, public body, or other entity.

Pledged Loans means (i) all Loans financed through the application of amounts in the Loan Fund as provided in the Program Resolution, (ii) all Investment Loans, and (iii) any other Loans designated as such by the State under the Program Resolution pursuant to the provisions thereof, except that “Pledged Loans” shall not include Loans released from the pledge of the Program Resolution as described under **“SECURITY; Disposition of Loans” in the Official Statement.**

Pledged Revenues means (i) all Loan Repayments, including both timely and delinquent payments; (ii) 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 that evidences and secures a Pledged Loan; (iii) all Counterparty Swap Payments; (iv) except as limited as provided in the Supplemental Resolution authorizing such Credit Enhancement Facility, all amounts received with respect to the payment of Bonds pursuant to a Credit Enhancement Facility; (v) earnings or income from investments of moneys in the Funds and Accounts that are payable into the Revenue Fund (without double-counting any earnings on or income from Investment Loans), (vi) any other moneys held or received by the State or the Trustee relating to any Debt Obligation that evidences and secures a Pledged Loan; and (vii) any other revenues of the Program(s) pledged to secure Bonds by a Supplemental Resolution adopted pursuant to the Program Resolution.

Principal Amount when used with respect to a Bond, means the then outstanding principal amount of such Bond. To the extent provided in the Supplemental Resolution for Bonds of a series that pay interest less frequently than semiannually, accrued interest or amortized original issue discount with respect to such Bond shall be treated as principal, and to the extent provided in the Supplemental Resolution for Bonds of a series that bear no interest, only the purchase price plus amortized original issue discount shall be treated as principal.

Principal Payment Date means the stated maturity date of principal of any Serial Bond, the Sinking Fund Payment Date for any Term Bond, and any other Redemption Date for any Bond.

Prior General Resolution means 1991 State of Wisconsin Building Commission Resolution 5, entitled “State of Wisconsin Clean Water Revenue Bond General Resolution,” as amended.

Program means the Clean Water Fund Program or the Safe Drinking Water Loan Program. However, until such time, if any, as the Act is amended to provide for the issuance of revenue obligations under the Revenue Obligations Act with respect to the Safe Drinking Water Loan Program, **“Program”** shall refer only to the Clean Water Fund Program.

Program Resolution means the 2015 State of Wisconsin Building Commission Resolution 10, entitled “Program Resolution for State of Wisconsin Environmental Improvement Fund Revenue Obligations”, adopted by the Building Commission on October 7, 2015, as amended and restated by 2017 State of Wisconsin Building Commission Resolution 2, entitled “Amended and Restated Program Resolution for State of Wisconsin Environmental Improvement Fund Revenue Obligations”, adopted by the Building Commission on February 15, 2017, as it may be supplemented and amended from time to time by Supplemental Resolutions.

Project means any project for the planning, design, acquisition, construction, improvement, repair, reconstruction, modification, renovation or expansion of any wastewater collection or treatment system or water supply system that is eligible for financing by the State pursuant to the Act.

Projected Annual Revenues means, for any Fiscal Year, the sum of (i) the aggregate amount of Loan Repayments scheduled to come due during such Fiscal Year (based on the State’s estimated schedule for disbursement of Loans), excluding any such payments with respect to Pledged Loans that are in default, and (ii) the aggregate amount that the State estimates will be received during such Fiscal Year as earnings or income from investments of moneys in the Funds and Accounts that are payable into the Revenue Fund (without double-counting any earnings on or income from Investment Loans).

Rating Agency means, at any time, any nationally recognized securities rating agency which then provides a rating on the Bonds at the request of the State (which request may be withdrawn) and includes the successors and assigns of any such agency.

Rebate Fund means the Rebate Fund created in the Program Resolution.

Redemption Date means the date fixed for redemption of any Bond pursuant to the Program Resolution and the applicable Supplemental Resolution.

Redemption Fund means the Redemption Fund created in the Program Resolution.

Refunding Bonds means Bonds issued or to be issued to provide for the payment of principal of (and, to the extent provided by the Supplemental Resolution authorizing the issuance thereof, premium, if any, and interest on) Bonds previously issued under the Program Resolution or to fund Bond Anticipation Notes.

Registrar means the Trustee or any other agent of the State designated by or on behalf of the Secretary of DOA to maintain the registration books for the Bonds.

Required Rating for Permitted Investments means:

- (a) in the case of investment securities or debt obligations to which long-term debt ratings apply, that such securities or obligations (or where applicable, other securities or obligations of the issuer thereof) are rated by each Rating Agency at least “AA-,” “Aa3” or their equivalent, and
- (b) in the case of investment securities or debt obligations to which short-term debt ratings apply, that such securities or obligations (or where applicable, other securities or obligations of the issuer thereof) are rated by each Rating Agency in its highest applicable rating category,

in each case, without regard to numerical or other modifiers of such rating categories.

Reserve Fund means the Reserve Fund, if any, created in the Program Resolution.

Reserve Fund Requirement means, with respect to any Account within the Reserve Fund, the amount established as such in the Supplemental Resolution pursuant to which such Account is established, which may be expressed as a percentage of the Outstanding Bonds secured by such Account, as a stated dollar amount, or in any other manner. In calculating the Reserve Fund Requirement, all Bonds to be redeemed or defeased by a series of Refunding Bonds shall be deemed not Outstanding as of the date of calculation.

Revenue Fund means the Revenue Fund created in the Program Resolution.

Revenue Obligations Act means Subchapter II of Chapter 18 of the Wisconsin Statutes and any other enactment by the Legislature that shall authorize the issuance of revenue obligations of the nature of the Bonds on behalf of the State.

Safe Drinking Water Act means the federal Safe Drinking Water Act, 42 U.S.C. Section 300f *et seq.*, as amended from time to time, or any successor provisions.

Safe Drinking Water Loan Program means the Safe Drinking Water Loan Program as defined in and established by the Act.

Securities Depository means the securities depository and any substitute for or successor to such securities depository that shall, at the request of the Building Commission, maintain a Book-Entry System with respect to the Bonds.

Securities Depository Nominee means the Securities Depository or the nominee of the Securities Depository in whose name the Bonds are registered during the continuation with such Securities Depository of participation in its Book-Entry System.

Senior means, (1) when used with respect to a Bond, a Bond of a series designated (or deemed to have been designated) as such pursuant to the Program Resolution and the Supplemental Resolution pursuant to which such series of Bonds is issued, (2) when used with respect to a Credit Enhancement Facility, a Credit Enhancement Facility designated (or deemed to have been designated) as such pursuant to the Program Resolution and the Supplemental Resolution pursuant to which such Credit Enhancement Facility is obtained by the State, and (3) when used with respect to a Swap Agreement, a Swap Agreement designated (or deemed to have been designated) as such pursuant to the Program Resolution and the Supplemental Resolution pursuant to which such Swap Agreement is obtained by the State. A Supplemental Resolution may provide that only certain obligations with respect to Bonds, Credit Enhancement Facilities or Swap Agreements are Senior. Payments in respect of any early termination of a Swap Agreement may not be designated as Senior.

Senior Debt Service means Debt Service, computed without taking into account Subordinate Bonds and Other Subordinate Obligations.

Senior Debt Service Coverage Ratio means, for any Fiscal Year, the ratio of Projected Annual Revenues to Senior Debt Service.

Serial Bonds means all Bonds other than Term Bonds.

Sinking Fund Payment Date means the date on which any Term Bond is to be called for redemption pursuant to the sinking fund requirements of the Supplemental Resolution providing for the issuance thereof or, if not redeemed, the stated maturity date thereof.

State means the State of Wisconsin.

State Certificate means a certificate signed by an Authorized Commission Representative and delivered to the Trustee or, if required by the context in which such term is used, to any other Fiduciary.

State Direction means a direction to the Trustee or, if required by the context in which such term is used, to any other Fiduciary and signed by an Authorized Commission Representative.

State Match means the amount of matching State funds required under the Water Pollution Control Act or the Safe Drinking Water Act, which presently equals not less than 20% of the amount of funds available under the applicable Capitalization Grant Agreement.

State Match Clean Water Portion means that portion of a series of Bonds designated as such in the applicable Supplemental Resolution, as adjusted pursuant to a State Direction, if applicable.

State Match Portion means the State Match Clean Water Portion and/or the State Match Safe Drinking Water Portion of a series of Bonds.

State Match Restriction means the prohibition set forth in the Program Resolution against using Grant Proceeds and principal repayments of Pledged Loans to pay amounts due with respect to State Match Portions.

State Match Safe Drinking Water Portion means that portion of a series of Bonds designated as such in the applicable Supplemental Resolution, as adjusted pursuant to a State Direction, if applicable.

State Swap Payment means a payment due to a Swap Counterparty from the State pursuant to the applicable Swap Agreement (including, but not limited to, payments in respect of any early termination of such Swap Agreement).

Subordinate means, after the adoption of a Supplemental Resolution pursuant to the Program Resolution to provide for the creation of a class of Bonds or Other Obligations that is subordinate to Senior Bonds, (1) when used with respect to a Bond, a Bond of a series designated as such pursuant the Program Resolution and the Supplemental Resolution pursuant to which such series of Bonds is issued, (2) when used with respect to a Credit Enhancement Facility, a Credit Enhancement Facility designated as such pursuant to the Program Resolution and the Supplemental Resolution pursuant to which such Credit Enhancement Facility is obtained by the State, and (3) when used with respect to a Swap Agreement, a Swap Agreement designated as such pursuant to the Program Resolution and the Supplemental Resolution pursuant to which such Swap Agreement is obtained by the State. A Supplemental Resolution may provide that only certain obligations with respect to Bonds, Credit Enhancement Facilities or Swap Agreements are Subordinate.

Subordinate Redemption Fund means the Subordinate Redemption Fund created in the Program Resolution.

Supplemental Income Fund means the Supplemental Income Fund created in the Program Resolution.

Supplemental Resolution means a resolution adopted by the Building Commission in accordance with the Program Resolution to supplement or amend the Program Resolution.

Swap Agreement means an interest rate exchange agreement or other interest rate hedge agreement between the State and a Swap Counterparty, for the purpose of (1) converting, in whole or in part, (a) the State's fixed interest rate liability on all or a portion of any Bonds to a variable interest rate liability, (b) the State's variable interest rate liability on all or a portion of any Bonds to a fixed interest rate liability, or (c) the State's variable interest rate liability on all or a portion of any Bonds to a different variable interest rate liability, or (2) providing a maximum or minimum with respect to the State's variable interest rate liability on all or a portion of any Bonds.

Swap Counterparty means any Person with whom the State shall, from time to time, enter into a Swap Agreement.

Taxable Bonds means Bonds of a series that are not offered on the basis that interest on the Bonds of that series is excluded from gross income of the Beneficial Owners for federal income tax purposes pursuant to the Code, as designated in the Supplemental Resolution authorizing such Bonds.

Tax-Exempt Bonds means Bonds of a series are offered on the basis that interest on the Bonds of that series is excluded from gross income of the Beneficial Owners for federal income tax purposes pursuant to the Code, as designated in the Supplemental Resolution authorizing such Bonds.

Tender Date means, with respect to any Bond or Beneficial Ownership Interest, a date on which such Bond or Beneficial Ownership Interest is required to be tendered for purchase by or on behalf of the State, or has been tendered for purchase by or on behalf of the State pursuant to a right given the Holder or Beneficial Owner of such Bond, in accordance with the provisions in the Supplemental Resolution providing for the issuance thereof.

Term Bonds means Bonds which are subject to mandatory redemption on Sinking Fund Payment Dates according to a schedule provided in or pursuant to the Supplemental Resolution providing for the issuance of such Bonds.

Transfer Date means each June 1 and December 1, commencing June 1, 2016.

Trustee means U.S. Bank National Association or any successor entity designated by or on behalf of the Building Commission to have custody of the Funds and Accounts and to perform such other duties as may be required of the Trustee under the Program Resolution or any Supplemental Resolution.

Variable Rate Bonds means Bonds whose interest rate is not fixed for the entire remaining term of such Bonds, but varies on a periodic basis as specified in the Supplemental Resolution providing for the issuance thereof.

Water Pollution Control Act means subchapter VI of the federal Water Pollution Control Act of 1987, 33 U.S.C. Section 1381 *et seq.*, as amended from time to time, or any successor provisions.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF PROGRAM RESOLUTION

Through the Environmental Improvement Fund Revenue Obligations Program Resolution adopted by the State of Wisconsin Building Commission (**Commission**) on October 7, 2015 and an Amended and Restated Environmental Improvement Fund Revenue Obligations Program Resolution adopted by the Commission on February 15, 2017 (**Program Resolution**), the State pledges revenues that secure the Bonds, establishes certain funds and accounts, specifies the conditions under which Bonds may be issued, and makes covenants and other provisions for the benefit of Holders of the Bonds. The terms and provisions of the Program Resolution are summarized below, under “**SECURITY**” in the Official Statement, and under “SECURITY” in [Part VII of the 2017 Annual Report](#). Certain capitalized terms are defined in [APPENDIX B](#). A copy of the Program Resolution may be obtained by contacting the State at the address provided under “**INTRODUCTION**” in the Official Statement

The Program Resolution includes provisions permitting the financing of Loans to borrowers other than Municipalities, as well as Loans under the Safe Drinking Water Program and potentially, with the approval of the EPA, other similar programs. However, those provisions could become effective only if the Act were to be amended to permit the State to issue revenue bonds to finance those Loans or programs. Currently, the Act authorizes only Clean Water Fund Program loans made to Municipalities to be financed with revenue bonds issued by the State.

Resolution to Constitute a Contract

The provisions of the Program Resolution (including each Supplemental Resolution) constitute a contract with the Holders of the Bonds and the Other Beneficiaries.

Pledge

Pursuant to its power under the Wisconsin Statutes, the Building Commission (jointly with DOA and DNR) pledges the Pledged Revenues to the payment of the Bonds and Other Obligations and directs the Trustee to deposit the Pledged Revenues into the Funds and Accounts in the order and amounts described under “**Establishment of Funds and Accounts**” herein, and determines that the amounts deposited in the Equity Fund may be made available for other purposes.

From time to time the State may, by State Certificate, designate additional Loans (which are not otherwise subject to the pledge of the Program Resolution) that meet the requirements set forth in the Program Resolution as “Pledged Loans,” and thereby assign and grant to the Trustee a security interest in the related Loan Repayments and other related Pledged Revenues. Upon receipt by the Trustee of such State Certificate, the Loans identified therein will become Pledged Loans under the Program Resolution, subject to the lien of the Program Resolution.

In accordance with Section 18.561 (2), Wisconsin Statutes, a security interest is created, for the benefit of the Holders of the Bonds and the Other Beneficiaries, in the Pledged Revenues and in the Loan Fund, the Costs of Issuance Fund, the Revenue Fund, the Redemption Fund, the Supplemental Income Fund, and any Reserve Fund, Subordinate Redemption Fund and Subordinate Reserve Fund that may be established under the Program Resolution. Such Pledged Revenues and the moneys in such Funds will remain subject to the security interest until the Bonds and the Other Obligations have been paid in full or provision for their payment in full has been made, as described under “**Defeasance**” herein. A Holder of the Bonds or any Other Beneficiary may (subject to the certain restrictions contained in the Program Resolution) either at law or in equity protect and enforce the security interest and compel performance of all duties required by Section 18.561, Wisconsin Statutes.

State Match Restriction.

The establishment of the Funds and Accounts under the Program Resolution, and the deposit and disbursement of moneys held under the Program Resolution, are intended to ensure that Grant Proceeds and the principal repayments of Pledged Loans made under the Clean Water Fund Program and the Safe Drinking Water Loan Program will not be used to pay, or to reimburse any Credit Facility Provider for the payment of, amounts due on the State Match Clean Water Portion or the State Match Safe Drinking Water Portion of the Bonds or to make rebate payments from the Rebate Fund allocable to such State Match Portions. In light of the State Match Restriction, interest payments on Pledged Loans and investment earnings will generally be used first to pay amounts due on the State Match Clean Water Portion and State Match Safe Drinking Water Portion of the Bonds, and then to pay any remaining amounts due on the Leveraged Clean Water Portion and the Leveraged Safe Drinking Water Portion of the Bonds, respectively.

Issuance of Bonds

The Bonds will be issued, pursuant to one or more Supplemental Resolutions, at one time or from time to time, in one or more series, in principal amounts specified by the Building Commission in or pursuant to a Supplemental Resolution.

The aggregate principal amount of Bonds issued under the Program Resolution shall not be greater than the aggregate amount at the time authorized by the Legislature for the program(s) or purpose(s) for which Bonds are issued, when considered together with any other obligations issued pursuant to such authorization.

From time to time, the State may issue one or more series of Bonds, upon compliance with the following conditions and any additional conditions specified in a Supplemental Resolution. In the case of Bond Anticipation Notes, the following conditions need be met only on the first date of issuance of any of the Bond Anticipation Notes authorized under the Supplemental Resolution providing for such Bond Anticipation Notes:

(1) The Trustee shall have been provided with a State Certificate to the effect that the State is not in default in the performance of any of its covenants and agreements in the Program Resolution (unless, in the opinion of Independent Counsel, any such default does not deprive any Beneficiary in any material respect of the security afforded by the Program Resolution).

(2) Except with respect to the issuance of Refunding Bonds issued to fund Bond Anticipation Notes that are also Bonds, the Trustee shall have been provided with a State Certificate evidencing that, as of the date of issuance of the Bonds (and after giving effect to the issuance of the Bonds and the pledge of any additional Loans to be financed with such Bonds or otherwise to be pledged pursuant to the Program Resolution or the Supplemental Resolution authorizing the Bonds), (i) the Aggregate Debt Service Coverage Ratio will be at least 1.0 to 1 for each future Fiscal Year, and (ii) if the Bonds to be issued are Senior Bonds, the Senior Debt Service Coverage Ratio will be at least 1.0 to 1 for each future Fiscal Year. In connection with the issuance of Refunding Bonds, such State Certificate may instead evidence that the issuance of the Refunding Bonds will not increase Debt Service in any Fiscal Year.

(3) The Trustee, or another Fiduciary if directed by a Supplemental Resolution, shall have received the following:

- (a) A duly certified copy of the Program Resolution, as then in effect.
- (b) A duly certified copy of the particular Supplemental Resolution.
- (c) Original, fully-executed Bonds for the series or an original, fully-executed master Bond that includes the series.

(d) An opinion of Bond Counsel to the effect that the Program Resolution and the particular Supplemental Resolution have each been duly adopted.

(e) An opinion of Bond Counsel to the effect that the Bonds of that series have been duly and validly authorized and, when duly executed in the form and manner provided in the Program Resolution and the particular Supplemental Resolution, duly authenticated by the Registrar or Issuing Agent, delivered, and paid for, will constitute valid and binding enterprise revenue obligations of the State.

(f) Such ancillary agreements or other documents as the Supplemental Resolution for such series shall specify.

Each Supplemental Resolution authorizing a series of Bonds shall designate the Bonds of such series as Senior Bonds or Subordinate Bonds; however, a Supplemental Resolution may provide that certain of the State's obligations with respect to such Bonds are Senior and its other obligations with respect to such Bonds are Subordinate.

Credit Enhancement Facilities and Swap Agreements

The State may from time to time, pursuant to a Supplemental Resolution and upon compliance with Section 18.55 (6) of the Wisconsin Statutes, enter into or obtain the benefit of any Credit Enhancement Facility with respect to Bonds of any series, or any Swap Agreement with respect to its Debt Service obligations relating to Bonds of any series. Any such Credit Enhancement Facility or Swap Agreement must satisfy any conditions specified in a Supplemental Resolution.

In connection with any Swap Agreement either a Supplemental Resolution or a State Direction provided to the Trustee shall set forth assumptions regarding State Swap Payments and Counterparty Swap Payments to be made thereunder for purposes of the definition of "Debt Service" in APPENDIX B.

Notwithstanding anything in the Program Resolution to the contrary, (1) any Supplemental Resolution authorizing the execution by the State of a Swap Agreement or Credit Enhancement Facility may include provisions with respect to the application and use of all amounts to be paid thereunder, (2) amounts paid under any such Credit Enhancement Facility with respect to the Bonds secured thereby shall be applied and used only as specifically provided in such Supplemental Resolution and no Beneficiaries shall have any rights with respect to any such amounts so paid except as may be specifically provided in such Supplemental Resolution, (3) Bonds of one or more series or any portions thereof may be secured by a pledge of any or all amounts payable pursuant to such Credit Enhancement Facility, in the manner and to the extent provided in such Supplemental Resolution, and (4) except as otherwise provided in the Supplemental Resolution pursuant to which such Credit Enhancement Facility is obtained or such Swap Agreement is entered into, the State's obligations under any such Credit Enhancement Facility or Swap Agreement shall be limited obligations, payable solely from the revenues and assets of the State pledged therefor under the Program Resolution.

Each Supplemental Resolution authorizing any Swap Agreement or Credit Enhancement Facility shall designate the State's obligations under such Swap Agreement or Credit Enhancement Facility, as the case may be, as Senior Other Obligations or Subordinate Other Obligations. A Supplemental Resolution authorizing any Swap Agreement or Credit Enhancement Agreement may provide that certain of the State's obligations with respect thereto are Senior and its other obligations with respect thereto are Subordinate, except that all State Swap Payments in respect of the early termination of a Swap Agreement shall be designated as Subordinate.

Establishment of Funds and Accounts

The following funds (and within certain of the funds, the following accounts and subaccounts) are established and required to be maintained pursuant to the provisions of the Program Resolution:

- (1) Loan Fund

- (a) Clean Water State Match Loan Account
- (b) Clean Water Leveraged Loan Account
- (c) Safe Drinking Water State Match Loan Account
- (d) Safe Drinking Water Leveraged Loan Account
- (2) Revenue Fund
 - (a) Clean Water Revenue Account
 - (i) Principal Receipts Subaccount
 - (ii) Interest Receipts Subaccount
 - (b) Safe Drinking Water Revenue Account
 - (i) Principal Receipts Subaccount
 - (ii) Interest Receipts Subaccount
- (3) Rebate Fund
 - (a) Separate Account for each series of Tax-Exempt Bonds
 - (i) Clean Water State Match Subaccount
 - (ii) Clean Water Leveraged Subaccount
 - (iii) Safe Drinking Water State Match Subaccount
 - (iv) Safe Drinking Water Leveraged Subaccount
- (4) Redemption Fund
 - (a) Clean Water State Match Redemption Account
 - (b) Clean Water Leveraged Redemption Account
 - (c) Safe Drinking Water State Match Redemption Account
 - (d) Safe Drinking Water Leveraged Redemption Account
- (5) Supplemental Income Fund
- (6) Reserve Fund
 - (a) Separate Account for each series of Bonds to be secured by the Reserve Fund
 - (i) Clean Water State Match Subaccount
 - (ii) Clean Water Leveraged Subaccount
 - (iii) Safe Drinking Water State Match Subaccount
 - (iv) Safe Drinking Water Leveraged Subaccount
- (7) Subordinate Redemption Fund
 - (a) Clean Water State Match Subordinate Redemption Account
 - (b) Clean Water Leveraged Subordinate Redemption Account
 - (c) Safe Drinking Water State Match Subordinate Redemption Account
 - (d) Safe Drinking Water Leveraged Subordinate Redemption Account

- (8) Subordinate Reserve Fund
 - (a) Separate Account for each series of Subordinate Bonds to be secured by the Subordinate Reserve Fund
 - (i) Clean Water State Match Subaccount
 - (ii) Clean Water Leveraged Subaccount
 - (iii) Safe Drinking Water State Match Subaccount
 - (iv) Safe Drinking Water Leveraged Subaccount
- (9) Cost of Issuance Fund
- (10) Equity Fund

Each of the funds and accounts, or assets for each of the funds and accounts, are deposited with, and held by the Trustee (or such other Fiduciary as the State may designate) pursuant to the provisions of the Program Resolution, except for the Equity Fund, which is held and maintained by the State. Amounts held in the Equity Fund and (except in certain limited circumstances) the Rebate Fund are not available to pay debt service on the Bonds.

Loan Fund

Each Supplemental Resolution authorizing a series of Bonds will specify the amount of the proceeds of the Bonds of the series and any other State moneys that are required to be deposited in the Loan Fund. Proceeds of the disposition of Pledged Loans may also be deposited in the Loan Fund if so directed by the State. Amounts in the Loan Fund will be applied by the State from time to time as follows:

- (1) For disbursing Loans to Borrowers under the Program, including transfers of Loan Capitalized Interest to the Revenue Fund; and
- (2) For reimbursing the State for the application of other funds to the prior origination of Loans.

Moneys may be withdrawn from the Loan Fund for financing a Pledged Loan upon a requisition of an Authorized Commission Representative containing certifications as to the use of the amounts to be disbursed.

Prior to the initial transfer of amounts to a Municipality with respect to a Pledged Loan, the State will deliver to the Trustee:

- (1) a copy of the original executed Financial Assistance Agreement evidencing the Loan to be so made and
- (2) a copy of the original executed Debt Obligation evidencing and securing such Loan in an aggregate principal amount equal to the maximum permissible Loan amount.

Supplemental Income Fund

A Supplemental Resolution authorizing a series of Bonds may specify the amount of the proceeds of the Bonds of the series and any other State moneys that are required to be deposited in the Supplemental Income Fund. Amounts in the Supplemental Income Fund shall be applied to reimburse the State for the application of other funds to the prior origination of Investment Loans or otherwise refinancing Investment Loans, including by the defeasance of the bonds issued pursuant to the Prior General Resolution or by depositing amounts in the appropriate funds or accounts established pursuant to the Prior General Resolution to obtain the release of Loans financed thereunder. *A portion of the proceeds of the 2017 Bonds was applied as described in the immediately preceding sentence to refinance the Investment Loans.*

Revenue Fund

Deposit of Pledged Revenues

The Trustee will credit all Pledged Revenues (other than (i) payments under Credit Enhancement Facilities for the payment of the principal of, and premium, if any, and interest on Bonds or for the payment of the purchase price of Bonds on a Tender Date and (ii) any proceeds of the sale or other disposition of Pledged Loans, to the extent directed to be applied in some other manner pursuant to the Program Resolution), upon receipt thereof, to the Revenue Fund. In accordance with the direction of an Authorized Commission Representative:

(1) all Loan Repayments and other Pledged Revenues received with respect to Pledged Loans under the Clean Water Fund Program, and all Counterparty Swap Payments allocable to the Leveraged Clean Water Portion and the State Match Clean Water Portion, will be credited to the Clean Water Revenue Account;

(2) all Loan Repayments and other Pledged Revenues received with respect to Pledged Loans under the Safe Drinking Water Loan Program, and all Counterparty Swap Payments allocable to the Leveraged Safe Drinking Water Portion and the State Match Safe Drinking Water Portion, will be credited to the Safe Drinking Water Revenue Account;

(3) all Loan Repayments and other Pledged Revenues allocable to the payment of principal of or prepayment fees or premiums, if any, with respect to the Pledged Loans will be credited to the Principal Receipts Subaccount of the applicable Account; and

(4) all Loan Repayments and other Pledged Revenues allocable to interest on the Pledged Loans (including Loan Capitalized Interest transferred from the Loan Fund pursuant to the Program Resolution), all Counterparty Swap Payments, and all investment earnings on amounts in the Funds and Accounts (other than the Rebate Fund) will be credited to the Interest Receipts Subaccount of the applicable Account.

If all Bonds and Other Obligations of a particular class (that is, Senior Bonds and Other Obligations or Subordinate Bonds and Other Obligations) have been paid, or payment has been provided for, and no Bonds or Other Obligations of that class are Outstanding, money remaining in any Fund or Account established for the payment of principal of or interest on Bonds or Other Obligations of that class, or any reserve fund established with respect thereto, will be transferred to the corresponding Account(s) within the Revenue Fund.

Application of Revenues in the Clean Water Revenue Account

On each Transfer Date, the Trustee will transfer the moneys received in the Clean Water Revenue Account as follows:

First, amounts in the Interest Receipts Subaccount within such Account will be transferred to the Clean Water State Match Redemption Account, until it is funded up to the amount necessary to pay Debt Service on the State Match Clean Water Portion of the Senior Bonds prior to the next Transfer Date;

Second, amounts in the Principal Receipts Subaccount within such Account will be transferred to the Clean Water Leveraged Redemption Account, until it is funded up to the amount necessary to pay Debt Service on the Leveraged Clean Water Portion of the Senior Bonds prior to the next Transfer Date;

Third, any remaining amounts in the Interest Receipts Subaccount within such Account will be transferred to the Clean Water Leveraged Redemption Account, to the extent of any shortfall under clause *Second* above;

Fourth, any remaining amounts in the Interest Receipts Subaccount within such Account will be transferred to the Safe Drinking Water State Match Redemption Account, to the extent of any shortfall under clause *First* under “**Application of Revenues in the Safe Drinking Water Revenue Account**” below;

Fifth, any remaining amounts in the Principal Receipts Subaccount within such Account will be transferred to the Safe Drinking Water Leveraged Redemption Account, to the extent of any shortfall under clause *Third* under “**Application of Revenues in the Safe Drinking Water Revenue Account**” below;

Sixth, any remaining amounts in the Interest Receipts Subaccount within such Account will be transferred to the Safe Drinking Water Leveraged Account, to the extent of any shortfall under clause *Fifth* above; and

Seventh, any excess amounts in the Principal Receipts Subaccount or the Interest Receipts Subaccount will (subject to the State Match Restriction) be transferred:

First, to the credit of the corresponding Account(s) or subaccount(s) within the Rebate Fund to the extent provided in the Program Resolution;

Second, to the credit of the corresponding Account(s) or subaccount(s) within the Reserve Fund to the extent provided in the Program Resolution;

Third, to the extent provided in a Supplemental Resolution, to the credit of the corresponding Account(s) or subaccount(s) within the Subordinate Redemption Fund or any Subordinate Reserve Fund established with respect thereto;

Fourth, (a) on the Transfer Date occurring in June of each year, remaining amounts in the Principal Receipts Subaccount will be transferred to the Clean Water Leveraged Redemption Account in an amount up to the amount necessary to cause the balance of such Account to equal the Debt Service to come due on the Leveraged Clean Water Portion of the Senior Bonds prior to the next June Transfer Date, and (b) on the Transfer Date occurring in December of each year, remaining amounts in the Interest Receipts Subaccount will be transferred to the Clean Water State Match Redemption Account in an amount up to the amount necessary to cause the balance of such Account to equal the Debt Service to come due on the State Match Clean Water Portion of the Senior Bonds prior to the next December Transfer Date; and

Fifth, pursuant to State Direction, to the credit of the Equity Fund.

Application of Revenues in the Safe Drinking Water Revenue Account

On each Transfer Date, the Trustee will transfer the moneys received in the Safe Drinking Water Revenue Account as follows:

First, amounts in the Interest Receipts Subaccount within such Account will be transferred to the Safe Drinking Water State Match Redemption Account, until it is funded up to the amount necessary to pay Debt Service on the State Match Safe Drinking Water Portion of the Senior Bonds prior to the next Transfer Date;

Second, amounts in the Principal Receipts Subaccount within such Account will be transferred to the Safe Drinking Water Leveraged Redemption Account, until it is funded up to the amount necessary to pay Debt Service on the Leveraged Safe Drinking Water Portion of the Senior Bonds prior to the next Transfer Date;

Third, any remaining amounts in the Interest Receipts Subaccount within such Account will be transferred to the Safe Drinking Water Leveraged Redemption Account, to the extent of any shortfall under clause *Second* above;

Fourth, any remaining amounts in the Interest Receipts Subaccount within such Account will be transferred to the Clean Water State Match Redemption Account, to the extent of any shortfall under clause *First* under “**Application of Revenues in the Clean Water Revenue Account**” above;

Fifth, any remaining amounts in the Principal Receipts Subaccount within such Account will be transferred to the Clean Water Leveraged Redemption Account, to the extent of any shortfall under clause *Third* under “**Application of Revenues in the Clean Water Revenue Account**” above;

Sixth, any remaining amounts in the Interest Receipts Subaccount within such Account will be transferred to the Clean Water Leveraged Redemption Account, to the extent of any shortfall under clause *Fifth* above; and

Seventh, any excess amounts in the Principal Receipts Subaccount or the Interest Receipts Subaccount will (subject to the State Match Restriction) be transferred:

First, to the credit of the corresponding Account(s) or subaccount(s) within the Rebate Fund to the extent provided in the Program Resolution;

Second, to the credit of the corresponding Account(s) or subaccount(s) within the Reserve Fund to the extent provided in the Program Resolution;

Third, to the extent provided in a Supplemental Resolution, to the credit of the corresponding Account(s) or subaccount(s) within the Subordinate Redemption Fund or any Subordinate Reserve Fund established with respect thereto; and

Fourth, (a) on the Transfer Date occurring in June of each year, remaining amounts in the Principal Receipts Subaccount will be transferred to the Safe Drinking Water Leveraged Redemption Account in an amount up to the amount necessary to cause the balance of such Account to equal the Debt Service to come due on the Leveraged Safe Drinking Water Portion of the Senior Bonds prior to the next June Transfer Date, and (b) on the Transfer Date occurring in December of each year, remaining amounts in the Interest Receipts Subaccount will be transferred to the Safe Drinking Water State Match Redemption Account in an amount up to the amount necessary to cause the balance of such Account to equal the Debt Service to come due on the State Match Safe Drinking Water Portion of the Senior Bonds prior to the next December Transfer Date; and

Fifth, pursuant to State Direction, to the credit of the Equity Fund.

Investment

Pending transfers from the Revenue Fund, the moneys in either Account therein will be invested in Permitted Investments as provided in the Program Resolution, and any earnings on or income from said investments will be deposited in the Interest Receipts Subaccount of such Account.

Redemption Fund

The Redemption Fund will be used only for the payment when due of principal of, and premium, if any, and interest on, the Senior Bonds and Senior Other Obligations, as provided in the Program Resolution.

With respect to each series of Senior Bonds, the Trustee will, upon delivery to the original purchasers thereof and from the proceeds thereof, credit to each Account within the Redemption Fund the allocable portions of the amount, if any, so designated in any Supplemental Resolution for the issuance of Refunding Bonds. The Trustee will also deposit in each such Account (1) the allocable portions of the proceeds from the sale of the State’s bonds, notes, or other evidences of indebtedness (including

Refunding Bonds), if any, to be used to pay principal of the Senior Bonds or interest on the Senior Bonds (except to the extent a Supplemental Resolution or State Direction directs that such proceeds be deposited into an Escrow Account), (2) all amounts required to be transferred thereto from the Revenue Fund and the Reserve Fund as described in the following paragraph, and (3) all amounts required under the Program Resolution to be transferred thereto from the Loan Fund or the Supplemental Income Fund.

To provide for the payment of (1) each installment of interest which falls due upon Outstanding Senior Bonds on each regularly scheduled Interest Payment Date, (2) each installment of principal which falls due upon Senior Serial Bonds (other than Bond Anticipation Notes which are also Senior Bonds, the payment of which will be paid from Refunding Bonds) at the stated maturity thereof or Senior Term Bonds on a Sinking Fund Payment Date therefor and (3) the reimbursement to all Credit Facility Providers for payments of principal of and interest on the Bonds pursuant to Senior Credit Enhancement Facilities, the Trustee will make deposits to the credit of each applicable Account within the Redemption Fund on each Transfer Date, (a) to aggregate the full amount of such principal coming due on any Principal Payment Date prior to the next Transfer Date and such interest coming due on any Interest Payment Date prior to the next Transfer Date, and (b) to the extent of available moneys in applicable Accounts within the Revenue Fund, to aggregate the respective amounts referred to in subclause *Fourth* of clause *Seventh* of each of the paragraphs describing payments from the Revenue Fund above under “*Revenue Fund; Application of Revenues in the Clean Water Revenue Account*” and “*Application of Revenues in the Safe Drinking Water Revenue Account*”. Each deposit provided for in the foregoing clauses (a) and (b) will be the amount allocable to the applicable Account, in proportion to the State Match Clean Water Portion, the State Match Safe Drinking Water Portion, the Leveraged Clean Water Portion and the Leveraged Safe Drinking Water Portion applicable to each applicable series of Bonds. To provide for the payment of all State Swap Payments and fees to a Credit Facility Provider, deposits will be made to each applicable Account in amounts determined as provided in the Supplemental Resolutions authorizing such Senior Swap Agreements or Senior Credit Enhancement Facilities, as the case may be.

Each deposit required by the immediately preceding paragraph will be made by transfer from the following Funds, in the following order of priority: the Revenue Fund (to the extent described above under “*Revenue Fund*”) and the Reserve Fund (but only from the Account therein, if any, established with respect to the series of Bonds for the payment of which such transfer is made, only with respect to the payments to come due prior to the next Transfer Date, and only to the extent authorized by the Supplemental Resolution pursuant to which such Account was established).

To provide for the payment of the redemption price of Senior Bonds to be redeemed on any Redemption Date, other than a Sinking Fund Payment Date for Term Bonds, the Trustee will make deposits to the applicable Accounts within the Redemption Fund from the proceeds of Refunding Bonds, excess amounts in the Loan Fund or the Costs of Issuance Fund, or such other source as may be provided in the Supplemental Resolution authorizing the issuance or redemption of such Senior Bonds.

The moneys in the Accounts within the Redemption Fund required for the payment of principal of and premium, if any, and interest on the Senior Bonds of any series, or for the reimbursement of amounts paid under a Senior Credit Enhancement Facility to pay principal of and premium, if any, and interest on the Bonds, will be applied by the Trustee to the payment of the allocable portions of such amounts when due without further authorization or direction and may be transferred to a Paying Agent, pursuant to State Direction.

Subject to the State Match Restriction and the provisions of the Program Resolution described below under “*Remedies*”, when applicable, amounts on deposit in the Accounts within the Redemption Fund required to be applied on any date on which the balance in such Accounts (giving effect to the State Match Restriction) is not sufficient to pay all amounts payable therefrom on such date will be applied

first, to the payment of interest on all Senior Bonds, State Swap Payments under Senior Swap Agreements, and fees and reimbursements, allocable to interest payments, payable to Credit Facility

Providers under Senior Credit Enhancement Facilities, *pro rata*, among such obligations based upon such amounts then owing to Beneficiaries and

second, to the payment of Senior Bonds at their stated maturity or on a Redemption Date or the reimbursements, allocable to principal and premium payments, payable to Credit Facility Providers under Senior Credit Enhancement Facilities, *pro rata*, among such obligations based upon such amounts then owing to Beneficiaries.

Moneys in the Redemption Fund may also be applied to the purchase of Senior Bonds at a purchase price (including any brokerage or other charges) not to exceed the principal amount thereof plus accrued interest thereon, as determined by the State at such time, provided the Trustee will have first certified that no deficiencies exist at such time in the Redemption Fund or the Rebate Fund. Any such purchase will be limited to those Senior Bonds whose stated maturity or Sinking Fund Payment Date is the next succeeding Principal Payment Date. Any such purchase of Senior Bonds may be made with or without tenders of Bonds and at either public or private sale.

The moneys in the Redemption Fund will be invested in Permitted Investments as provided in the Program Resolution, and any earnings on or income from such investments in each Account will be transferred to the Interest Receipts Subaccount of the corresponding Account in the Revenue Fund.

Reserve Fund

Upon the delivery of any series of Bonds, and from the proceeds thereof or, at the option of the State, from any other available moneys under the Program Resolution, the Trustee will credit to the Reserve Fund the amount, if any, specified in the Supplemental Resolution authorizing the issuance of that series of Bonds. From time to time, additional amounts will be deposited in the respective Accounts in the Reserve Fund as provided in the Supplemental Resolutions authorizing the series of Bonds secured thereby, to the extent such amounts are available pursuant to the Program Resolution. *No deposit to the Reserve Fund has been or is being made with the proceeds of the 2015 Bonds, the 2017 Bonds, or the 2018 Series A Bonds and none of the 2015 Bonds, the 2017 Bonds, or the 2018 Series A Bonds are expected to be entitled to the benefit of any amount that may be deposited in the Reserve Fund.*

Moneys in each Account of the Reserve Fund will be used and applied solely for the payment when due of principal of and interest on the Bonds of the corresponding series and amounts owing under Senior Other Obligations to the extent provided in the Supplemental Resolution that established such Account, or for the other purposes specified in such Supplemental Resolution, and (in the case of application to pay principal of and interest on the Bonds) will be so used and applied by transfer by the Trustee to the credit of the Redemption Fund, at any time and to the extent that the amount therein and the amounts available for deposit to the credit thereof from the Revenue Fund are insufficient to meet the requirements specified in the Program Resolution for deposit to the credit of the Redemption Fund at such time. Such amounts will be applied, subject to the State Match Restriction, to the payment of principal of and premium, if any, and interest on the Bonds of such series and the payment of Other Obligations related to such series in the order described above under “**Redemption Fund**”. However, on the stated maturity date or any Redemption Date of any Bonds secured by an Account within the Reserve Fund, amounts in such Account will, upon State Direction and subject to the State Match Restriction, be applied to the payment at maturity or redemption of all Outstanding Bonds of the corresponding series, to the extent that such application, and payment of all deposits to be made to the credit of the Rebate Fund required by the Program Resolution upon such redemption, will not reduce the balance of such Account below the applicable Reserve Fund Requirement (calculated as though the Bonds to be retired on such stated maturity date or Redemption Date were not Outstanding as of the date of such calculation).

Pending transfers from the Reserve Fund, the moneys in each Account therein will be invested in Permitted Investments as provided in the Program Resolution, and any earnings on or income from such

investments will be transferred to the Interest Receipts Subaccount of the corresponding Account in the Revenue Fund.

Subordinate Redemption Fund

At the time of the initial issuance of any Subordinate Bonds or incurrence of Subordinate Other Obligations, there will be established a Subordinate Redemption Fund and, within such Fund, Accounts that correspond to those within the Redemption Fund, to the extent applicable. The Subordinate Redemption Fund will only be used for the payment when due of principal of and premium, if any and interest on the Subordinate Bonds and Subordinate Other Obligations.

Rebate Fund

For each issue of Tax Exempt Bonds, a separate Account shall be established in the Rebate Fund. The State shall determine the rebate amount for each issue of Tax Exempt Bonds at the times and in the manner required by the Program Resolution and the Code. Upon each such determination, the Trustee shall transfer the rebate amount to the Account in the Rebate Fund relating to the Bonds of that issue. Moneys in an Account in the Rebate Fund shall be paid by the Trustee to the United States at such times and in such amounts as are necessary to comply with the provisions of the Code relating to arbitrage rebate.

Subordinate Reserve Fund

At the time of the initial issuance of any Subordinate Bonds there may be established a Subordinate Reserve Fund, and within such Fund, Accounts and subaccounts that correspond to those within the Reserve Fund, to the extent applicable, to be funded and applied as provided in the Supplemental Resolution authorizing such Subordinate Bonds.

Payment of Bonds

Each Bond certificate will contain on its face a statement to the effect that the State will not be generally liable on the Bonds, that the Bonds will not be a public debt of the State for any purpose whatsoever, and that each Bond will be payable only out of the redemption fund established for such payment.

Covenants

Authority; Due Execution. The State represents that it is duly authorized under the Constitution and laws of the State, including particularly the Revenue Obligations Act, to issue the Bonds, and to adopt the Program Resolution. The State further represents that all action on its part for the issuance of the Bonds and the adoption of the Program Resolution has been duly and effectively taken, and that the Bonds when issued and delivered in accordance with the provisions of the Program Resolution are and will be valid and enforceable enterprise revenue obligations of the State according to the terms thereof and of the Program Resolution.

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

Arbitrage and Tax Covenants. The State agrees that it will, to the extent that it may lawfully do so, comply with all requirements of the Code that must be satisfied in order that interest on the Tax-Exempt Bonds be (or continue to be) excluded from gross income for federal income tax purposes.

The State agrees that it will not take any action or fail to take any action with respect to the investment of the proceeds of, or amounts pledged to the payment of, Tax-Exempt Bonds or in any other manner which

would result in constituting such Tax-Exempt Bonds “arbitrage bonds” within the meaning of such term as used in Section 148 of the Code. The federal tax covenants contained in the Program Resolution will not apply to Taxable Bonds.

Accounts and Reports. The State will keep, or cause to be kept, proper books of record and account in which complete and correct entries will be made of its transactions relating to all Loan Repayments, Debt Obligations, and Fees and Charges, if any, and all Funds and Accounts established by the Program Resolution.

The State will annually, within 180 days after the end of each Fiscal Year, file with the Trustee and with the Rating Agencies a copy of the audited financial report for the preceding Fiscal Year with respect to each Program.

A copy of the independent auditor’s report and financial statements for the Environmental Improvement Fund for the years ended June 30, 2017 and 2016 is set forth in **APPENDIX A** to Part VII of the 2017 Annual Report.

Covenants Relating to Loans. The State covenants to (i) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the State for the enforcement of, all terms, covenants and conditions of all Financial Assistance Agreements and the Debt Obligations evidencing the Pledged Loans, and (ii) at all times defend, enforce, preserve and protect the rights and privileges of the State under or with respect to each Pledged Loan and the Financial Assistance Agreements and Debt Obligations evidencing and securing the same. The State will have the power and authority to settle a default on any Pledged Loan on such terms as the State will determine to be in the best interests of the State and the Beneficiaries and to forbear from taking action with respect to enforcement of a Pledged Loan if it determines such forbearance to be in the best interests of the State and the Beneficiaries. The State also has the authority to modify the terms and conditions of the Financial Assistance Agreements or Debt Obligations, subject to the limitations in the Program Resolution.

Events of Default

Each of the following events constitutes an “Event of Default”:

- (1) The State defaults in the due and punctual payment of any interest on any Bond of the most senior class then Outstanding; or
- (2) The State defaults in the due and punctual payment of the principal of, or premium, if any, on, any Bond of the most senior class then Outstanding, whether at the stated maturity thereof, at the date fixed for redemption thereof (including, but not limited to, Sinking Fund Payment Dates) or otherwise upon the maturity thereof; or
- (3) The State defaults in its obligation to purchase any Bond of the most senior class then Outstanding (or Beneficial Ownership Interests therein) on a Tender Date therefor; or
- (4) The State defaults in the due and punctual payment of any amount owed by the State under a Swap Agreement or Credit Enhancement Facility to any Other Beneficiary the State’s obligation to which is senior to or on a parity with Bonds of the most senior class then Outstanding; or
- (5) The State defaults in the performance of any of the State’s obligations with respect to the transmittal of moneys to be credited to the Revenue Fund, the Rebate Fund, or the redemption fund established for payment of Bonds of the most senior class then Outstanding (which, in the case of the Senior Bonds, will be the Redemption Fund and, in the case of the Subordinate Bonds, will be the Subordinate Redemption Fund) under the provisions of the Program Resolution and such default continues for a period of 30 days; or
- (6) The State defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the State in the Program Resolution or in the Bonds of the most

senior class then Outstanding, and such default continues for a period of 45 days after written notice thereof, specifying such default, has been given by the Trustee to the State, which may give such notice in its discretion and is required to give such notice at the written request of the Acting Beneficiaries Upon Default (and for this purpose the specified percentage will be 25% in aggregate Principal Amount of the Outstanding Bonds of the most senior class) to the State and the Trustee. Except with respect to the State's arbitrage and tax covenants under the Program Resolution, if the default is such that it can be corrected, but not within such 45 days, it will not constitute an Event of Default if corrective action is instituted by the State within such 45 days and is diligently pursued until the default is corrected.

Remedies

If an Event of Default has occurred and is continuing, the Trustee may (1) institute judicial proceedings in its own name and as or on behalf of a trustee of an express trust for the collection of all amounts then payable on the Bonds and any Other Obligations or under the Program Resolution with respect thereto, enforce any judgment obtained, and collect from the State and any other obligor upon such Bonds and Other Obligations moneys adjudged due, and (2) pursue any other available remedy by suit at law or in equity to enforce the covenants of the State in the Program Resolution, including, without limitation, any remedy of a secured party under the Uniform Commercial Code, foreclosure, and mandamus, and may pursue such appropriate judicial proceedings as the Trustee will deem most effective to protect and enforce, or aid in the protection and enforcement of, the covenants and agreements in the Program Resolution.

If an Event of Default has occurred and is continuing, and if it has been requested so to do by the Acting Beneficiaries Upon Default (and for this purpose the specified percentage will be a majority of the aggregate Principal Amount of Outstanding Bonds) and has been indemnified as provided in the Program Resolution, the Trustee will be obliged to exercise such one or more of the rights and powers conferred by the Program Resolution as the Trustee, being advised by its counsel, deems most expedient in the interests of the Beneficiaries. However, the Trustee will have the right to decline to comply with any such request if the Trustee is advised by counsel that the action so requested may not lawfully be taken or if the Trustee receives, before exercising such right or power, contrary instructions from the Holders of not less than a majority in aggregate Principal Amount of the Bonds then Outstanding or from any Other Beneficiary.

Notwithstanding any other default and remedy provisions of the Program Resolution, if a default occurs under a Swap Agreement or a Credit Enhancement Facility and, as a result, the Other Beneficiary that is a party thereto is entitled to exercise one or more remedies thereunder, such Other Beneficiary may exercise such remedies, including, without limitation, the termination of such agreement, as provided therein, in its own discretion so long as the exercise of any such remedy will not adversely affect the legal ability of the Trustee or Acting Beneficiaries Upon Default to exercise any remedy available under the Program Resolution.

No remedy conferred upon or reserved to the Trustee or to the Beneficiaries under the Program Resolution is intended to be exclusive of any other remedy, but each and every such remedy is intended to be cumulative and to be in addition to any other remedy given to the Trustee or to the Beneficiaries under the Program Resolution or now or hereafter existing at law or in equity or by statute.

All moneys received by the Trustee pursuant to the default and remedy provisions of the Program Resolution shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities, and advances incurred or made by the Trustee with respect thereto, be applied as follows, subject to the State Match Restriction (except that moneys received under Credit Enhancement Facilities shall be applied only to the purposes for which such Credit Enhancement Facilities were provided):

- The Trustee shall apply the amounts to each class in order of priority, namely, Senior Bonds and Senior Other Obligations shall be paid in full before any payment shall be made with respect to Subordinate Bonds and Subordinate Other Obligations.

- Unless the principal of all the Outstanding Bonds of a particular class shall have become due and payable, all such moneys shall be applied to the payment of all principal and interest then due on the Bonds and all amounts due under Other Obligations, as follows:

First, (i) to the Holders of the Bonds, all installments of interest (other than interest on overdue principal) then due and payable, (ii) to the Beneficiaries of Other Obligations, all periodic fees for Credit Enhancement Facilities and reimbursement payments for interest payments advanced under Credit Enhancement Facilities, to the extent provided in the Supplemental Resolutions authorizing such Credit Enhancement Facilities, and (iii) to the appropriate Swap Counterparties, State Swap Payments to the extent provided in the Supplemental Resolutions authorizing the related Swap Agreements, in the order in which such installments of interest or such Other Obligations became due and payable and if the amount available is not sufficient to pay in full the amounts due on any date, then to the payment, ratably, according to the amounts due on such date; and

Second, (i) to the Holders of the Bonds, the unpaid principal of any of the Bonds which shall have become due and payable (other than Bonds called for redemption for the payment of which money is held pursuant to the provisions of the Program Resolution), with interest on the principal amount of such Bonds at the respective rates specified therein from the respective dates upon which such Bonds became due and payable, (ii) to the Beneficiaries of Other Obligations, reimbursement payments for principal payments advanced under Credit Enhancement Facilities, to the extent provided in the Supplemental Resolutions authorizing such Credit Enhancement Facilities, and (iii) to the appropriate Swap Counterparties, State Swap Payments not paid in clause “*First*” above, in the order of their stated payment dates and if the amount available is not sufficient to pay in full the amounts due on any date, then to the payment, ratably, according to the amounts due on such date;

- If the principal of all Outstanding Bonds of a particular class shall have become due and payable, all such moneys shall be applied to the payment to the Beneficiaries of the principal and interest then due and unpaid upon the Bonds and all Other Obligations that are on a parity with such class of Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Beneficiary over any Other Beneficiary, ratably, according to the amounts due.

Supplemental Resolutions

The Program Resolution may not be modified or amended in any respect subsequent to the delivery of fully executed and authenticated Bonds except as provided in and in accordance with and subject to the provisions thereof.

Supplemental Resolutions Without Holder Consent. Subject to such additional provisions as a Supplemental Resolution may provide, the Building Commission may, from time to time and at any time,

without the consent of or notice to the Beneficiaries, adopt Supplemental Resolutions for any of the following purposes:

- (i) to cure any formal defect, omission, inconsistency, or ambiguity in the Program Resolution; however, no such action may adversely affect the interests of the Beneficiaries who have not consented thereto;
- (ii) to add to the covenants and agreements of the State in the Program Resolution other covenants or agreements, or to surrender any right or power reserved or conferred upon the State, which does not adversely affect the interests of the Beneficiaries who have not consented thereto;
- (iii) to issue a particular series of Bonds as permitted by the Program Resolution or enter into a Swap Agreement or obtain a Credit Enhancement Facility as permitted by the Program Resolution and, in connection therewith, to establish provisions for making deposits to the Redemption Fund to provide for the payment of any Bonds or Other Obligations and to establish assumptions for computing the Debt Service with respect thereto;
- (iv) to cause the Program Resolution to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;
- (v) to provide for the removal of a Fiduciary or the Securities Depository, or the appointment of an additional or successor Fiduciary or a successor Securities Depository;
- (vi) to make any change in the Program Resolution required by any Rating Agency in order to maintain the current, or restore the previous, rating by such Rating Agency on the Bonds, which does not adversely affect the interests of the Beneficiaries who have not consented thereto;
- (vii) to provide for the creation of Funds or Accounts, to which amounts in the Revenue Fund may be credited on any Transfer Date prior to transfer of such amounts to the Subordinate Redemption Fund, or after the transfer of such amounts to such Fund but prior to the transfer of such amounts to the Equity Fund, but in either case only after all transfers therefrom to the Rebate Fund, the Redemption Fund, and (if applicable) the Reserve Fund, or the creation of one or more subordinate classes of Bonds payable from Funds and Accounts created under that or another Supplemental Resolution; however, no such subordinate class of Bonds or Other Obligations may be senior in any respect to any previously created class of Bonds or Other Obligations any of which are then Outstanding, except to the extent specifically authorized or permitted by the Supplemental Resolution authorizing such previously created class or except to the extent consented to by each Beneficiary who would be adversely affected thereby;
- (viii) to pledge additional revenues of the Program(s) to secure the payment of the Bonds or Other Obligations under the Program Resolution;
- (ix) to modify, alter, amend, or supplement the Program Resolution in any other respect which is not materially adverse to the Beneficiaries who have not consented thereto or which is permitted for Bonds of one or more particular series, as provided in the Supplemental Resolution for Bonds of those series, and affects only (1) the Holders of such Bonds and (2) any Other Beneficiaries who have consented thereto;
- (x) to provide for the financing of Loans under the Safe Drinking Water Loan Program, Loans to Borrowers other than Municipalities, and/or obligations incurred under such additional programs from time to time under the Water Pollution Control Act, the Safe Drinking Water Act, or any other similar State or federally-supported financing program as may be approved by the EPA, to the extent such Loans or other obligations are then authorized to be financed with enterprise revenue obligations under the Revenue Obligations Act;

- (xi) to modify, alter, amend or supplement the provisions of the Program Resolution related to the establishment of the Rebate Fund or arbitrage and tax covenants to reflect or conform to amendments made to the Code as it applies to Bonds issued under the Program Resolution; or
- (xii) to modify, alter, amend, or supplement the Program Resolution in any other respect so long as the State has determined that the adoption of such Supplemental Resolution will not result in the withdrawal or downgrade of any rating of the Bonds then maintained by any Rating Agency.

In connection with the adoption of any such Supplemental Resolution, there must be delivered to the Trustee an opinion of Bond Counsel to the effect that such Supplemental Resolution is authorized or permitted by the Program Resolution and the Revenue Obligations Act, complies with their respective terms, will, upon the adoption thereof, be valid and binding upon the State in accordance with its terms, and will not adversely affect the exclusion of the interest payable on any outstanding Tax-Exempt Bonds from gross income of the Holders of the Bonds for federal income tax purposes pursuant to the Code.

Supplemental Resolutions With Holder Consent. Subject to such additional provisions as a Supplemental Resolution may provide, the Building Commission may, from time to time and at any time, with the prior written consent of the Holders of a majority of the principal amount of each class of Bonds Outstanding affected by such Supplemental Resolution, and with the prior written consent of the Other Beneficiaries, adopt a Supplemental Resolution to modify, alter, amend, or supplement the Program Resolution in any respect. However, no Supplemental Resolution may permit (1) an extension of the stated maturity or reduction in the principal amount of, a reduction in the rate or extension of the time for paying interest on, a reduction of any premium payable on the redemption of, a reduction in the purchase price payable on a Tender Date for, or a reduction in the amount or extension of the time for any principal payment required for any sinking fund or otherwise applicable to, any of the Bonds without the consent of the Holders of all the Bonds and Other Beneficiaries which would be affected by the action to be taken, (2) except as expressly permitted under the Program Resolution, the creation of any security interest prior to or on a parity with the security interest in the Funds and Accounts for the benefit of the Holders of the Bonds and the Other Beneficiaries without the consent of the Holders of all the Bonds Outstanding and the Other Beneficiaries which would be adversely affected by such creation, (3) a reduction in the aggregate principal amounts of Bonds the Holders of which are required to consent to any Supplemental Resolution, without the consent of the Holders of all Bonds at the time Outstanding, or the elimination of a requirement that any Other Beneficiary consent to any Supplemental Resolution, without the consent of any Other Beneficiary which would be affected by the action to be taken, (4) a modification of the rights, duties, or immunities of the Trustee or any Fiduciary without the written consent of the Trustee or such Fiduciary, or (5) the creation of a privilege or priority of any Obligation of one class over any other Obligation of the same class, or of any other class except as provided in the Program Resolution, or the surrender of a privilege or a priority granted by the Program Resolution, to the detriment of another Beneficiary under the Program Resolution.

Redemption and Purchase of Bonds

Right of Redemption. The Bonds of any series are subject to redemption as provided in the Program Resolution and in the Supplemental Resolution creating such series.

Purchase of Bonds. The State may at any time authorize and direct the Trustee to purchase Bonds in the open market out of any funds available for such purpose (subject to the State Match Restriction), such purchases to be made at a price not in excess of the amount specified in the Program Resolution. In addition, the State may, from time to time, direct the Trustee to request the submission of tenders following published notice requesting such submission prior to making the purchases authorized pursuant to the Program Resolution. All Bonds so purchased by the Trustee will be canceled and not reissued.

Defeasance

Any Outstanding Bond (or any portion thereof) will be deemed to have been paid for the purposes of the Program Resolution, and will no longer be entitled to the benefit of the Program Resolution, if there are deposited in an Escrow Account either moneys in an amount sufficient, or Defeasance Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys in an amount sufficient, to pay when due the principal of and premium, if any, and interest due and to become due on said Bond (or portion thereof) at or prior to the stated maturity thereof.

The moneys and Defeasance Securities deposited in an Escrow Account held by an escrow agent pursuant to the defeasance provisions of the Program Resolution shall be held in trust and shall not be withdrawn or used for any purpose other than the payment of the principal of and premium, if any, and interest on said Bonds (or portions thereof) deemed to have been paid in accordance with the defeasance provisions of the Program Resolution.

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APPENDIX D

EXPECTED FORM OF BOND COUNSEL OPINION

Upon delivery of the 2018 Series A Bonds, it is expected that Foley & Lardner LLP will deliver a legal opinion in substantially the following form:

(Letterhead of Foley & Lardner LLP)

State of Wisconsin Building Commission
101 East Wilson Street, 7th Floor
Madison, Wisconsin 53703

Subject: \$92,080,000
State of Wisconsin
Environmental Improvement Fund Revenue Bonds, 2018 Series A

We have acted as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its \$92,080,000 Environmental Improvement Fund Revenue Bonds, 2018 Series A (**2018 Series A Bonds**), dated the date hereof. The 2018 Series A Bonds are authorized by Sections 281.58 and 281.59, Wisconsin Statutes (**Act**) (and in particular, Section 281.59 (4), Wisconsin Statutes) and Subchapter II of Chapter 18, Wisconsin Statutes, and are being issued pursuant to a resolution (**Program Resolution**) adopted by the State of Wisconsin Building Commission (**Commission**) on October 7, 2015, as amended and restated by a resolution adopted by the Commission on February 15, 2017, and as supplemented by a resolution (**Series Resolution**) adopted by the Commission on April 11, 2018.

Under the Program Resolution, the Commission has 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, and premium, if any, and interest on, the 2018 Series A Bonds, any other bonds heretofore or hereafter issued under the Program 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 Program Resolution. The 2018 Series A Bonds are payable solely from cash and securities held by the Trustee from time to time in the redemption fund created under the Program Resolution.

We examined the law, a certified copy of the proceedings relating to the issuance of the 2018 Series A 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 Program 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 is authorized or permitted by the Program Resolution and the Act, and complies with their respective terms.

2. The Program Resolution creates the valid pledge that it purports to create of the “Pledged Revenues,” as defined in the Program Resolution, and of the moneys and securities held in the funds and accounts pledged under the Program Resolution.

3. The 2018 Series A Bonds have been duly and validly authorized and constitute valid and binding enterprise revenue obligations of the State, payable and enforceable in accordance with their terms and the terms of the Program Resolution and entitled to the benefits of the Program Resolution and of the Act.

4. Interest on the 2018 Series A Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the 2018 Series A Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations for taxable years beginning on or before December 31, 2017. The State must comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied after the 2018 Series A Bonds are issued for interest on the 2018 Series A 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 2018 Series A Bonds to be included in gross income for federal income tax purposes, in some cases retroactively to the date the 2018 Series A Bonds were issued. We express no opinion as to other federal tax law consequences regarding the 2018 Series A Bonds.

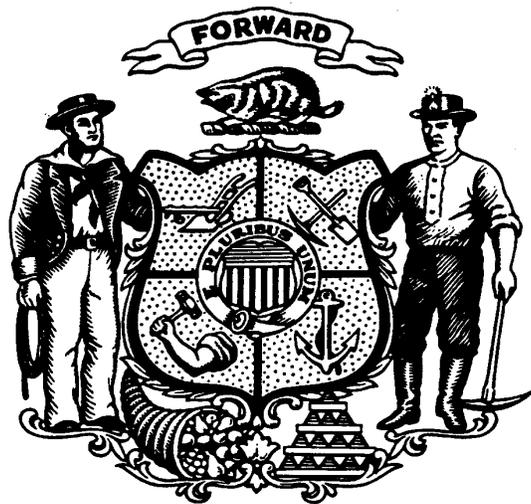
The rights of the owners of the 2018 Series A Bonds and the enforceability of the 2018 Series A Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights and by equitable principles (which may be applied in either a legal or an equitable proceeding). We express 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 dated August 15, 2018 or other offering material relating to the 2018 Series A Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion as to those matters (except only the matters set forth as our opinion in the Official Statement).

Our opinion is given as of the date of this letter. 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. In acting as bond counsel, we have established an attorney-client relationship solely with the State.

Very truly yours,

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