
State of Wisconsin
Additional/Voluntary Filing #2020-10
Dated May 8, 2020

This Additional/Voluntary Filing does not concern an event described in Securities and Exchange Act Rule 15c2-12, as amended. The State of Wisconsin provides this information as it may be material to financial evaluation of one or more obligations of the State of Wisconsin.

Issuer: State of Wisconsin

CUSIP Numbers: 977100 Prefix (All)

Type of Information:

Financial/Operating Filing;
Additional/Voluntary Disclosure; Budget;

In conjunction with the issuance of the General Fund Annual Appropriation Refunding Bonds of 2020, Series A, the State terminated its interest rate exchange agreements and exposure to LIBOR-based variable interest rates for this credit.

Attached is the **Plan of Finance** from the Official Statement dated January 28th, 2020, which provides more detail on this matter.

The State of Wisconsin is providing this Additional/Voluntary Filing with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. This Additional/Voluntary Filing is also available on the State of Wisconsin Capital Finance Office and investor relations web sites at:

doa.wi.gov/capitalfinance
wisconsinbonds.com

The undersigned represents that he is the Capital Finance Director, State of Wisconsin Capital Finance Office, which is the office of the State of Wisconsin responsible for providing additional/voluntary filings, annual reports, and Event Filings pursuant to the State's Master Agreement on Continuing Disclosure (Amended and Restated March 1, 2019), and is authorized to distribute this information publicly.

/s/ DAVID R. ERDMAN
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OFFICIAL STATEMENT

New Issue

This Official Statement provides information about the 2020 Series A Bonds. Some of the information appears on this cover page for ready reference. A prospective investor should read the entire Official Statement to make an informed investment decision.

\$623,320,000

**STATE OF WISCONSIN
GENERAL FUND ANNUAL APPROPRIATION REFUNDING BONDS OF 2020, SERIES A
(TAXABLE)**

Dated:	Date of Delivery	Due: As shown below
Ratings	AA Fitch Ratings Aa2 Moody's Investors Service, Inc.	
Interest Payment Dates	May 1 and November 1, commencing May 1, 2020.	
Redemption	The 2020 Series A Bonds are subject to optional redemption on any Business Day at the Make-Whole Redemption Price — <i>See pages 5-6.</i>	
Source of Payment	Debt service on the 2020 Series A Bonds is payable from the State's General Fund, subject to annual appropriation. The 2020 Series A Bonds are not general obligations of the State— <i>See pages 9-13.</i>	
Tax Matters	Interest on the 2020 Series A Bonds is included in gross income for federal income tax purposes— <i>See page 19.</i> Interest on the 2020 Series A Bonds is not exempt from current State of Wisconsin income or franchise taxes— <i>See page 19.</i>	
Purpose	The 2020 Series A Bonds are being issued to current refund all of the State's General Fund Annual Appropriation Refunding Bonds of 2008, Series B and Series C (Taxable Floating Rate Notes)— <i>See pages 4-5.</i>	
Settlement/Closing	On or about February 13, 2020.	
Denominations	Multiples of \$5,000	
Book-Entry System	The Depository Trust Company— <i>See pages 7-9.</i>	
Bond Counsel	Quarles & Brady LLP— <i>See page 18.</i>	
Trustee	The Bank of New York Mellon Trust Company, N.A. as successor to U.S. Bank National Association	
Issuer Contact	Wisconsin Capital Finance Office; (608) 267-0374; DOACapitalFinanceOffice@wisconsin.gov	
2019 Annual Report	This Official Statement incorporates by reference Parts I, II, and VIII of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 2019.	

The prices and yields listed below were determined on January 28, 2020 at negotiated sale. The 2020 Series A Bonds were purchased at an aggregate purchase price of \$ 620,405,005.01.

CUSIP	Due (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date	Call Price
977100 GT7	2021	\$ 25,685,000	1.670%	1.670%	100.000	Any Business Day at Make-Whole Redemption Price	
977100 GU4	2022	27,285,000	1.720	1.720	100.000		
977100 GV2	2023	27,205,000	1.749	1.749	100.000		
977100 GW0	2024	27,110,000	1.799	1.799	100.000		
977100 GX8	2025	27,340,000	1.899	1.899	100.000		
977100 GY6	2026	63,830,000	2.096	2.096	100.000		
977100 GZ3	2027	105,045,000	2.196	2.196	100.000		
977100 HA7	2028	64,910,000	2.299	2.299	100.000		
977100 HB5	2029	68,785,000	2.349	2.349	100.000		
977100 HC3	2030	72,785,000	2.399	2.399	100.000		
977100 HD1	2031	76,930,000	2.429	2.429	100.000		
977100 HE9	2032	36,410,000	2.499	2.499	100.000		

Citigroup	Barclays
Cabrera Capital Markets	Morgan Stanley
UBS	Wells Fargo Securities
J.P. Morgan	

January 28, 2020

- General Fund information for the 2019-20 fiscal year through November 30, 2019 and projected General Fund information for the remainder of the 2019-20 fiscal year, which is presented on a budgetary and cash basis.

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

Contact: State of Wisconsin Capital Finance Office
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 Attn: Capital Finance Director
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 Madison, WI 53707-7864
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Web sites: doa.wi.gov/capitalfinance
wisconsinbonds.com

PLAN OF FINANCE

Statutory Authority for Issuance

The Enabling Act contains legislative findings that the State, by prepaying part or all of its unfunded prior service liability and its unfunded accrued liability for sick leave conversion credits, may reduce its costs and better ensure the timely and full payment of retirement benefits, and therefore it is in the public interest to issue appropriation obligations for that purpose.

The 2003 Indenture Bonds were issued to provide funds for payment to the Wisconsin Retirement System (**Retirement System**) for all or a portion of the State’s unfunded accrued prior service (pension) liability and unfunded accrued liability for sick leave conversion credits, or to refund appropriation obligations issued for that purpose.

The Department is authorized to issue 2003 Indenture Bonds without limit to fund or refund outstanding 2003 Indenture Bonds, to pay issuance or administrative expenses, to make deposits to reserve funds, to pay accrued or funded interest, to pay costs of credit enhancement, or to make payments under certain ancillary agreements, such as Swap Agreements as defined below. All of the 2003 Indenture Bonds issued in 2008, 2012, and 2016 were issued, and the 2020 Series A Bonds are being issued, for these purposes.

Outstanding Obligations

As of January 15, 2020 the general fund annual appropriation bonds included in the table on the following page were outstanding.

The scheduled principal payments due on May 1, 2020 for all series of general fund annual appropriation bonds is approximately \$108 million. Pursuant to the 2003 Indenture and the trust indenture for other general fund annual appropriation bonds (**2009 Indenture**), the funds for payment of interest due on May 1, 2020 or the first of each month, and the principal due on May 1, 2020, has been on deposit with The Bank of New York Mellon Trust Company, N.A. (**Trustee**) since July 1, 2019. See **“PAYMENT FROM ANNUAL APPROPRIATIONS; Deposit Amount”**.

The Enabling Act and the 2009 Indenture established a framework for the issuance and sale of other evidences of general fund annual appropriation bonds, including the 2009 Bonds, 2016 Series B Bonds, 2017 Series A Bonds, 2017 Series B Bonds, 2017 Series C Bonds, and 2019 Series A Bonds, and any additional bonds delivered under the 2009 Indenture (collectively, the **2009 Indenture Bonds**).

OUTSTANDING GENERAL FUND ANNUAL APPROPRIATION BONDS BY ISSUE
(As of January 15, 2020)

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u>
<i>Fixed-Rate Bonds</i>				
2003- Series A (Taxable) (2003 Series A Bonds)	12/18/03			
Serial Bond		2013	\$ 250,000,000	-0-
Term Bond		2018	100,000,000	-0-
Term Bond		2026	500,000,000	\$ 460,210,000
2008- Series A (Taxable) (2008 Series A Bonds)	04/01/08			
Serial Bonds		2009-14	135,120,000	-0-
Serial Bond		2018	150,000,000	-0-
Serial Bond		2018	213,000,000	-0-
2009- Series A (2009 Bonds)	04/08/09			
Serial Bonds		2010-29	586,575,000	-0- (a)
Term Bond		2033	100,000,000	-0- (a)
Term Bond		2033	304,550,000	-0- (a)
Term Bond		2036	395,345,000	-0- (a)
Serial Bond		2037	142,595,000	-0- (a)
2012- Series A (Taxable) (2012 Bonds)	11/29/12			
Serial Bonds		2015-18	137,940,000	-0-
Serial Bonds		2027-31	113,615,000	113,615,000
2016 - Series A (Taxable) (2016 Series A Bonds) ...	08/16/16	2020-27	400,145,000	400,145,000
Series B (Taxable) (2016 Series B Bonds)	08/16/16			
Serial Bonds		2020-29	28,700,000	28,700,000
Term Bond		2033	13,680,000	13,680,000
Term Bond		2037	158,135,000	158,135,000
2017 - Series A (Taxable) (2017 Series A Bonds)	01/26/17			
Serial Bonds		2020-33	59,935,000	59,935,000
Term Bond		2036	367,835,000	367,835,000
Series B (2017 Series B Bonds)	01/26/17	2020-36	102,105,000	102,105,000
Series C (Taxable) (2017 Series C Bonds) ..	05/16/17	2018-27	402,140,000	396,570,000
2019- Series A (2019 Series A Bonds)	01/31/19	2021-29	359,950,000	<u>359,950,000</u>
<i>Total Fixed-Rate Bonds</i>				<u>\$2,460,880,000</u>
<i>Variable-Rate Obligations^(b)</i>				
2003- Series B (Taxable) (2003 Series B Bonds)	12/18/03	2009-32	\$ 944,850,000	-0-
2008- Series B (Taxable) (2008 Series B Bonds)	04/01/08	2026-32	300,000,000	\$ 300,000,000
Series C (Taxable) (2008 Series C Bonds)	06/10/08	2009-32	209,000,000	<u>183,770,000</u>
<i>Total Variable-Rate Obligations</i>				<u>\$ 483,770,000</u>
<i>Total Outstanding General Fund Annual Appropriation Bonds</i>				<u>\$2,944,650,000</u>

(a) Pursuant to a refunding escrow agreement, the principal of, and interest on, all or a portion of the bonds will be paid as it comes due or will be called for redemption prior to maturity. The principal amount of bonds for which payment is provided is not treated as outstanding for purposes of this table.

(b) The State has hedged nearly all its variable rate exposure from the 2008 Series B Bonds and 2008 Series C Bonds through interest rate exchange agreements with multiple counterparties. It is contemplated that those agreements will be terminated in whole in connection with the refunding of 2008 Series B Bonds and 2008 Series C Bonds. See **“Interest Rate Exchange Agreements”** below.

Separate appropriations exist for payment of debt service on obligations issued under the 2003 Indenture and the 2009 Indenture. An appropriation for payment of debt service on obligations issued under one trust indenture may not be available for payment of debt service on obligations issued under the other trust indenture.

Interest Rate Exchange Agreements

To hedge its variable rate exposure in connection with the 2003 Series B Bonds, the State entered into interest rate exchange agreements in calendar years 2003 and 2005. The State terminated some, and

portions of other, interest rate exchange agreements in conjunction with the issuance of the 2008 Series B Bonds and 2008 Series C Bonds. The remaining interest rate exchange agreements (**Existing Swap Agreements**) hedge substantially all the State’s variable rate exposure with respect to the 2008 Series B Bonds and the 2008 Series C Bonds. The Existing Swap Agreements provide for notional amounts declining over time in amounts that approximate the expected aggregate amortization of the 2008 Series B Bonds and the 2008 Series C Bonds.

The counterparties on the Existing Swap Agreements and the current notional amounts and interest rates as of January 15, 2020 under such agreements are:

<u>Counterparty</u>	<u>Current Notional Amount</u>	<u>Fixed Interest Rate Paid by State</u>	<u>Variable Interest Rate Received by State</u>
Citibank, N.A., New York	\$140,648,750	5.47%	One-Month LIBOR
UBS AG	166,221,250	5.47%	One-Month LIBOR
JPMorgan Chase Bank, N.A.	169,030,000	4.66%, 5.47%	One-Month LIBOR

Because the State’s variable rate exposure is being eliminated through the refunding of the Refunded Bonds, the State will terminate the Existing Swap Agreements. It is expected that any termination payments due from the State will be paid from proceeds of the 2020 Series A Bonds.

The State may from time to time enter into (and thereafter may terminate) other interest rate exchange agreements, indexing agreements, or similar agreements relating to any 2003 Indenture Bonds or 2009 Indenture Bonds (**Swap Agreements**). The State’s obligation to make payments under the Swap Agreements will be payable from money held in separate accounts established in the Debt Service Fund under the respective Indenture for that purpose. Payments under a Swap Agreement may include net payments based on the interest rates exchanged. Should a Swap Agreement be terminated, under certain circumstances the State may be required to pay a termination payment. The Enabling Act provides authority for the State to issue bonds to make this payment. Money held in the Debt Service Fund may be applied to a termination payment under a Swap Agreement only if the termination payment was due on September 1 of the year before the first fiscal year in a biennium and a budget bill has been enacted for the biennium. Correspondingly, the budget request for the first fiscal year in any biennium is expected to include an amount to provide for any termination payment that was due on September 1 of the prior year. Termination payments, however, may be payable from money held in (or permitted to be transferred to) the Subordinated Payment Obligations Fund.

Plan of Refunding

As provided for in the Enabling Act, the 2020 Series A Bonds are being issued for the current refunding of all of the 2008 Series B Bonds and 2008 Series C Bonds (**Refunded Bonds**) and to terminate the Existing Swap Agreements. The principal amount of the Refunded Bonds is \$483,770,000. The current refunding of the Refunded Bonds is for debt service savings and to reduce certain risks associated with the Existing Swap Agreements. **APPENDIX D** identifies, and provides more information on, the Refunded Bonds.

Upon delivery of the 2020 Series A Bonds, a portion of the proceeds of the 2020 Series A Bonds will be deposited into the Debt Service Fund with the Trustee. The proceeds in the Debt Service Fund may be invested in Qualified Investments and will be used to pay on February 13, 2020 the principal of and interest on the Refunded Bonds. While outstanding, interest on the Refunded Bonds will be paid with funds on deposit with the Trustee since July 1, 2019. Another portion of the proceeds of the 2020 Series A Bonds will be deposited with the Trustee and immediately used to make termination payments on the Existing Swap Agreements.

Sources and Uses of Funds

The proceeds from the sale of the 2020 Series A Bonds are expected to be used as follows:

Sources

Principal Amount	\$ 623,320,000.00
State Contribution/Funds on Deposit With Trustee	13,531,327.31
TOTAL SOURCES	<u>\$ 636,851,327.31</u>

Uses

Deposit to Debt Service Fund/Payment of Refunded Bonds.....	\$ 483,770,000.00
Existing Swap Agreement Termination Payments	149,728,498.00
Underwriters' Discount	2,914,994.99
Costs of Issuance/Deposit to Operating Expense Fund.....	437,834.32
TOTAL USES	<u>\$ 636,851,327.31</u>

Additional Bonds

Subject to certain conditions, the issuance by the State of Additional 2003 Indenture Bonds under the 2003 Indenture for the following purposes is permitted:

- To refund any 2003 Indenture Bonds; and
- To pay any cost of issuing 2003 Indenture Bonds (which includes accrued or funded interest, issuance expenses, deposits to reserve funds, administrative expenses, and credit enhancement facilities), or to make payments under any Swap Agreement or credit facility.

THE 2020 SERIES A BONDS

General

The 2020 Series A Bonds will be dated the date of their issuance. The 2020 Series A Bonds will be issued as fully registered bonds, in principal denominations of \$5,000 or multiples thereof. The 2020 Series A Bonds are initially being issued in book-entry-only form, so the registered owner will be a securities depository or its nominee. The Department has appointed, as the securities depository for the 2020 Series A Bonds, The Depository Trust Company (DTC).

The 2020 Series A Bonds will bear interest from that date, payable on May 1, 2020 and semiannually thereafter on each May 1 and November 1 until their respective maturity dates. The 2020 Series A Bonds will bear interest at the rates shown on the **front cover**, computed on the basis of a 30-day month and a 360-day year.

Optional Redemption With Make-Whole Premium

The 2020 Series A Bonds are subject to optional redemption in whole or in part on any Business Day, in such principal amounts and from such maturities as the State shall determine, at a redemption price (**Make-Whole Redemption Price**) equal to the greater of (A) 100% of the principal amount of the 2020 Series A Bonds to be redeemed or (B) the sum of the present values of the applicable remaining payments of principal and interest on such 2020 Series A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2020 Series A Bonds are to be redeemed, discounted to the date of redemption of such 2020 Series A Bonds on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 15 basis points (0.15%), plus, in each case, accrued interest on the 2020 Series A Bonds to be redeemed to the date fixed for redemption.

For purposes of determining the Make-Whole Redemption Price:

- (i) "Treasury Rate" means, with respect to any redemption date for a particular 2020 Series A Bond, the yield to maturity of United States Treasury securities (excluding inflation indexed securities) with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available not less than the tenth Business Day immediately preceding such redemption date, but not more than 45 calendar days prior to the