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OFFICIAL STATEMENT

New Issue

*This Official Statement has been prepared by the State of Wisconsin to provide information on the 1998 Series 2 Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision, a prospective investor should read this Official Statement in its entirety. Unless otherwise indicated, capitalized terms have the meanings given in **APPENDIX C**.*

\$104,360,000

STATE OF WISCONSIN

CLEAN WATER REVENUE REFUNDING BONDS, 1998 SERIES 2

Dated: August 15, 1998

Due: June 1, as shown below

Bond Ratings	AA+ Fitch IBCA, Inc. Aa2 Moody's Investors Service, Inc. AA+ Standard & Poor's Ratings Group
Tax Exemption	Interest on the 1998 Series 2 Bonds is excluded from gross income for federal income tax purposes but is subject to State of Wisconsin income and franchise taxes – Pages 8-10 .
Redemption	1998 Series 2 Bonds are not subject to redemption prior to their stated date of maturity.
Security	The 1998 Series 2 Bonds are payable solely from Pledged Receipts, which include (i) repayment of Loans made to Municipalities, (ii) amounts in Loan Credit Reserve Fund, and (iii) a Subsidy Fund, which holds general obligation bonds of the State – Page 7 .
Priority	The 1998 Series 2 Bonds are issued on a parity with all other bonds previously or hereafter issued pursuant to the General Resolution – Page 7 .
Purpose	Proceeds are being used to advance refund previously issued Bonds and to pay for costs of issuance – Page 3 .
Interest Payment Dates	June 1 and December 1, commencing December 1, 1998
Closing/Settlement	On or about September 23, 1998 in New York, New York
Denominations	\$5,000
Book-Entry-Only Form	The Depository Trust Company – Pages 4-5
Trustee/Registrar/Paying Agent	Firststar Trust Company, Milwaukee, Wisconsin
Bond Counsel	Michael Best & Friedrich LLP
Issuer Contact	Wisconsin Capital Finance Office; (608) 266-2305; capfin@doa.state.wi.us

The prices and yields below were determined through negotiated sale on September 1, 1998. The Underwriters have agreed, subject to certain conditions, to purchase the 1998 Series 2 Bonds at a purchase price of \$111,465,015.62.

CUSIP	Due (June 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Call Date
977092 EQ4	1999	\$ 1,800,000	4.00%	3.45%	100.367%	Not Callable
	2000					
	2001					
	2002					
977092 EU5	2003	12,160,000	5.00	3.95	104.448	Not Callable
	2004					
	2005					
	2006					
	2007					
	2008					
977092 EW1	2009	10,950,000	5.50	4.42	109.114	Not Callable
977092 EX9	2010	11,555,000	5.50	4.50	109.005	Not Callable
977092 EY7	2011	12,295,000	5.50	4.57	108.872	Not Callable
977092 EZ4	2012	11,270,000	5.25	4.63	106.227	Not Callable
977092 FA8	2013	11,225,000	5.25	4.69	105.889	Not Callable
977092 FB6	2014	11,545,000	5.50	4.74	108.337	Not Callable
977092 FC4	2015	9,970,000	5.50	4.79	108.087	Not Callable
977092 FD2	2016	5,925,000	5.50	4.82	108.024	Not Callable
977092 FE0	2017	5,665,000	5.50	4.84	108.049	Not Callable

(Accrued interest to be added)

Goldman, Sachs & Co.

Artemis Capital Group, Inc.

**Robert W. Baird & Co.
Incorporated**

M R Beal & Company

Bear, Stearns & Co. Inc.

Morgan Stanley Dean Witter

Merrill Lynch & Co.

PaineWebber Incorporated

Samuel A. Ramirez & Co., Inc.

Siebert Brandford Shank & Co. LLC

September 2, 1998

In connection with the offering of the 1998 Series 2 Bonds, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of such Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

No dealer, broker, sales representative or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 1998 Series 2 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State of Wisconsin or other matters contained herein since the date hereof.

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STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE 1998 SERIES 2 BONDS

BUILDING COMMISSION MEMBERS

Voting Members	Term of Office Expires
Governor Tommy G. Thompson, Chairperson	January 4, 1999
Senator Fred A. Risser, Vice-Chairperson	January 8, 2001
Senator Carol Roessler	January 8, 2001
Senator Brian D. Rude	January 8, 2001
Representative Timothy Hoven	January 4, 1999
Representative Clifford Otte	January 4, 1999
Representative Robert Turner	January 4, 1999
Mr. Bryce Styza, Citizen Member	At the pleasure of the Governor
Nonvoting, Advisory Members	
Mr. Mark D. Bugher, Secretary Department of Administration	At the pleasure of the Governor
Mr. Adel Tabrizi, State Chief Engineer Department of Administration	—
Mr. Wilbert King, State Chief Architect Department of Administration	—
Building Commission Secretary	
Mr. Robert Brandherm (also serves as Administrator, Division of Facilities Development of the Department of Administration)	At the pleasure of the Building Commission and Secretary of Administration

OTHER PARTICIPANTS

Mr. Jack C. Voight State Treasurer	January 4, 1999
Mr. James E. Doyle State Attorney General	January 4, 1999
Mr. George E. Meyer, Secretary Department of Natural Resources	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

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As of the date of this Official Statement, additional information about the State of Wisconsin can be found on the world wide web at:

badger.state.wi.us

SUMMARY DESCRIPTION OF THE 1998 SERIES 2 BONDS

Information set forth on this page is qualified by the entire Official Statement. To make an informed decision, a prospective investor should read this Official Statement in its entirety. Certain capitalized terms are defined in APPENDIX C.

Description:	State of Wisconsin Clean Water Revenue Refunding Bonds, 1998 Series 2
Principal Amount:	\$104,360,000
Denominations:	\$5,000 or integral multiples thereof
Dated Date:	August 15, 1998
Interest Payment:	June 1 and December 1, commencing December 1, 1998
Maturities:	June 1, 1999, 2003, 2009–2017
Record Date:	The close of business on the 15 th day preceding a payment date or, if such day shall not be a business day, the immediately preceding business day.
Form:	Book-entry-only form.
Purpose:	The 1998 Series 2 Bonds are being issued for the purpose of refunding a portion of Bonds previously issued principally to make Loans to Municipalities for the construction or improvement of their wastewater facilities—See “ BOND PLAN OF FINANCE; Sources and Uses of Funds ”.
Authority for Issuance:	The 1998 Series 2 Bonds are issued under authority granted under the Wisconsin Statutes.
Outstanding Bonds:	\$513,100,000 as of June 30, 1998.
Redemption:	The 1998 Series 2 Bonds are not subject to redemption prior to their stated date of maturity.
Loan Recipients:	Municipalities eligible for a Loan may include cities, towns, villages, counties, town sanitary districts, public inland lake protection and lake rehabilitation districts, metropolitan sewerage districts and federally recognized American Indian tribes or bands located in the State—See “ MUNICIPALITIES ” and “ LOANS ”
Loans:	The Loans are made at or below market interest rates, for terms not to exceed 20 years, and Loans are made only as described under “ LOANS ” herein.
Additional Bonds:	Additional Bonds may be issued without limitation as to the amount, subject to any applicable statutory limitation, payable on a parity with the 1998 Series 2 Bonds and secured, together with previously issued Bonds, by all sources of funds securing the 1998 Series 2 Bonds—See “ SECURITY AND SOURCE OF PAYMENT FOR BONDS ”.
Security for Bonds:	The 1998 Series 2 Bonds, and all other parity Bonds previously issued or to be issued from time to time, are secured by (i) Leveraged Loan Repayments, (ii) the Loan Fund, the Subsidy Fund and the Loan Credit Reserve Fund, and (iii) all other Pledged Receipts. The Subsidy Fund currently holds general obligation bonds that were issued by the State. Based on Loan and Subsidy Fund levels as of June 30, 1998, the State, through its payment of the principal of and interest on these general obligations, is expected to be the source of 20 percent or more of the gross cash flow servicing the 1998 Series 2 Bonds and all other parity Bonds—See “ SECURITY AND SOURCE OF PAYMENT FOR BONDS ”.

OFFICIAL STATEMENT
\$104,360,000
STATE OF WISCONSIN
CLEAN WATER REVENUE REFUNDING BONDS, 1998 SERIES 2

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by the State of Wisconsin (the “State”) of its Clean Water Revenue Refunding Bonds, 1998 Series 2 (the “1998 Series 2 Bonds”) in the aggregate principal amount of \$104,360,000. The 1998 Series 2 Bonds are issued pursuant to Subchapter II of Chapter 18 of the Wisconsin Statutes, as amended (the “Revenue Bond Act”), Sections 281.58 and 281.59 of the Wisconsin Statutes (the “Act”), and pursuant to a Clean Water Revenue Bond General Resolution (the “General Resolution”), adopted by the State of Wisconsin Building Commission (the “Commission”) on March 7, 1991, and a Resolution Authorizing up to \$140,350,000 Clean Water Revenue Refunding Bonds (the “Series Resolution”), adopted by the Commission on January 22, 1998 (the General Resolution and Series Resolution are collectively referred to as the “Resolution”). The 1998 Series 2 Bonds are issued on a parity with all other bonds previously or hereafter issued pursuant to the General Resolution (collectively, the “Bonds”).

The 1998 Series 2 Bonds are the seventh Series of Bonds to be issued under the General Resolution. The State has previously issued \$641,295,000 of Bonds under the General Resolution, which includes \$81,950,000 of refunding bonds. As of June 30, 1998, \$513,100,000 of Bonds were outstanding. The Legislature has authorized the issuance of \$1.298 billion of revenue bonds (other than refunding revenue bonds) for this purpose.

The 1998 Series 2 Bonds are issued as part of a State program (the “Clean Water Fund Program”) that makes loans to Municipalities for the construction or improvement of their wastewater facilities. The proceeds of the 1998 Series 2 Bonds will be used to refund a portion of Bonds previously issued for this purpose. See **“BOND PLAN OF FINANCE”**. The Clean Water Fund Program is composed of a Leveraged Loan Portfolio, a Direct Loan Portfolio and a Proprietary Loan Portfolio. Repayments from Leveraged Loans (sometimes referred to as “Loans”), but not from Direct Loans or Proprietary Loans, are pledged to secure payment of the Bonds. Information concerning the Clean Water Fund Program is included as **APPENDIX A**, which includes by reference **Part VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 1997 (the “Annual Report”)**. The Annual Report has been filed with each nationally recognized municipal securities information repository (“NRMSIR”).

In accordance with the Act, loans will be made to Wisconsin municipalities (each a “Municipality”) pursuant to Financial Assistance Agreements (each a “Financial Assistance Agreement”). As evidence of each loan, the Municipality will be required to issue and deliver to the State a bond or note of the Municipality (the “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. A Municipal Obligation may constitute (i) a revenue obligation secured by a covenant to assess user fees and a pledge of the utility’s revenues, (ii) a revenue obligation secured by special assessments and other utility revenue and a pledge of the utility’s revenues, or (iii) a general obligation secured by a tax levy and a pledge of all available financial resources of the Municipality. Some loans may be evidenced by more than one type of Municipal Obligation. Most loans are expected to be made at interest rates that are below market rates, as set forth in the Act.

Debt service on the 1998 Series 2 Bonds and all other parity Bonds is secured by a pledge of (i) debt service payments on Municipal Obligations, (ii) amounts in a Subsidy Fund established pursuant to the General Resolution (which amounts may be derived from maturing principal and interest on investments, including State general obligation bonds, held in the Subsidy Fund), and (iii) amounts in a Loan Credit Reserve Fund established pursuant to the General Resolution. Prior to the issuance of additional parity Bonds the State must certify that upon the delivery of such Bonds there will be on deposit in the Subsidy Fund an amount at least equal to the Subsidy Fund Requirement and in the Loan Credit Reserve Fund an amount at least equal to the Loan Credit Reserve Fund Requirement. For information regarding the foregoing requirements, see “SECURITY AND SOURCE OF PAYMENT FOR BONDS; Subsidy Fund” and “Loan Credit Reserve Fund” in [Part VI of the Annual Report](#).

The Subsidy Fund currently holds general obligation bonds that were issued by the State. Based on Loan and Subsidy Fund levels as of June 30, 1998, the State is the only entity, at 20.9%, that is expected to be the source of 20% or more of the gross cash flow servicing the 1998 Series 2 Bonds and the other parity Bonds. This cash flow is generated through the payment of principal of and interest on those general obligation bonds. Information concerning the State is included as [APPENDIX B](#), which includes by reference [Parts II and III of the Annual Report](#). The Annual Report has been filed with each NRMSIR.

The 1998 Series 2 Bonds are offered on the basis of Clean Water Fund Program requirements and not on the financial condition of any of the borrowers. The current borrowers, as of June 30, 1998, are identified in [APPENDIX A](#), and of those the Milwaukee Metropolitan Sewerage District (“MMSD”) is currently the largest borrower, accounting for 16.8% of the gross cash flow servicing the 1998 Series 2 Bonds and the other parity Bonds. MMSD has filed with each NRMSIR its most recent annual report providing certain financial information and operating data, and any investor interested in reviewing the MMSD annual report may do so through a NRMSIR. See also “[CONTINUING DISCLOSURE](#)” for a summary of a continuing disclosure undertaking made by MMSD.

The 1998 Series 2 Bonds are special obligations of the State, payable solely from the revenues, funds, and moneys pledged therefor under the General Resolution. The State is not obligated to pay the principal of, interest on, or redemption price of the 1998 Series 2 Bonds from any other funds of the State, and neither the faith and credit nor the taxing power of the State or any agency, instrumentality, or political subdivision thereof is pledged to the payment of the principal of, interest on, or redemption price of the 1998 Series 2 Bonds.

In connection with the issuance and sale of the 1998 Series 2 Bonds, the Commission has authorized the State Department of Administration (“DOA”) to prepare this Official Statement, including the cover page and appendices hereto, describing the 1998 Series 2 Bonds and presenting other relevant information for consideration by prospective purchasers. This Official Statement contains brief descriptions of the Environmental Improvement Fund, the Clean Water Fund Program, the 1998 Series 2 Bonds and certain other matters. All references herein to any document or statute, including without limitation the Resolution and the Act, are qualified in their entirety by reference to such documents or statutes, copies of which are available from the Commission.

Unless otherwise indicated herein, capitalized terms not otherwise defined herein shall have the meanings given to such terms in [APPENDIX C](#).

PLAN OF REFUNDING

General

The General Resolution authorizes the issuance of one or more series of Refunding Bonds to refund all or any part of one or more series of Outstanding Bonds.

The 1998 Series 2 Bonds are being issued to enable the State to effect the refunding of certain maturities of previously issued Bonds. The refunded maturities are currently outstanding in the aggregate principal amount of \$104,105,000, as more fully identified in **APPENDIX F** (the “Refunded Bonds”).

In order to provide for the refunding of the Refunded Bonds, a portion of the proceeds derived from the sale of the 1998 Series 2 Bonds will be used to purchase direct general obligations of the United States (the “Government Obligations”), the principal of which, together with the interest to be earned thereon and a beginning cash deposit, will be sufficient (i) to pay when due the interest on the Refunded Bonds to and including their respective redemption dates, and (ii) to redeem or pay the Refunded Bonds on their respective redemption dates at their respective redemption prices, all as more fully described in **APPENDIX F**.

Refunding Escrow Agreement

The Government Obligations, the beginning cash balance and the earnings thereon will be held in an escrow fund (the “Escrow Fund”) created pursuant to a Refunding Escrow Agreement (the “Escrow Agreement”), dated as of September 23, 1998, between the State and Bankers Trust Company (the “Escrow Trustee”) solely for the benefit of the owners of the Refunded Bonds.

Pursuant to the Escrow Agreement, the Escrow Fund will be held by the Escrow Trustee in trust for the payment of principal of, redemption price, if any, and interest on the Refunded Bonds. The Escrow Fund shall be held by the Escrow Trustee separate and apart from all other funds or accounts held by the Escrow Trustee. The Escrow Trustee will have no lien whatsoever upon any moneys in the Escrow Fund for any of its fees and costs incurred in carrying out the provisions of the Escrow Agreement, which fees and costs will be paid to the Escrow Trustee by the State from proceeds of the 1998 Series 2 Bonds. The accuracy of the mathematical computations of the adequacy of the amounts deposited into the Escrow Fund to pay when due the principal of, redemption premium, if any, and interest on the Refunded Bonds will be verified by Grant Thornton LLP, independent certified public accountants.

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

1998 SERIES 2 BONDS

General

The 1998 Series 2 Bonds will bear interest at the rates and mature on the dates and in the amounts set forth on **the front cover** of this Official Statement.

The 1998 Series 2 Bonds will be dated August 15, 1998 and will bear interest from such date payable semiannually on June 1 and December 1 of each year, with the first interest payment to be made on December 1, 1998. Interest on the 1998 Series 2 Bonds will be computed on the basis of 30-day months and a 360-day year. Principal and interest on each 1998 Series 2 Bond will be payable to the registered owner thereof, which initially will be Cede & Co., as the nominee of The Depository Trust Company, New York, New York (“DTC”).

The 1998 Series 2 Bonds are issuable as fully registered bonds, without coupons, in denominations of \$5,000 principal amount or any integral multiple thereof.

Book-Entry-Only Form

DTC will act as securities depository for the 1998 Series 2 Bonds. The 1998 Series 2 Bonds will be issued as fully registered securities, registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered 1998 Series 2 Bond will be issued for each maturity set forth on **the front cover**, each in the principal amount of such maturity, and deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the 1998 Series 2 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 1998 Series 2 Bonds on DTC's records. The ownership interest of each actual purchaser of each 1998 Series 2 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 1998 Series 2 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 1998 Series 2 Bonds, except in the event that use of the book-entry system for the 1998 Series 2 Bonds is discontinued.

To facilitate subsequent transfers, all 1998 Series 2 Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of the 1998 Series 2 Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 1998 Series 2 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 1998 Series 2 Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices, if any, shall be sent to Cede & Co. If less than all of the 1998 Series 2 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the 1998 Series 2 Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 1998 Series 2 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 1998 Series 2 Bonds will be made to DTC by Firststar Trust Company, Milwaukee, Wisconsin (the "Trustee"). DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of the State or the Trustee or DTC, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 1998 Series 2 Bonds at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The State may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

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

No assurance can be given by the State or the Trustee that DTC, Direct Participants and Indirect Participants will promptly transfer payments or notices received with respect to the 1998 Series 2 Bonds. The State and the Trustee assume no liability for the failure of DTC, Direct Participants or Indirect Participants to transfer to the Beneficial Owner payments or notices received with respect to the 1998 Series 2 Bonds.

Similarly, no assurance can be given by the State that DTC will abide by its procedures or that such procedures will not be changed from time to time. In the event that a successor securities depository is designated, it may establish different procedures.

Redemption Provisions

The 1998 Series 2 Bonds are not subject to redemption prior to their stated date of maturity.

Registration and Payment of 1998 Series 2 Bonds

So long as the 1998 Series 2 Bonds are in book-entry-only form, the 1998 Series 2 Bonds are payable as to principal by wire transfer to the securities depository or its nominee upon their presentation and surrender at the principal office of the Trustee, which shall be the registrar and Paying Agent on the 1998 Series 2 Bonds. Payment of each installment of interest shall be made by wire transfer to the securities depository or its nominee shown in the registration books at the close of business on the 15th day preceding such interest payment date or, if such day shall not be a business day, the immediately preceding business day (the "Record Date") in next-day funds on the payment date.

When in certificated form the 1998 Series 2 Bonds shall be payable as to principal by check or draft issued upon their presentation and surrender at the principal office of the Trustee. In such

case, payment of each installment of interest shall be payable by check or draft mailed to the registered owner shown in the registration books on the Record Date or, with respect to the owner of not less than \$1 million principal amount of 1998 Series 2 Bonds outstanding, by wire transfer to such account as the owner may designate.

No transfer or exchange by the Trustee of any 1998 Series 2 Bond shall be required during the 15 calendar days preceding the date of the sending or publication of notice of any proposed redemption of the 1998 Series 2 Bonds, or in the case of the proposed redemption of 1998 Series 2 Bonds, next preceding the date of the selection of the 1998 Series 2 Bonds to be redeemed. In the event that less than all of the principal amount of a maturity is redeemed, the Trustee shall issue a new 1998 Series 2 Bond certificate or certificates in the principal amount outstanding after redemption on the redemption date.

BOND PLAN OF FINANCE

General

The 1998 Series 2 Bonds are being issued for the purpose of (i) providing funds to refund the Refunded Bonds, including amounts required for principal, interest to the redemption date and redemption price, if any, and (ii) paying issuance costs for the 1998 Series 2 Bonds.

Sources and Uses of Funds

It is anticipated that the proceeds of the 1998 Series 2 Bonds, other than accrued interest, together with certain other funds shall be applied as follows:

Sources

Principal Amount of 1998 Series 2 Bonds.....	\$104,360,000.00
Net Original Issue Premium.....	7,739,807.50
Total Sources.....	<u>\$112,099,807.50</u>

Uses

Deposit to Escrow Fund.....	\$111,464,242.10
Underwriters' Discount.....	634,791.88
Applied to Costs of Issuance.....	773.52
Total Uses.....	<u>\$112,099,807.50</u>

ENVIRONMENTAL IMPROVEMENT FUND

The State's 1997-99 biennial budget created a trust fund called the Environmental Improvement Fund which replaced and expanded the previous trust fund entitled the clean water fund. The Environmental Improvement Fund provides for three separate environmental financing programs. The three programs are the Clean Water Fund Program, the Safe Drinking Water Loan Program, and the Land Recycling Loan Program. The Clean Water Fund Program has been in existence since 1990, while the 1997-99 biennial budget created the Safe Drinking Water Loan Program and the Land Recycling Program. The Safe Drinking Water Loan Program will include the State's implementation of the federal Safe Drinking Water Act Amendments of 1996. The Land Recycling Loan Program is a municipal loan program for remediation of contaminated lands. Under current law the State is authorized to issue revenue obligations only to fund financial assistance under the Clean Water Fund Program. Proceeds from the 1998 Series 2 Bonds will be used only to refund certain maturities of Bonds previously issued to provide loans under the Clean Water Fund Program. Security for Bonds issued under the General Resolution is not affected by these changes in the structure. Bondholders are advised that the State believes the General Resolution allows, if legislatively authorized, making Loans from Bonds for either or both the Safe Drinking Water Loan Program and the Land Recycling Loan Program.

CLEAN WATER FUND PROGRAM

The Clean Water Fund Program is an environmental financing program under the Environmental Improvement Fund. Information concerning the Clean Water Fund Program is included as **APPENDIX A**, which includes by reference [Part VI of the Annual Report](#). The Annual Report includes an overview of the Clean Water Fund Program and information on the Clean Water Fund Program plan of finance, financial assistance, funding levels, management, capitalization grant and operating agreement with the United States Environmental Protection Agency (“EPA”).

SECURITY AND SOURCE OF PAYMENT FOR BONDS

The 1998 Series 2 Bonds are issued on parity with all other Bonds previously issued or to be issued from time to time under the General Resolution. The Bonds are special obligations of the State, payable solely from the revenues, receipts, funds and moneys pledged therefor under the General Resolution. The State is not obligated to pay the principal of, interest on, or redemption price of the Bonds from any funds of the State other than those pledged pursuant to the General Resolution, and neither the faith and credit nor the taxing power of the State or any agency, instrumentality or political subdivision thereof is pledged to the payment of the principal of, interest on, or redemption price of the Bonds.

Debt service on the 1998 Series 2 Bonds and all other parity Bonds is secured by a pledge of (i) debt service payments on Municipal Obligations, (ii) amounts in a Subsidy Fund established pursuant to the General Resolution (which amounts may be derived from maturing principal and interest on investments, including State general obligation bonds, held in the Subsidy Fund), and (iii) amounts in a Loan Credit Reserve Fund established pursuant to the General Resolution. Prior to the issuance of additional parity Bonds, the State must certify that upon the delivery of such Bonds there will be on deposit in the Subsidy Fund an amount at least equal to the Subsidy Fund Requirement and in the Loan Credit Reserve Fund an amount at least equal to the Loan Credit Reserve Fund Requirement.

The 1998 Series 2 Bonds are offered on the basis of the Clean Water Fund Program requirements established under the General Resolution, including the Subsidy Fund Requirement and the Loan Credit Reserve Fund Requirement.

Further information on Pledged Revenues, Loans, Subsidy Fund, Loan Credit Reserve Fund, statutory powers, State financial participation and additional Bonds, along with a summary of certain provisions of the General Resolution, is included in **APPENDIX A**, which incorporates by reference [Part VI of the Annual Report](#).

LOANS

The Act sets forth certain requirements for eligibility of a Municipality to receive financial assistance from the Clean Water Fund Program. See “LOANS” in Part VI of the Annual Report for additional information concerning the loan application process, lending criteria, levy limit for counties, commitments, and financial assistance agreements.

MUNICIPALITIES

Pursuant to the Act, a Municipality may be any city, town, village, county, town sanitary district, public inland lake protection and rehabilitation district, metropolitan sewerage district or federally recognized American Indian tribe or band located in the State. Due to the diversity of the types of potential recipients of financial assistance, the manner in which the Municipalities raise revenues and issue and secure debt will vary. See “MUNICIPALITIES” in Part VI of the Annual Report for additional information concerning Municipalities, their constitutional and

statutory requirements, limitations on indebtedness, revenues, and collection of real property taxes and assessments.

Set forth in APPENDIX A is a list of Municipalities to which the State has made Loans with proceeds of previously issued Bonds. It is the intention of the State to finance wastewater projects for Municipalities, subject to the biennial finance plan and compliance of each Municipality with the State's lending criteria.

TAX MATTERS

Certain Requirements of Code

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met subsequent to the issuance and delivery of the 1998 Series 2 Bonds in order that the interest on the 1998 Series 2 Bonds be and remain excluded from gross income pursuant to Section 103 of the Code. Noncompliance could cause interest on the 1998 Series 2 Bonds to be included in gross income of the owners thereof for federal income tax purposes retroactive to the date of issue, irrespective of the date on which such noncompliance occurs or is ascertained. The Tax Regulatory Agreement entered into by the State describes the application to be made of certain funds held under the General Resolution and sets forth certain representations, statements of intention, conditions and covenants relating to the use of proceeds of the 1998 Series 2 Bonds necessary for, or related to, compliance with the requirements of Section 103 and related provisions of the Code including the arbitrage limitations imposed with respect to the investment of 1998 Series 2 Bond proceeds pursuant to Section 148 of the Code. The State agrees generally that it will take such actions as may be necessary and within its reasonable control to ensure that the 1998 Series 2 Bonds will continue to be obligations described in Section 103(a) of the Code. The Financial Assistance Agreement for each Loan contains a provision that the Municipality will not take any action within its reasonable control which will result in (or fail to take any action within its reasonable control that will prevent) the loss of the exclusion of interest on the 1998 Series 2 Bonds from gross income for federal income tax purposes.

Opinion of Bond Counsel

Federal Taxes

In the opinion of Michael Best & Friedrich LLP, Bond Counsel, whose approving opinion is substantially in the form shown in APPENDIX E, under existing statutes and court decisions, interest on the 1998 Series 2 Bonds is not included in gross income for federal income tax purposes pursuant to Section 103 of the Code and such interest will not be treated as a preference item to be included in calculating alternative minimum taxable income under the Code with respect to individuals and corporations. As summarized in "TAX MATTERS; Certain Additional Federal Tax Consequences", such interest, however, is to be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, the alternative minimum tax, and the foreign branch profits tax.

State Taxes

Interest on the 1998 Series 2 Bonds is subject to State of Wisconsin income and franchise taxes.

Basis of Federal Income Tax Opinion

In rendering the foregoing opinion, Bond Counsel has relied upon and assumed compliance by the State and the Municipalities with the procedures and covenants set forth respectively in the Tax Regulatory Agreement entered into by the State and the Financial Assistance Agreement executed by each Municipality.

Certain Additional Federal Tax Consequences

General

The following is a discussion of certain federal income tax matters under existing statutes. It is for general information only and does not purport to deal with all aspects of federal taxation that may be relevant to particular owners of the 1998 Series 2 Bonds. Prospective investors, particularly those who may be subject to special tax rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 1998 Series 2 Bonds, as well as any tax consequences arising under the laws of any foreign state or other taxing jurisdiction.

Alternative Minimum Tax

The Code imposes an alternative minimum tax with respect to individuals and corporations on alternative minimum taxable income. Interest on the 1998 Series 2 Bonds is not treated as a preference item in calculating alternative minimum taxable income. The Code provides, however, that a portion of the adjusted current earnings of certain corporations not otherwise included in the alternative minimum tax base will be included for purposes of calculating alternative minimum taxable income. The adjusted current earnings of a corporation will include the amount of any income received that is otherwise exempt from taxes.

Social Security and Railroad Retirement Payments

The Code provides that interest on tax-exempt obligations is included in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement payments is to be included in taxable income of individuals.

Branch Profits Tax

The Code provides that interest on tax-exempt obligations is included in effectively connected earnings and profits for purposes of computing the branch profits tax on certain foreign corporations doing business in the United States.

Borrowed Funds

The Code provides that interest paid on borrowed funds to purchase or carry tax-exempt obligations during a tax year is not deductible. In addition, under rules used by the Internal Revenue Service for determining when borrowed funds are considered used for the purpose of purchasing or carrying particular assets, the purchase of obligations may be considered to have been made with borrowed funds even though the borrowed funds are not directly traceable to the purchase of such obligations.

Financial Institutions

The Code provides that commercial banks, thrift institutions and other financial institutions may not deduct their cost of carrying certain obligations (other than certain “qualified” obligations), effective for obligations acquired after August 7, 1986. The 1998 Series 2 Bonds are not “qualified” obligations for this purpose.

Property and Casualty Companies

The Code contains provisions relating to property and casualty companies whereunder the amount of certain cost deductions otherwise allowed is reduced (in certain cases below zero) by a specified percentage of, among other things, interest on tax-exempt obligations acquired after August 7, 1986.

S Corporations

The Code imposes a tax on excess net passive income of certain S corporations that have subchapter C earnings and profits. Passive investments include interest on tax-exempt obligations.

Original Issue Premium

The 1998 Series 2 Bonds are being sold at an amount in excess of the amount payable on maturity. Such excess constitutes bond premium under Section 171 of the Code. Under Section 171 of the Code, amortizable bond premium on a Bond is determined on a constant yield basis (except to the extent regulations may provide otherwise) over the term of the Bond. No deduction from the income of an owner of a Bond is allowed with respect to the amount of amortizable bond premium. The basis of each Bond will be reduced by the amount of amortizable bond premium for a taxable year required to be taken into account by an owner.

OTHER MATTERS

Absence of Litigation

Upon delivery of the 1998 Series 2 Bonds, the State shall furnish a certificate of the Attorney General of the State, dated the date of delivery of the 1998 Series 2 Bonds, to the effect that there is no controversy or litigation of any nature pending or, to the best of the State's knowledge, threatened, to prohibit, restrain or enjoin the issuance, sale, execution or delivery of the 1998 Series 2 Bonds, or in any way contesting or affecting the validity or enforceability of the 1998 Series 2 Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the 1998 Series 2 Bonds. In addition, such certificate shall state that there is no controversy or litigation of any nature now pending or threatened by or against the State wherein an adverse judgment or ruling could have a material adverse impact on the power of the State to collect and enforce the collection of the Pledged Receipts or other revenues, receipts, funds or moneys pledged for the payment of the 1998 Series 2 Bonds which has not been disclosed in this Official Statement.

Each Municipality entering into a Financial Assistance Agreement is required, as a condition of the Loan, to deliver a certificate to the effect that there is no controversy or litigation of any nature pending or, to its knowledge, threatened against the Municipality contesting or affecting the validity or enforceability of the Financial Assistance Agreement or the Municipal Obligation or the use of the proceeds of the Municipal Obligation. In addition, such certificate shall state that there is no controversy or litigation of any nature now pending or, to its knowledge, threatened by or against the Municipality wherein 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, the imposition of rates or charges, or the collection of any of the foregoing, as applicable, for the payment of its Municipal Obligation which has not been disclosed to the State.

Legal Investment

The 1998 Series 2 Bonds are legal investments for all banks, trust companies, savings banks and institutions, savings and loan associations, credit unions, investment companies and other persons or entities carrying on a banking business in the State; for all executors, administrators, guardians, trustees and other fiduciaries in the State; for the State and all public officers, municipal corporations, political subdivisions and public bodies in the State.

Underwriting

The 1998 Series 2 Bonds are being purchased by the Underwriters, for which Goldman, Sachs & Co. is acting as representative. The Underwriters have agreed, subject to certain conditions, to

purchase from the State the 1998 Series 2 Bonds described on the front cover page of this Official Statement at an aggregate purchase price, exclusive of accrued interest, of \$111,465,015.62, reflecting a net original issue premium of \$7,739,807.50 and underwriters' discount of \$634,791.88. The Underwriters have agreed to reoffer the 1998 Series 2 Bonds at the public offering prices or yields set forth on the front cover of this Official Statement. The 1998 Series 2 Bonds may be offered and sold to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than such public offering prices and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all the 1998 Series 2 Bonds if any 1998 Series 2 Bonds are purchased.

Certain legal matters will be passed upon for the Underwriters by their counsel, Foley & Lardner.

Reference Information About the 1998 Series 2 Bonds

The tables on the cover and below are provided for reference. The CUSIP number for each maturity has been obtained from sources believed to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The reoffering yields and prices have been provided by the Underwriters in order to allow the computation of yield for federal tax law compliance. The price has been calculated to the yield to maturity.

\$104,360,000
State of Wisconsin
Clean Water Revenue Refunding Bonds, 1998 Series 2

Dated Date: August 15, 1998

First Interest Date: December 1, 1998

Issuance Date: September 23, 1998

<u>CUSIP</u>	<u>Due (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield at Issuance</u>	<u>Price at Issuance</u>	<u>First Call Date</u>
977092 EQ4	1999	\$ 1,800,000	4.00%	3.45%	100.367%	Not Callable
	2000					
	2001					
	2002					
977092 EU5	2003	12,160,000	5.00	3.95	104.448	Not Callable
	2004					
	2005					
	2006					
	2007					
	2008					
977092 EW1	2009	10,950,000	5.50	4.42	109.114	Not Callable
977092 EX9	2010	11,555,000	5.50	4.50	109.005	Not Callable
977092 EY7	2011	12,295,000	5.50	4.57	108.872	Not Callable
977092 EZ4	2012	11,270,000	5.25	4.63	106.227	Not Callable
977092 FA8	2013	11,225,000	5.25	4.69	105.889	Not Callable
977092 FB6	2014	11,545,000	5.50	4.74	108.337	Not Callable
977092 FC4	2015	9,970,000	5.50	4.79	108.087	Not Callable
977092 FD2	2016	5,925,000	5.50	4.82	108.024	Not Callable
977092 FE0	2017	5,665,000	5.50	4.84	108.049	Not Callable

Financial Advisor

First Albany Corporation is employed by the State to perform professional services in the capacity of financial advisor. In its role as financial advisor to the State, it has provided advice on the plan of financing and structure of the 1998 Series 2 Bonds, and reviewed certain legal and disclosure documents, including this Official Statement, for financial matters.

Verification of Mathematical Computations

The arithmetical accuracy of the mathematical computations supporting the adequacy of the maturing principal amounts of, and interest earned on, the Government Obligations and beginning cash balance deposited pursuant to the Escrow Agreement, to pay the principal of, redemption price, if any, and interest on the Refunded Bonds, and the arithmetical accuracy of the mathematical computations supporting the conclusion that the refunding aspects of the Bonds will not cause such Bonds to be “arbitrage bonds” under Section 148 of the Internal Revenue Code, will be verified by Grant Thornton LLP, independent certified public accountants, as a condition to the delivery of the 1998 Series 2 Bonds.

Ratings

The 1998 Series 2 Bonds have been rated AA+ by Fitch IBCA, Inc., Aa2 by Moody’s Investors Service, Inc. and AA+ by Standard & Poor’s Ratings Group. Any explanation of the significance of a rating may only be obtained from the rating service furnishing such rating. There is no assurance a rating given to the 1998 Series 2 Bonds will be maintained for any period of time; a rating may be lowered or withdrawn entirely by the rating service if in its judgment circumstances so warrant. Any such downgrade or withdrawal of such rating may have an adverse effect on the market price of the 1998 Series 2 Bonds.

Certain Legal Matters

Legal matters incident to the authorization, issuance and sale of the 1998 Series 2 Bonds are subject to the approval of Michael Best & Friedrich LLP, Bond Counsel, whose approving opinion, substantially in the form shown in **APPENDIX E**, will be delivered on the date of issue of the 1998 Series 2 Bonds. In the event certificated 1998 Series 2 Bonds are issued, the opinion will be printed on the reverse side of each 1998 Series 2 Bond.

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

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”), the State has entered into both a [Master Agreement on Continuing Disclosure](#) and an [Addendum Describing Annual Report for Clean Water Revenue Bonds](#), and before the delivery of the 1998 Series 2 Bonds, will enter into a Supplemental Agreement pertaining to the 1998 Series 2 Bonds (collectively, the “Agreements”). The Agreements constitute an undertaking for the benefit of the beneficial owners of the 1998 Series 2 Bonds and require the State to prepare and provide an annual report (providing certain financial information and operating data relating to the State), not later than 180 days following the close of the State’s fiscal year, to each of the NRMSIRS and to the state information depository (“SID”), if any, and to provide notices of occurrence of certain events specified in the Rule to the NRMSIRS or the Municipal Securities Rulemaking Board (the “MSRB”), and to the SID, if any. As of the date of this Official Statement no SID has been established. Copies of the Agreements, annual reports, and notices may be obtained from: Capital Finance Office; Department of Administration; Division of Executive Budget and Finance; 101 East Wilson Street; P.O. Box 7864; Madison, WI 53707-7864.

Based on Loan and Subsidy Fund levels as of June 30, 1998, the State is the only entity that is expected to be the source of 20 percent or more of the gross cash flow servicing the 1998 Series

2 Bonds and other parity Bonds. MMSD is expected to be the source of a substantial portion, although less than 20 percent, of the gross cash flow servicing the 1998 Series 2 Bonds and other parity Bonds. MMSD has entered into an undertaking for the benefit of the beneficial owners of obligations for which the undertaking applies, including the beneficial owners of the 1998 Series 2 Bonds and other parity Bonds. Pursuant to the undertaking, MMSD will file with each NRMSIR annual reports providing certain financial information and operating data, as well as notices of occurrence of certain events specified in the Rule.

The Agreements also describe the consequences of any failure to provide the required information. The Agreements require that a failure to provide the required information must be reported to the NRMSIRS or the MSRB, and to any SID, and the Rule requires consideration of any such failure by any brokers, dealer or municipal securities dealer before recommending the purchase or sale of the 1998 Series 2 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 1998 Series 2 Bonds and their market price. In the previous five years, there has been no failure to comply in any material respect with a similar undertaking by the State.

FURTHER INFORMATION

The references herein to and summaries of federal, State and local laws, including but not limited to the Code, and laws of the State, the Act, the Water Quality Act, and documents, agreements and court decisions, including but not limited to the General Resolution, the Series Resolution, the Financial Assistance Agreements and the Municipal Obligations, are summaries of certain provisions thereof. Such summaries do not purport to be complete and are qualified in their entirety by reference to such acts, laws, documents, agreements or decisions. Copies of the General Resolution and the Series Resolution, the Financial Assistance Agreements, and the Municipal Obligations are available for inspection during normal business hours at the offices of DOA.

Periodic public reports relating to the financial condition of the State, its operations and the balances, receipts and disbursements of the various funds of the State are prepared by DOA, the Department of Revenue, the State Treasurer and the Legislative Auditor.

Additional information about the State may be obtained upon request from DOA, Attn.: Mr. Frank R. Hoadley, Capital Finance Director, (608) 266-2305.

The State has covenanted to file with the Trustee, and to make generally available from DOA upon request, a copy of its audited financial report with respect to the Clean Water Fund Program for each fiscal year. A copy of the auditor's report and financial statements for the Clean Water Fund Program as of June 30, 1997 and 1996 is set forth by reference in **APPENDIX A**. The State has not otherwise committed to update information in this Official Statement or to provide any other continuing disclosure concerning the Clean Water Fund Program, except as provided herein under "**CONTINUING DISCLOSURE**".

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. Neither this Official Statement nor any statement that may have been made orally or in writing shall be construed as a contract or as a part of a contract with the original purchasers or any owners of the 1998 Series 2 Bonds.

This Official Statement is submitted only in connection with the sale of the 1998 Series 2 Bonds by the State and may not be reproduced or used in whole or in part for any other purpose, except with express permission.

Dated: September 2, 1998

STATE OF WISCONSIN

/S/ TOMMY G. THOMPSON

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

/S/ MARK D. BUGHER

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

/S/ ROBERT BRANDHERM

Robert Brandherm, Secretary
State of Wisconsin Building Commission

Appendix A

INFORMATION ABOUT THE CLEAN WATER FUND PROGRAM

This Appendix includes information concerning the State of Wisconsin Clean Water Fund Program. [Part VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 1997](#) (the “Annual Report”) is included by reference as part of this APPENDIX A.

[Part VI to the Annual Report](#) contains certain general information on the Clean Water Fund Program, Pledged Revenues, Loans, Subsidy Fund, Loan Credit Reserve Fund, statutory powers, State financial participation, additional Bonds, Loans and Municipalities. Included as APPENDIX A to [Part VI](#) are the audited financial statements for the Clean Water Fund Program for the fiscal year ending June 30, 1997.

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

www.doa.state.wi.us/debf/capfin/97condis.htm

Subsequent to publication and filing of the Annual Report, certain changes or events have occurred that affect matters discussed in the Annual Report. Listed below, by reference to particular sections of the Annual Report, are changes or additions to the discussion contained in these particular sections. Many of the following changes have not been filed with the NRMSIRS.

The State has filed, and expects to continue to file, certain informational notices with the NRMSIRS. Such informational notices do not constitute listed material events under the State’s Master Agreement on Continuing Disclosure.

SECURITY AND SOURCE OF PAYMENT FOR BONDS; Loans (Page Part VI-6). Add the following:

As of June 30, 1998, \$475.8 million of Bond proceeds have been disbursed for Loans and \$398.4 million is the principal balance of these Loans. In addition, \$75.3 million remain in the Loan Fund.

The Milwaukee Metropolitan Sewerage District (“MMSD”) is currently the largest borrower in the Leveraged Loan Portfolio with \$110 million in principal amount of loans outstanding as of June 30, 1998.

Table VI-1; State of Wisconsin Clean Water Fund Program Outstanding Loans (Pages Part VI-8 to VI-11). Replace the table with the following:

**Loans and Commitments
June 30, 1998
(Amounts in Thousands)**

Municipality	Financial Assistance		Leveraged Loan Balance	Direct and Proprietary Loan Balance	Total Outstanding Balance ^(c)	Loan Amount Remaining to Fund	Leveraged Loans Percent of 1991, 1993, 1995, 1997 and 1998 Revenue Bond Payment ^(d)
	Loan Amount ^(b)	Total Disbursed					
Leveraged Loans^(a)							
Milwaukee MSD	264,975	254,898	110,042	90,238	200,280	10,077	16.80%
Madison MSD	48,231	43,803	32,870	5,660	38,530	4,427	5.54%
Fort Atkinson	14,594	14,266	11,044		11,044	328	1.91%
Stevens Point	13,560	13,117	10,974		10,974	443	1.84%
Green Bay MSD	41,303	38,706	8,801	22,175	30,977	2,597	1.41%
Sussex	11,029	10,605	8,065		8,065	423	1.31%
Waupaca	9,637	8,648	7,974		7,974	989	1.36%
Sparta	10,726	10,043	7,487		7,487	683	1.25%
Green Lake SD	8,674	8,388	7,193		7,193	286	1.13%
Menomonie	7,443	6,566	6,386		6,386	877	1.20%
Bloomer	6,694	6,309	6,309		6,309	385	1.07%
Brodhead	6,021	4,962	4,962		4,962	1,060	0.84%
Oconomowoc	5,449	4,957	4,957		4,957	492	0.83%
Chippewa Falls	5,335	4,879	4,688		4,688	456	0.79%
Marshall	6,559	4,579	4,579		4,579	1,980	0.78%
Stoughton	5,590	5,211	4,385	194	4,580	378	0.72%
Rhineland	5,136	5,123	4,171		4,171	13	0.70%
Black Creek	4,332	4,228	4,066		4,066	104	0.69%
Antigo	4,317	4,202	3,975		3,975	114	0.68%
Richland Center	4,998	4,750	3,924		3,924	248	0.68%
Racine	5,331	4,321	3,832		3,832	1,010	0.63%
Salem	4,345	4,218	3,761		3,761	127	0.61%
Lodi	4,050	3,856	3,710		3,710	194	0.63%
Bristol	4,211	3,971	3,405		3,405	240	0.58%
Neillsville	3,238	3,179	3,055		3,055	59	0.52%
South Milwaukee	3,410	3,410	3,017		3,017		0.50%
Sheboygan	7,626	7,379	2,983	3,952	6,936	247	0.51%
Merrill	4,044	4,033	2,969		2,969	11	0.49%
Black Wolf SD #1	4,327	4,065	2,865		2,865	262	0.43%
Wautoma	3,234	3,234	2,856		2,856		0.41%
New Glarus	3,503	3,389	2,801		2,801	114	0.47%
Tomahawk	3,026	2,864	2,743		2,743	162	0.46%
Allouez	3,072	2,773	2,664		2,664	298	0.45%
Reedsville	2,768	2,755	2,573		2,573	13	0.44%
Freedom SD #1	2,748	2,479	2,383		2,383	270	0.40%
Weyauwega	3,285	3,108	2,340		2,340	176	0.40%
Colby	2,837	2,626	2,318		2,318	211	0.39%
Beloit	2,927	2,514	2,314		2,314	414	0.36%
Belleville	2,563	2,405	2,310		2,310	159	0.39%
Amery	2,431	2,359	2,174		2,174	72	0.36%
Kenosha	31,513	27,840	2,173	21,140	23,313	3,673	0.37%
Hudson	2,760	2,748	2,039		2,039	12	0.33%
Monticello	2,345	2,319	1,936		1,936	26	0.26%
Chain O'Lakes SD #1	2,082	2,063	1,918		1,918	19	0.35%
Union Grove	2,192	2,149	1,906		1,906	44	0.33%
Poynette	2,288	2,064	1,901		1,901	223	0.32%
Fremont	1,867	1,773	1,705		1,705	93	0.29%
Pewaukee	8,191	5,808	1,655	4,085	5,740	2,383	0.28%
Mount Horeb	3,436	3,338	1,636	845	2,482	97	0.26%
Whitewater	1,564	1,482	1,423		1,423	82	0.24%
Lancaster	1,688	1,601	1,416		1,416	88	0.24%
Menasha SD #4	1,659	1,642	1,398		1,398	17	0.23%
Crandon	1,537	1,454	1,397		1,397	83	0.24%
Trempealeau	1,559	1,481	1,378		1,378	78	0.24%
Potosi/Tennyson SC	1,543	1,543	1,300		1,300		0.21%
Fond du Lac	2,022	1,732	1,294		1,294	291	0.21%
Lake Nebagamon	1,539	1,341	1,292		1,292	198	0.22%
Newburg	1,549	1,336	1,289		1,289	213	0.22%
Manawa	1,408	1,391	1,285		1,285	17	0.22%
Edgerton	1,829	1,327	1,277		1,277	502	0.22%

Loans and Commitments—Continued
June 30, 1998
(Amounts in Thousands)

Municipality	Financial Assistance		Leveraged Loan Balance	Direct and Proprietary Loan Balance	Total Outstanding Balance ^(c)	Loan Amount Remaining to Fund	Leveraged Loans Percent of 1991, 1993, 1995, 1997 and 1998 Revenue Bond Payment ^(d)
	Loan Amount ^(b)	Total Disbursed					
Saukville	1,578	1,554	1,274		1,274	24	0.22%
Black River Falls	1,894	1,767	1,251		1,251	127	0.19%
Valders	1,538	1,538	1,244	109	1,353		0.21%
De Pere	1,973	1,743	1,241		1,241	230	0.20%
Mount Calvary	1,430	1,430	1,220		1,220		0.16%
Monroe	1,580	1,527	1,186		1,186	53	0.20%
Tomah	12,424	1,774	1,152	622	1,774	10,651	0.19%
Mosinee	1,383	1,297	1,143		1,143	85	0.19%
Columbus	1,235	1,235	1,138		1,138		0.19%
Bay City	1,224	1,200	1,105		1,105	24	0.20%
Viroqua	1,353	1,314	1,102		1,102	39	0.18%
Wisconsin Dells - Lake Delton SC	1,486	1,476	1,081		1,081	10	0.18%
Baraboo	1,402	1,385	1,080		1,080	18	0.17%
Hewitt	1,467	1,298	1,070		1,070	169	0.16%
Watertown	1,141	1,101	1,063		1,063	40	0.18%
Blue Mounds	1,152	1,054	1,013		1,013	98	0.17%
Argyle	1,467	1,380	1,007		1,007	87	0.15%
Wrightstown	1,427	988	988		988	438	0.17%
Janesville	2,066	1,096	987		987	970	0.16%
Wolf TPC	1,274	1,274	968		968		0.16%
New Richmond	3,320	1,001	964		964	2,319	0.16%
River Falls	1,009	1,009	934		934		0.16%
Wrightstown SD #1	1,081	1,036	912		912	45	0.15%
Kewaunee	1,017	1,017	894		894		0.15%
Galesville	1,143	1,111	863		863	32	0.14%
Spring Green	950	920	855		855	30	0.14%
Silver Lake SD - WASHINGTON	1,063	1,063	807		807		0.11%
Redgranite	997	997	788		788		0.11%
Rockland	967	792	762		762	176	0.13%
Brazeau SD #1	793	758	730		730	35	0.12%
Mercer SD #1	787	787	711		711		0.14%
Montfort	779	756	698		698	23	0.12%
Neenah SD #2	1,057	1,057	694		694		0.09%
Cudahy	886	839	687		687	47	0.11%
Highland	825	681	655		655	144	0.11%
Iron River SD #1	717	710	645		645	6	0.11%
Plymouth	4,586	4,308	643	3,005	3,648	278	0.12%
Beaver Dam	819	798	622		622	21	0.10%
Abbotsford	722	660	613		613	62	0.11%
Rosholt	662	586	586		586	76	0.10%
Laona SD #1	746	746	563		563		0.09%
Silver Lake SD - WAUSHARA	722	722	531		531		0.07%
Sextonville SD	589	537	520		520	53	0.09%
Hartford-Town	742	742	519		519		0.07%
Two Rivers	733	603	503		503	130	0.08%
Sunset Point SD	686	655	497		497	31	0.09%
New Lisbon	1,053	757	489	141	630	296	0.08%
Fontana	861	488	488		488	373	0.08%
Boscobel	639	590	475		475	49	0.08%
Prescott	5,349	4,956	456	3,927	4,384	393	0.08%
West Salem	4,990	453	453		453	4,537	0.08%
Almond	530	504	427		427	27	0.07%
Prentice	544	447	413		413	97	0.07%
Pulaski	483	483	403		403		0.07%
North Freedom	498	473	402		402	25	0.07%
Slinger	480	480	393		393		0.07%
Shorewood	2,512	391	391		391	2,121	0.06%
Iowa County	486	486	381		381		0.06%
Adams	457	390	377		377	67	0.06%
Belmont	458	416	370		370	42	0.06%
Random Lake	464	441	369		369	23	0.06%
Goodman SD #1	463	463	367		367		0.05%
Ellsworth	373	373	345		345		0.06%

Loans and Commitments—Continued
June 30, 1998
(Amounts in Thousands)

Municipality	Financial Assistance		Leveraged Loan Balance	Direct and Proprietary Loan Balance	Total Outstanding Balance ^(c)	Loan Amount Remaining to Fund	Leveraged Loans Percent of 1991, 1993, 1995, 1997 and 1998 Revenue Bond Payment ^(d)
	Loan Amount ^(b)	Total Disbursed					
North Fond du Lac	1,741	335	335		335	1,406	0.06%
Coleman	507	449	332		332	58	0.06%
Cassville	442	401	327		327	41	0.06%
Prairie du Chien	4,106	4,050	326	3,150	3,477	55	0.05%
Marshfield	3,484	294	294		294	3,190	0.05%
Osceola	298	298	277		277		0.05%
Pepin	363	266	258		258	97	0.04%
Baldwin	262	262	244		244		0.04%
Potosi	291	246	239		239	45	0.04%
Hustisford	446	395	238	51	290	50	0.04%
Grand Chute - Manasha West SC	11,835	11,227	231	9,263	9,494	608	0.04%
Blue River	281	270	217		217	11	0.04%
Plum City	249	249	213		213		0.04%
Knapp	669	203	203		203	465	0.03%
Walworth	332	188	188		188	144	0.03%
Prairie du Sac	205	183	176		176	23	0.03%
Gays Mills	180	173	167		167	7	0.03%
Little Elkhart Lake Rehab District	217	217	152		152		0.02%
Muscoda	898	149	149		149	749	0.03%
Webster	204	194	142		142	10	0.02%
Brokaw	197	190	135		135	7	0.02%
Hillsboro	160	129	125		125	31	0.02%
Linden	165	153	124		124	12	0.02%
Spring Valley	120	120	112		112		0.02%
Roberts	81	81	76		76		0.01%
Bowler	115	107	75		75	8	0.01%
Royal Scot SD	510	510					
Blue Spring Lake Mgmt Dist	380	361				19	
Ashland	9,013	8,855		5,993	5,993	157	
Burlington	18,488	17,855		13,054	13,054	633	
Wheeler	37	37					
Denmark	2,241	2,223		1,821	1,821	18	
Winneconne	25	24				1	
Aurora SD #1	15	15		8	8		
Subtotal	780,236	709,229	398,406	189,435	587,841	71,007	64.88%
Proprietary and Direct Loans							
Adell	566	566		400	400		
Algoma	5,547	5,432		4,080	4,080	115	
Appleton	16,474	13,989		11,195	11,195	2,485	
Avoca	359	336		309	309	23	
Bayside SD	947	899				47	
Bear Creek	432	387		359	359	44	
Boaz	106	106		74	74		
Bohners Lake SD #1	8,007	7,829		6,405	6,405	178	
Brookfield SD #4-Fox River WPCC	5,750	4,031		4,031	4,031	1,719	
Brookfield-Fox River WPCC	23,195	16,824		16,824	16,824	6,372	
Butte des Morts Consolidated SD #1	2,144	2,144		1,266	1,266		
Calumet SD #1	505	505		426	426		
Caroline SD	83	83		58	58		
Cleveland	3,610	3,452		3,177	3,177	158	
Cloverleaf Lakes SD #1	1,022	977		783	783	45	
Consolidated S.D. #1 Town of Friendship	155	155		110	110		
Crivitz	1,725	1,725		1,322	1,322		
Dyckesville SD	3,127	3,127		1,675	1,675		
Eagle River	3,563	3,401		3,119	3,119	162	
Eastman	323	323		227	227		
Egg Harbor	508	443		443	443	65	
Elk Mound	419	418		310	310	1	

Loans and Commitments—Continued
June 30, 1998
(Amounts in Thousands)

Municipality	Financial Assistance		Leveraged Loan Balance	Direct and Proprietary Loan Balance	Total Outstanding Balance ^(c)	Loan Amount Remaining to Fund	Leveraged Loans Percent of 1991, 1993, 1995, 1997 and 1998 Revenue Bond Payment ^(d)
	Loan Amount ^(b)	Total Disbursed					
Fairchild	575	575		575	575		
Germantown SD	34	34		24	24		
Gordon SD #1	395	395		291	291		
Green Valley SD #1	188	183		167	167	5	
Hartford	13,168	4,787		4,335	4,335	8,382	
Hatfield SD #1	1,135	1,135		902	902		
Hilbert	1,955	1,955		1,732	1,732		
Hub-Rock SD #1	494	494		494	494		
Ironton	107	107		61	61		
Island View SD	2,764	2,317		2,232	2,232	448	
Ithaca SD #1	412	412		409	409		
Juneau	271	222		214	214	49	
Kiel	2,470	2,445		2,362	2,362	25	
Lannon	3,824	3,326		3,066	3,066	498	
Lisbon SD #1	2,849	2,706		1,942	1,942	142	
Little Suamico SD #1	728	688		503	503	40	
Lomira	1,932	1,784		1,573	1,573	148	
Menomonee Falls-Fox River WPC	887	671		671	671	216	
Milltown	337	302		295	295	34	
Morrison SD #1	294	294		128	128		
Morrisonville SD #1	252	252		252	252		
Nekoosa	2,435	2,314		2,132	2,132	122	
Nelson	640	640		576	576		
Niagara	181	181		127	127		
North Hudson	641	620		157	157	21	
Norway SD #1	680	672		229	229	8	
Oakdale	45	45		29	29		
Oconto	3,844	3,725		3,280	3,280	119	
Ogema SD #1	190	181		142	142	10	
Oliver	588	565		529	529	23	
Omro SD #1	992	992		892	892		
Oneida Tribe of Indians	1,210	1,210		828	828		
Onion River Sewage Commission/Adell	721	721		509	509		
Onion River Sewage Commission/Hingham	227	227		164	164		
Oregon	6,785	6,445		5,963	5,963	339	
Orhula SD	2,522	2,416		2,231	2,231	105	
Oshkosh	21,383	20,112		18,791	18,791	1,271	
Pensaukee SD #1	1,279	1,279		1,212	1,212		
Pewaukee SD #3-Fox River WPC	8,049	5,739		5,739	5,739	2,310	
Pleasant Springs SD #1	1,029	923		825	825	106	
Rockland SD #1	222	222		145	145		
Sherwood	1,500	466		466	466	1,034	
South Wayne	1,388	1,143		1,075	1,075	245	
Valley Ridge Clean Water Comm.	749	749		542	542		
Walworth County MSD	19,994	18,877		16,537	16,537	1,117	
Washington - DOOR	60	60					
Waukesha	42,072	39,968		31,434	31,434	2,104	
Wausaukee	1,662	1,662		1,387	1,387		
Wauzeka	128	107		99	99	21	
Westboro SD #1	51	51		48	48		
Wisconsin Rapids	11,670	11,348		8,717	8,717	322	
Subtotal	246,570	215,893		183,628	183,628	30,677	0.00%
TOTAL	1,026,806	925,122	398,406	373,063	771,469	101,684	64.88%

- (a) Municipalities which have received Financial Assistance Agreements that are funded with both Leveraged Loans and Direct or Proprietary Loans are included in their entirety within the group of Leveraged Loans.
- (b) The amount of financial assistance depicts only loans. Grants awarded are not included.
- (c) The principal balance may be less than the total amount disbursed due to repayment of loans.
- (d) Total loan repayments of outstanding Leveraged Loans (excluding amounts payable after the retirement of the previously issued and Outstanding Bonds) are shown as a percentage of total 1991 Series 1 Bonds, 1993 Series 1 and 2 Bonds, 1995 Series 1 Bonds, 1997 Series 1 Bonds and 1998 Series 1 Bonds, less those Bonds that are defeased. Loans with amortization periods of shorter duration than the Bonds will reflect a lower comparative percentage of the Bonds' debt service. Other revenues expected to be available for payment of the Bonds consist of Subsidy Fund transfers and repayments on Loans to be originated in the future from the remaining undisbursed 1998 Series 1 Bond proceeds.

SECURITY AND SOURCE OF PAYMENT FOR BONDS; Subsidy Fund (Page Part VI-13). Add the following:

As of June 30, 1998, the Subsidy Fund held \$93.9 million, which were invested in general obligations issued by the State.

SECURITY AND SOURCE OF PAYMENT FOR BONDS; Loan Credit Reserve Fund (Pages Part VI-14 to Part VI-15). Add the following:

As of June 30, 1998, the Loan Credit Reserve Fund balance was \$51.9 million. This amount exceeded the Loan Credit Reserve Fund Requirement as of that date, which was \$40.8 million.

As of June 30, 1998, the Loan Credit Reserve Fund was invested as follows: (a) \$24 million were invested in an investment agreement with AIG Matched Funding Corp. (“AIGMFC”) with the payment obligations of AIGMFC guaranteed by American International Group, Inc., which policy does not guarantee or otherwise provide for payment of amounts due in the event of non-payment by the State; (b) \$6.3 million were invested in an investment agreement with MBIA Investment Management Corp. (“IMC”) with the payment obligations of IMC guaranteed by the MBIA Insurance Corporation, which policy does not guarantee or otherwise provide for payment of amounts due in the event of non-payment by the State; (c) \$7.6 million were invested in a collateralized investment repurchase agreement with Bayerische Landesbank Girozentrale (“Bayerische”), with the collateral held by Norwest Bank Minnesota, National Association as custodian; and (d) \$14.3 million were invested in direct obligations of the United States under two forward delivery agreements with First Union National Bank of North Carolina (“First Union”). The investment agreement with AIGMFC, the investment agreement with IMC, the investment repurchase agreement with Bayerische and the forward delivery agreements with First Union each provide for liquidation of the investments if and when required by the terms of the General Resolution.

SECURITY AND SOURCE OF PAYMENT FOR BONDS; Additional Information (Page Part VI-17). Add the following:

Based on the Loan and Subsidy Fund level as of June 30, 1998, the only entity that is expected to the source of 20 percent or more of the gross cash flow servicing the Bonds is the State, which is expected to provide 20.9% of such cash flow. The Subsidy Fund holds general obligations that were issued by the State, and the State is obligated to pay the principal and interest on those bonds.

Appendix B

INFORMATION ABOUT THE STATE

This appendix includes information concerning the State of Wisconsin (the “State”) and general obligation debt issued by the State. [Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 1997](#) (the “Annual Report”) are included by reference as part of this APPENDIX B.

[Part II to the 1997 Annual Report](#) contains general information about the State. This part presents information on the (i) State’s operations and financial procedures, (ii) State’s accounting and financial reporting, (iii) organization and description of services provided by the State, (iv) results of fiscal year 1996-97, (v) State budget, (vi) obligations of the State, and (vii) State Investment Board. This part also presents statistical information about the State’s population, income and employment.

Included as [APPENDIX A to Part II](#) are the audited general purpose financial statements for the fiscal year ending June 30, 1997, prepared in conformity with generally accepted accounting principles (“GAAP”) for governments as prescribed by the Government Accounting Standards Board, and the State Auditor’s report.

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

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

www.doa.state.wi.us/debf/capfin/97condis.htm

After publication and filing of the Annual Report, certain changes or events have occurred that affect items discussed in the Annual Report. Listed below, by reference to particular sections of the Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes have not been filed with the NRMSIRs. However, the State has filed, and expects to continue to file, certain informational notices with the NRMSIRs. These informational notices do not constitute listed material events under the State’s Master Agreement on Continuing Disclosure.

Year 2000 Compliance

Overview

The State of Wisconsin Department of Administration (the “Department of Administration”), which has overall responsibility for the coordination of information technology in State government, is coordinating the State’s Year 2000 compliance efforts. In 1996, the Department of Administration identified 100 critical business applications (that is, applications that support core state government operations and services). The Department of Administration has deemed 21 of these as the “highest priority” critical applications. Among the financial-related systems within the group of 21 highest priority critical applications are WiSMART (the State’s accounting system), Income Tax Processing, Shared Revenues, Motor Vehicle Registration, Wisconsin Employee Benefit System, Investment Accounting System and Local Government Investment Pool.

The Department of Administration created an interagency executive taskforce to advise on ways to coordinate Year 2000 compliance oversight activities. This approach allows the State to focus on the highest priority Year 2000 compliance needs. The Department of Administration is

conducting compliance surveys and assessments of all agencies, including on-site visits to agencies with critical applications. The assessment is the second stage of five stages that agencies will complete under the Department of Administration's Year 2000 compliance efforts. The five stages include (i) inventory, (ii) assessment, (iii) remediation, (iv) testing, and (v) implementation.

The following are general conclusions of assessments completed as of May 21, 1998. The Department of Administration expects the assessments to be completed by November 1998.

- The State has not identified any significant Year 2000 consequences or unbudgeted costs to make the critical business applications Year 2000 compliant.
- Twelve of 43 agencies face "substantial challenges" and 24 of the 181 divisions (that is, the major subunits within state agencies) in State government each have more than 1,000 hours of work to complete in order to make their critical business applications Year 2000 compliant.

The costs to the State to become Year 2000 compliant have been and will continue to be absorbed within existing base operating budgets because most Year 2000 compliance work is being completed by State agencies as part of ongoing maintenance and upgrades previously identified and budgeted for by the State.

In addition to the assessments, the following is a summary of the efforts currently being undertaken by the State:

- The Governor issued Executive Order 341 on July 27, 1998 that directs all state agencies to make Year 2000 compliance activities their top technology priority.
- Agencies are required to provide the Department of Administration periodic Year 2000 compliance status reports for each of the identified critical business applications
- The State has also created a central Year 2000 test environment for use by State agencies to verify the effectiveness of Year 2000 compliance activities. The State maintains a web site that provides specific technical information to assist agency Year 2000 compliance efforts. The internet address for this is: www.state.wi.us/y2k.
- Agencies are preparing contingency plans designed to address possible problems arising from failures of information technology systems or other disruptions of business processes.

Internal Year 2000 Issues

The 21 highest priority critical applications have a direct impact on critical and core State operations. The Department of Administration anticipates that the assessment of these 21 highest priority critical applications will be completed in November 1998. Specifically, WiSMART, the State's central accounting system, has recently been updated for Year 2000 and is undergoing testing for Year 2000 compliance. The Department of Revenue, the agency responsible for the collection of State taxes, is completing the assessment of its critical applications.

External Year 2000 Issues

The State has contacted each of its paying agents, registrars, escrow agents, trustees and depositories and has been informed by each of these firms that they intend to meet the federal regulation that all securities processing institutions be Year 2000 compliant by December 31, 1998. The State will continue to monitor these compliance activities and take appropriate steps to ensure timely compliance, as needed. The Department of Health and Family Services is the State agency that interfaces with the Federal Government for Medicare and Medicaid reimbursement payments. This department is addressing Year 2000 efforts with the Federal Government and is also working on contingency plans in the event of a problem.

Mechanical Year 2000 Issues

With respect to debt service payments, the State maintains hard paper copy records of all its debt service schedules. In the event computer payment systems fail, the State is prepared to provide manual payment checks to paying agents and The Depository Trust Company (“DTC”). Debt service payments due on State obligations for the first six months of calendar year 2000 are:

<u>Date</u>	<u>Obligation</u>	<u>Parties Involved</u>
January 3, 2000	General Obligation Bonds	State Treasurer’s Office/DTC
January 3, 2000	Transportation Revenue Bonds	Bank One Trust Company, N.A. (Trustee)/DTC
February 14, 2000	Master Lease Certificates of Participation	State Treasurer’s Office/Firststar Trust Company (Trustee)
March 1, 2000	Master Lease Certificates of Participation	Firststar Trust Company (Trustee)/DTC
May 1, 2000	General Obligation Bonds	State Treasurer’s Office/ DTC
June 1, 2000	Clean Water Revenue Bonds	Firststar Trust Company (Trustee)/DTC

As a contingency, the State is further considering sending the payments due on January 3, 2000 to DTC on or before December 31, 1999.

The State cannot provide any assurances that all Year 2000 problems will be corrected by January 1, 2000 nor that all information technology systems will continue to work efficiently on January 1, 2000. There remains a possibility that some Year 2000 problems will not be identified or corrected by January 1, 2000. However, the actions that the State is currently completing should minimize such potential problems, especially for critical business applications. As part of the State’s Year 2000 process, agencies are preparing contingency plans designed to address possible problems arising from failures of information technology systems or other disruptions of business processes.

State Budget; Budgets for 1997-99 (Pages Part II-16 through Part II-18). Add the following:

Budgets for 1997-99

The Annual Fiscal Report for the fiscal year ending June 30, 1998 will be published on or before October 15, 1998. This Annual Fiscal Report will include statutory and unaudited balances for the fiscal year ending June 30, 1998. On June 2, 1998, the Governor signed into law a budget adjustment bill for the 1997-99 biennial budget. The following summary is based on this budget adjustment bill.

The budget on an all funds basis projects a balance of \$352 million for the fiscal year ending June 30, 1998 and \$117 million for the fiscal year ending June 30, 1999.

State Budget--All Funds
(Amounts in Millions)

	Fiscal Year Ending <u>June 30, 1998</u>	Fiscal Year Ending <u>June 30, 1999</u>
Beginning Balance	\$ 331	\$ 352
Tax Revenues	9,351	9,663
Nontax Revenues	<u>14,162</u>	<u>14,344</u>
Total Available Revenues	\$23,844	\$24,099
Net Disbursements	\$23,455	\$24,009
Reserves	<u>135</u>	<u>331</u>
Total Disbursements/Reserves	\$23,590	\$24,340
Estimated Balance	\$ 254	\$ 18
Statutorily Required Balance	<u>98</u>	<u>99</u>
Total Balance	\$ 352	\$ 117

A detailed summary of the all funds budget is on page B-5

The balances for the budget on a general-fund basis are the same as the all-funds basis: \$352 million for the fiscal year ending June 30, 1998 and \$117 million for the fiscal year ending June 30, 1999.

State Budget--General Fund
(Amounts in Millions)

	Fiscal Year Ending <u>June 30, 1998</u>	Fiscal Year Ending <u>June 30, 1999</u>
Beginning Balance	\$ 331	\$ 352
Tax Revenues	9,351	9,663
Nontax Revenues	<u>6,573</u>	<u>6,434</u>
Total Available Revenues	\$16,255	\$16,449
Net Disbursements	\$15,866	\$16,099
Reserves	<u>135</u>	<u>332</u>
Total Disbursements/Reserves	\$16,001	\$16,431
Estimated Balance	\$ 254	\$ 18
Statutorily Required Balance	<u>98</u>	<u>99</u>
Total Balance	\$ 352	\$ 117

A detailed summary of the general-fund budget is on page B-6.

The budget adjustment bill also provides that up to \$125 million of any increased budget surplus above current estimates for fiscal year 1997-98 be used to increase the school property tax rent credit for tax year 1998. For budgetary purposes, no increased budget surplus or increased school property tax rent credit is recognized at this time, and if this surplus and increased credit are available, they will not be recognized until September 4, 1998, at which time the Legislative Fiscal Bureau is required to prepare an estimate of the net general fund balance for the period ending June 30, 1998. To the extent excess general fund balances currently exist, they are reflected in actual cash-flow balances as of May 31, 1998; see B-7 and B-9.

Table II-3; State Budget–All Funds (Page Part II-17). Replace the table with the following:

State Budget–All Funds^(a)

	Actual ^(b) 1996-97	Budget Adjustment 1997-98	Budget Adjustment 1998-99
RECEIPTS			
Fund Balance from Prior Year.....	\$ 581,690,000	\$ 331,145,100 ^(c)	\$ 352,243,400
Tax Revenue			
Individual Income.....	4,544,739,000	4,916,000,000	5,052,400,000
General Sales and Use.....	2,864,373,000	2,999,850,000	3,134,030,000
Corporate Franchise and Income.....	643,822,000	644,800,000	654,700,000
Public Utility.....	306,231,000	277,300,000	272,600,000
Excise			
Cigarette/Tobacco Products.....	213,348,000	257,000,000	268,900,000
Liquor and Wine.....	31,350,000	32,000,000	32,300,000
Malt Beverage.....	9,207,000	9,500,000	9,500,000
Inheritance, Estate & Gift.....	50,825,000	73,000,000	55,000,000
Insurance Company.....	94,641,000	95,000,000	95,000,000
Other.....	869,250,000	46,025,000 ^(d)	88,237,500 ^(d)
Subtotal.....	<u>9,627,786,000</u>	<u>9,350,475,000</u>	<u>9,662,667,500</u>
Nontax Revenue			
Departmental Revenue.....	143,630,000	159,375,900	151,226,600
Total Federal Aids.....	3,478,405,000	4,323,934,400	4,339,196,600
Total Program Revenue.....	2,232,844,000	2,284,115,900	2,353,325,400
Total Segregated Funds.....	2,907,590,000	2,175,818,200	2,229,010,500
Fund Transfers In.....	NA	261,605,900	NA
Bond Authority.....	290,612,000	415,000,000	430,000,000
Employe Benefit Contributions ^(e)	8,729,891,000	4,542,998,211	4,840,878,164
Subtotal.....	<u>17,782,972,000</u>	<u>14,162,848,511</u>	<u>14,343,637,264</u>
Total Available.....	<u>\$ 27,992,448,000</u>	<u>\$ 23,844,468,611</u>	<u>\$ 24,358,548,164</u>
DISBURSEMENTS AND RESERVES			
Commerce.....	\$ 373,921,000	\$ 399,608,700	390,029,300
Education.....	6,759,147,000	7,046,047,900	7,332,883,400
Environmental Resources.....	2,137,281,000	2,153,578,600	2,183,076,800
Human Relations and Resources.....	5,689,028,000	5,889,776,700	6,120,171,500
General Executive.....	2,710,053,000	818,817,000	613,160,900
Judicial.....	86,958,000	89,630,900	90,209,800
Legislative.....	53,219,000	55,274,500	55,994,700
General Appropriations.....	2,266,799,000	2,107,286,500	2,012,329,700
General Obligation Bond Program.....	437,402,000	415,000,000	430,000,000
Employe Benefit Payments ^(e)	1,456,722,000	1,889,607,836	2,019,386,350
Reserve for Employe Benefit Payments ^(e)	7,273,169,000	2,653,390,375	2,821,491,814
Subtotal.....	<u>29,243,699,000</u>	<u>23,518,019,011</u>	<u>24,068,734,264</u>
Less: (Lapses).....	NA	(62,926,600)	(60,255,000)
Compensation Reserves.....	NA	34,915,600	66,338,400
Required Statutory Balance.....	NA	98,110,700	99,426,600
Fund Transfers Out.....	NA	2,217,200	166,108,600
Federal Retiree Reserve.....	NA	NA	NA
Change in Continuing Balance.....	<u>(1,589,089,000)</u>	<u>NA</u>	<u>NA</u>
Total Disbursements & Reserves.....	<u>\$ 27,654,609,000</u>	<u>\$ 23,590,335,911</u>	<u>\$ 24,340,352,864</u>
Fund Balance.....	\$ 337,839,000	\$ 254,132,700	\$ 18,195,300
Undesignated Balance.....	\$ 327,145,000	\$ 352,243,400	\$ 117,621,900

- (a) The amounts shown are based on statutorily required accounting and not on GAAP.
- (b) The amounts shown are unaudited and rounded to the nearest thousand.
- (c) There is a difference in the budgeting and accounting treatment of a \$4,000,100 loan from the Local Government Property Insurance Fund which was outstanding as of June 30, 1997. For budgeting purposes, the loan increases the balance of the General Fund which is then reduced when the repayment is made. For accounting purposes, the loan has no effect on the General Fund balance.
- (d) The budgets do not include taxes collected for segregated funds. The largest such tax is the motor vehicle fuel tax, which collected \$693 million in the 1996-97 fiscal year. For the 1998-99 fiscal year, the amount shown includes \$40 million of revenue expected to be raised through a program that offers a tax amnesty program. As of the date of this Official Statement, this program has been completed and the results are currently being evaluated by the State.
- (e) State law separates the accounting of employe benefits from the budget. They are included for purposes of comparability to the figures presented in this table and Tables II-1 and II-2 of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 1997. Benefits are provided for on a fully funded basis. Therefore, when contributions actually received exceed the benefits actually paid out, the difference is added to the trust funds. In the event that the actual benefit payments exceed the contributions, investment earnings will be used to cover the difference before they are deposited in the Employe Benefit Fund.

Source: Wisconsin Department of Administration.

Table II-4; State Budget–General Fund (Page Part II-18). Replace the table with the following:

State Budget–General Fund^(a)

	Actual^(b) 1996-97	Budget Adjustment 1997-98	Budget Adjustment 1998-99
RECEIPTS			
Fund Balance from Prior Year.....	\$ 581,690,000	\$ 331,145,100	\$ 352,243,400
Tax Revenue			
State Taxes Deposited to General Fund			
Individual Income.....	4,544,739,000	4,916,000,000	5,052,400,000
General Sales and Use.....	2,864,373,000	2,999,850,000	3,134,030,000
Corporate Franchise and Income.....	643,822,000	644,800,000	654,700,000
Public Utility.....	306,231,000	277,300,000	272,600,000
Excise			
Cigarette/Tobacco Products.....	213,348,000	257,000,000	268,900,000
Liquor and Wine.....	31,350,000	32,000,000	32,300,000
Malt Beverage.....	9,207,000	9,500,000	9,500,000
Inheritance, Estate & Gift.....	50,825,000	73,000,000	55,000,000
Insurance Company.....	94,641,000	95,000,000	95,000,000
Other.....	55,905,000	46,025,000	88,237,500 ^(d)
Subtotal.....	8,814,441,000	9,350,475,000	9,662,667,500
Nontax Revenue			
Departmental Revenue.....	143,630,000	159,375,900	151,226,600
Program Revenue-Federal.....	3,478,405,000	3,868,165,100	3,929,984,000
Program Revenue-Other.....	2,232,844,000	2,284,115,200	2,353,325,400
Fund Transfers In.....	NA	261,605,900	NA
Subtotal.....	5,854,879,000	6,573,262,100	6,434,536,000
Total Available.....	\$ 15,251,010,000	\$ 16,254,882,200	\$ 16,449,446,900
DISBURSEMENTS AND RESERVES			
Commerce.....	\$ 204,697,000	207,291,600	195,817,600
Education.....	6,566,192,000	6,981,265,900	7,185,455,400
Environmental Resources.....	237,381,000	239,538,800	239,024,700
Human Relations and Resources.....	5,447,424,000	5,792,936,500	6,013,539,700
General Executive.....	497,084,000	742,911,000	533,306,400
Judicial.....	86,652,000	88,987,000	89,565,900
Legislative.....	53,219,000	55,274,500	55,994,700
General Appropriations.....	1,839,755,000	1,820,227,300	1,846,928,600
Subtotal.....	14,932,404,000	15,928,432,600	16,159,633,000
Less: (Lapses).....	NA	(62,926,600)	(60,255,000)
Compensation Reserves.....	NA	34,915,600	66,338,400
Required Statutory Balance.....	NA	98,110,700	99,426,600
Fund Transfers Out.....	NA	2,217,200	166,108,600
Federal Retiree Reserve.....	NA	NA	NA
Changes in Continuing Balance.....	(19,233,000)	NA	NA
Total Disbursements & Reserves.....	\$ 14,913,171,000	\$ 16,000,749,500	\$ 16,431,251,600
Fund Balance.....	\$ 337,839,000	\$ 254,132,700	\$ 18,195,300
Undesignated Balance.....	\$ 327,145,000	\$ 352,243,400	\$ 117,621,900

^(a) The amounts shown are based on statutorily required accounting and not on GAAP.

^(b) The amounts shown are unaudited and rounded to the nearest thousand.

^(c) There is a difference in the budgeting and accounting treatment of a \$4,000,100 loan from the Local Government Property Insurance Fund which was outstanding as of June 30, 1997. For budgeting purposes, the loan increases the balance of the General Fund which is then reduced when the repayment is made. For accounting purposes, the loan has no effect on the General Fund balance.

^(d) Includes \$40 million of revenue expected to be raised through a program that offers a tax amnesty. As of the date of this Official Statement, this program has been completed and the results are being evaluated by the State.

Source: Wisconsin Department of Administration.

Table II-7; General Fund Monthly Cash Position (Page Part II-29). Replace the table with the following:

GENERAL FUND MONTHLY CASH POSITION
July 1, 1996 through May 31, 1998 ^¾ Actual
June 1, 1998 through June 30, 1999 ^¾ Estimated^(a)
(Amounts in Thousands)

	Starting Date	Starting Balance	Receipts^(b)	Disbursements^(b)
1996	July.....	569,086	1,279,815	1,434,154
	August.....	414,747	1,030,924	844,258
	September.....	601,413	1,476,166	1,011,367
	October.....	1,066,212	1,137,121	855,357
	November.....	1,347,976	1,201,689	1,691,802
	December.....	857,863	1,191,440	1,728,258
1997	January.....	321,045	1,660,082	969,951
	February.....	1,011,176	1,143,553	1,018,864
	March.....	1,135,865	1,187,307	1,888,887
	April.....	434,285	1,507,412	964,595
	May.....	977,102	1,282,737	965,508
	June.....	1,294,331	1,390,068	2,190,931
	July.....	493,468	1,583,435	1,558,759
	August.....	518,144	1,092,096	868,164
	September.....	742,076	1,518,617	1,140,770
	October.....	1,119,923	1,281,159	1,220,979
	November.....	1,180,103	1,363,754	1,575,478
	December.....	968,379	1,221,439	1,810,967
1998	January.....	378,851	1,701,236	1,004,066
	February.....	1,076,021	1,222,276	1,122,065
	March.....	1,176,232	1,357,272	2,111,569
	April.....	421,935	1,536,033	1,078,050
	May.....	879,918	1,258,276	990,358
	June.....	1,147,836	1,531,549	2,302,136
	July.....	377,249	1,604,067	1,705,179
	August.....	276,137	1,201,349	847,918
	September.....	629,568	1,580,504	1,471,353
	October.....	738,719	1,279,290	949,794
	November.....	1,068,215	1,349,517	1,636,927
	December.....	780,805	1,370,610	1,793,369
1999	January.....	358,046	1,731,853	1,005,086
	February.....	1,084,813	1,274,656	1,246,139
	March.....	1,113,330	1,351,348	2,214,785
	April.....	249,893	1,635,130	1,221,972
	May.....	663,051	1,384,682	1,051,866
	June.....	995,867	1,584,384	2,489,328

^(a) The monthly receipt and disbursement projections for June 1, 1998 through June 30, 1999 are based on estimates provided by the Division of Executive Budget and Finance.

^(b) The receipt amounts shown in July 1996–1998 include the proceeds received, or expected to be received, at closing for respective issues of operating notes. See “OTHER OBLIGATIONS; Operating Notes” in the Annual Report. The disbursement amounts shown for February, March, April and May 1997–1999 include impoundment payments required in connection with the operating notes.

Source: Wisconsin Department of Administration.

Table II-8; Balances Available for Interfund Borrowing (Page Part II-30). Replace the table with the following:

BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING^(a)
July 1, 1996 to June 1, 1998 — Actual
July 1, 1998 to June 1, 1999 — Estimated^(b)
(Amounts in Millions)

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
January.....		\$3,210.23	\$3,362.80	2,147.05
February.....		3,553.70	3,905.76	2,110.15
March.....		3,793.12	4,222.27	2,141.52
April.....		3,832.30	4,298.47	2,165.09
May.....		3,423.07	4,011.24	2,117.84
June.....		3,317.76	3,811.49	2,055.69
July	\$3,252.38	3,522.40	2,013.13 ^(b)	
August	3,511.90	3,824.91	2,051.05	
September	3,250.54	3,546.19	2,095.73	
October.....	3,010.27	3,456.19	2,087.33	
November	2,687.47	3,126.49	2,015.35	
December.....	2,072.66	3,177.39	2,060.66	

^(a) Consists of the following funds:

Transportation	Common School
Conservation (Partial)	Normal School
Wisconsin Health Education Loan Repayment	University
Waste Management	Local Government Investment Pool
Wisconsin Election Campaign	Farms for the Future
Investment & Local Impact	Agrichemical Management
Elderly Property Tax Deferral	Historical Society Trust
Lottery	School Income Fund
Children's Trust	Benevolent
Racing	Groundwater
Work Injury Supplemental Benefit	Petroleum Storage Environmental Cleanup
Unemployment Compensation Interest Repayment	Environmental Improvement Fund
Uninsured Employers	Environmental
Health Insurance Risk Sharing Plan	Recycling
Local Government Property Insurance	University Trust Principal
Patients Compensation	Veterans Mortgage Loan Repayment
Mediation	State Building Trust
Agricultural College	

^(b) Estimated balances for July 1, 1998 and succeeding months include \$480 million (a portion of the estimated balance) for the local government pool of the available funds. The local government pool has varied from a low of \$63 million on July 1, 1983 to a high of \$4.426 billion on March 1, 1994. The pool is composed of funds deposited by local units of government which may be withdrawn without notice. Under Section 20.002(11) of the Statutes, interfund borrowing is limited to 5% of the total general-purpose revenue appropriations then in effect, which for the 1998-99 budget is nearly \$500 million.

Source: Wisconsin Department of Administration.

Table II-9; Revenues Deposited to the General Fund (Page Part II-31). Replace the table with the following:

REVENUES DEPOSITED TO THE GENERAL FUND^(a)
July 1, 1997 to May 31, 1998 compared with previous year
(Unaudited)

	Actual Receipts 1996-97 FY ^(b)	Projected Receipts 1997-98 FY	Actual Receipts July 1, 1996 to May 31, 1997	Actual Receipts July 1, 1997 to May 31, 1998
Individual Income Tax	\$ 4,544,739,246	\$ 4,809,892,600	\$ 3,832,196,561	\$ 4,212,881,748
General Sales and Use Tax ..	2,864,373,180	3,015,000,000	2,344,412,532	2,482,336,145
Corporate Franchise and Income Tax	643,821,885	646,300,000	528,366,857	514,093,484
Public Utility Taxes	306,230,883	274,005,700	303,925,592	292,723,742
Excise Taxes	253,904,414	292,575,000	208,052,458	244,026,938
Inheritance Taxes	50,825,151	45,000,000	46,720,845	71,227,393
Miscellaneous Taxes	<u>150,545,817</u>	<u>140,200,000</u>	<u>129,021,849</u>	<u>130,065,417</u>
SUBTOTAL.....	8,814,440,576	9,222,973,300	7,392,696,694	7,947,354,867
Federal Receipts.....	3,478,405,811	3,863,347,100	3,139,643,611	3,138,212,400
Dedicated and Other Revenues ^(c)	<u>2,376,474,850</u>	<u>2,680,026,100</u>	<u>2,288,197,738</u> ^(d)	<u>2,532,627,862</u> ^(d)
TOTAL.....	<u>\$14,669,321,237</u>	<u>\$15,766,346,500</u>	<u>\$12,820,538,043</u>	<u>\$13,618,195,129</u>

(a) The amounts shown are based on the statutory accounting basis and not on GAAP. See "STATE GOVERNMENT ORGANIZATION AND FINANCIAL PROCEDURES; Accounting and Financial Reporting" in the [Annual Report](#).

(b) The amounts shown are the sum of all revenues for fiscal year 1996-97 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ending June 30, 1997.

(c) The statutory basis of accounting requires that certain transfers between General Fund appropriations be recorded as both revenues and expenditures of the General Fund. The amount of these transfers may vary greatly between fiscal years, and therefore, this category may not be comparable on a historical basis.

(d) The amounts shown do not reflect receipt of \$150 million principal amount in fiscal year 1996-97 and \$450 million principal amount in fiscal year 1997-98 from the sale of operating notes.

Table II-9; General Fund Expenditures By Function (Page Part II-32). Replace the table with the following:

**GENERAL FUND EXPENDITURES BY FUNCTION^(a)
July 1, 1997 to May 31, 1998 compared with previous year
(Unaudited)**

	Actual Expenditures 1996-97 FY ^(b)	Appropriations 1997-98 FY	Actual Expenditures July 1, 1996 to May 31, 1997	Actual Expenditures July 1, 1997 to May 31, 1998
Commerce.....	\$ 204,697,785	\$ 195,180,400	\$ 166,035,184	\$ 160,557,590
Education.....	6,566,191,813	7,202,088,700	5,049,493,402	5,344,062,092
Environmental Resources.....	237,381,444	239,232,900	221,553,627	213,801,235
Human Relations & Resources..	5,447,424,395	5,954,107,100	4,848,480,143	4,978,800,815
General Executive.....	497,084,469	520,567,800	454,210,182	671,096,714
Judicial.....	86,651,785	89,158,400	79,099,088	82,183,504
Legislative.....	53,218,947	55,307,000	45,192,684	46,390,455
General Appropriations.....	<u>1,839,755,076</u>	<u>1,865,582,600</u>	<u>1,556,202,669</u>	<u>1,705,115,873</u>
TOTAL.....	<u>\$ 14,932,405,714</u>	<u>\$ 16,121,224,900</u>	<u>\$ 12,420,266,979</u>	<u>\$ 13,202,008,278</u>

(a) The amounts shown are based on the statutory accounting basis and not on GAAP. See "STATE GOVERNMENT ORGANIZATION AND FINANCIAL PROCEDURES; Accounting and Financial Reporting" in the [Annual Report](#).

(b) The amounts shown are the sum of all expenditures for fiscal year 1996-97 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ending June 30, 1997.

Source: Wisconsin Department of Administration.

Table III-6; Debt Statement (Page Part III-16). Replace the table with the following:

Debt Statement					
July 1, 1998					
	<u>Tax-Supported Debt</u>		<u>Revenue-Supported Debt^(a)</u>		<u>Total</u>
	<u>General Fund</u>	<u>Segregated Funds^(b)</u>	<u>Veterans Housing</u>	<u>Other^(c)</u>	
GENERAL OBLIGATIONS					
Outstanding Indebtedness ...	<u>\$2,385,435,746</u>	<u>\$46,336,083</u>	<u>\$690,337,510</u>	<u>\$326,400,099</u>	<u>\$3,448,509,438</u>
NONSTOCK, NONPROFIT CORPORATIONS^(d)					
Wisconsin University Building Corp.				\$ 91,957	\$ 91,957
Wisconsin State Colleges Building Corp.				<u>975,000</u>	<u>975,000</u>
Outstanding Indebtedness ...				<u>\$ 1,066,957</u>	<u>\$ 1,066,957</u>
Total Outstanding Indebtedness.....	<u>\$2,385,435,746</u>	<u>\$46,336,083</u>	<u>\$690,337,510</u>	<u>\$327,467,056</u>	<u>\$3,449,576,395</u>

^(a) Revenue Supported Debt represents general obligation debt of the State and indebtedness of its nonstock, nonprofit corporations issued to fund particular programs and facilities with the initial expectation that revenues and other proceeds derived from the operation of the programs and facilities will amortize the allocable debt without recourse to the General Fund.

^(b) Includes the Transportation Fund and certain administrative facilities for the Department of Natural Resources.

^(c) Includes university dormitories, food service, intercollegiate athletic facilities, certain facilities on the State Fair grounds and capital equipment acquisition.

^(d) See "STATE OBLIGATIONS; Nonstock, Nonprofit Corporations" in this part of [the Annual Report](#) for a description of the nonstock, nonprofit corporations.

Source: Wisconsin Department of Administration.

Table III-9; Debt Service Maturity Schedule: Amount Due Annually on General Obligation Bonds Issued to July 15, 1998 (Page Part III-18). Replace the table with the following:

**DEBT SERVICE MATURITY SCHEDULE:
AMOUNT DUE ANNUALLY ON GENERAL OBLIGATION BONDS
ISSUED TO JULY 15, 1998 ^(a)**

Fiscal Year (Ending June 30)	Principal	Interest	Total Debt Service
1999 ^(b)	\$ 230,534,072	\$ 172,830,608	\$ 403,364,680
2000.....	234,725,911	162,419,593	397,145,504
2001.....	231,725,311	152,045,889	383,771,200
2002.....	227,242,754	140,146,286	367,389,040
2003.....	219,402,654	128,030,861	347,433,515
2004.....	203,565,674	116,750,239	320,315,913
2005.....	198,826,494	105,701,516	304,528,010
2006.....	194,888,101	94,283,047	289,171,148
2007.....	191,401,611	84,217,450	275,619,061
2008.....	186,548,601	74,347,645	260,896,246
2009.....	183,375,539	64,478,370	247,853,909
2010.....	166,152,097	55,270,145	221,422,242
2011.....	150,021,795	47,039,340	197,061,135
2012.....	123,142,278	39,537,923	162,680,201
2013.....	104,657,479	33,563,136	138,220,615
2014.....	84,441,973	28,212,507	112,654,480
2015.....	72,619,374	23,685,418	96,304,792
2016.....	54,690,119	19,744,835	74,434,954
2017.....	51,535,274	16,695,550	68,230,824
2018.....	36,684,325	13,893,125	50,577,450
2019.....	20,590,000	11,776,284	32,366,284
2020.....	20,400,000	10,473,904	30,873,904
2021.....	19,355,000	9,224,485	28,579,485
2022.....	23,325,000	7,966,836	31,291,836
2023.....	22,775,000	6,498,739	29,273,739
2024.....	23,325,000	5,078,481	28,403,481
2025.....	18,265,000	3,626,806	21,891,806
2026.....	14,045,000	2,453,536	16,498,536
2027.....	16,540,000	1,568,238	18,108,238
2028.....	8,070,000	647,780	8,717,780
2029.....	<u>3,130,000</u>	<u>113,463</u>	<u>3,243,463</u>
TOTALS.....	<u>\$3,336,001,436</u>	<u>\$1,632,322,035</u>	<u>\$4,968,323,471</u>

^(a) This maturity schedule does not include interest and principal payments on outstanding general obligation commercial paper.

^(b) For the fiscal year ending June 30, 1999, the table includes debt service amounts for the period July 15, 1998 through June 30, 1999.

Source: Wisconsin Department of Administration.

Table III-10; Amortization Schedule: Amount Due Annually on General Obligation Commercial Paper Issued to July 15, 1998 (Page Part III-19). Replace the table with the following:

**AMORTIZATION SCHEDULE:
AMOUNT DUE ANNUALLY ON GENERAL OBLIGATION COMMERCIAL PAPER
ISSUED TO JULY 15, 1998 ^(a)**

Fiscal Year (Ending June 30)	Principal
1999.....	\$ 5,085,000
2000.....	5,270,000
2001.....	5,495,000
2002.....	5,730,000
2003.....	5,485,000
2004.....	5,730,000
2005.....	6,000,000
2006.....	6,280,000
2007.....	6,595,000
2008.....	4,695,000
2009.....	4,935,000
2010.....	5,190,000
2011.....	5,460,000
2012.....	5,750,000
2013.....	6,060,000
2014.....	6,385,000
2015.....	6,735,000
2016.....	7,110,000
2017.....	7,505,000
2018.....	<u>1,945,000</u>
 TOTALS.....	 <u><u>\$113,440,000</u></u>

^(a) The State intends to treat each issue of general obligation commercial paper as if it were a long-term bond issue by making annual payments on May 1. Each annual payment reflects a principal amortization. The Program Resolution does not permit the State to have any commercial paper outstanding for more than 10 years after its issuance date. The State also intends to make a payment on each May 1 and November 1 on all outstanding general obligation commercial paper in an amount equal to the interest accrued and accruing for that period.

Source: Wisconsin Department of Administration.

Appendix C

DEFINITIONS OF CERTAIN TERMS

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

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

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

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

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

Annual Report means the [State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 1997](#)

Authorized Newspapers means not less than two newspapers, customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language, one of which is the newspaper published in Wisconsin and designated as the newspaper in which official notices of the State are to be published, and the other of which is a financial newspaper circulated in the Borough of Manhattan, City and State of New York.

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

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

Bond Depository means, initially, The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York or any other bond depository appointed by the Commission to act as bond depository for the Bonds in connection with a book-entry-only system of distributing Bonds.

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

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

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

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

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

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

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

Commitment means a notice of financial assistance commitment entered into between DNR, DOA and a Municipality.

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

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

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

Counsel’s Opinion means an opinion signed by an attorney or firm of attorneys selected by or satisfactory to the State (who may be counsel to the State); provided, however, that for the purposes of Article II of the General Resolution (addressing authorization and issuance of Bonds) such term means an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds selected by the State and provided, further, that for the purposes of Section 8.08 of the General Resolution (addressing conditions for delivery of Municipal Obligations) such term means an opinion signed by an attorney or firm of attorneys selected by the Municipality and approved by the State.

Credit Facility means a letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy, guaranty or similar obligation, arrangement or instrument issued

by a bank, insurance company or other financial institution or the federal government or an agency thereof which (i) provides for payment of all or a portion of the principal of, Redemption Price of, or interest on any Series of Bonds, (ii) provides funds for the purchase of such Bonds or portions thereof, (iii) provides deposits for a fund or account under the General Resolution, or (iv) provides for or further secures payment of Loans or Municipal Obligations, provided that with respect to (iii) above, the issuer of which Credit Facility is rated, or the effect of which Credit Facility would cause bonds insured or secured thereby to be rated, in a rating category by each Rating Agency no lower than the then current rating on the Bonds (without such Credit Facility).

Debt Service for any period means, as of any date of calculation and with respect to any Series, an amount equal to the sum of (i) interest payable during such period on Bonds of such Series, (ii) that portion of the Principal Installments for such Series which are payable during such period, and (iii) any “Reimbursement Obligation” or “Parity Reimbursement Obligation” as defined in the General Resolution. Such interest and Principal Installments for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

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

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

Direct Loan means loans made primarily from the proceeds of federal Capitalization Grants, the State Match, or repayments of Direct Loans, and excludes any Leveraged Loan.

DNR means the State of Wisconsin Department of Natural Resources.

DOA means the State of Wisconsin Department of Administration.

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

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

EPA means the United States Environmental Protection Agency.

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

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

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

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

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

General Resolution means the Clean Water Revenue Bond General Resolution adopted by the Building Commission on March 7, 1991, as the same may be amended and supplemented from time to time.

Information Services means an institution or other service providing information with respect to called bonds, which shall include but not be limited to: Financial Information, Inc.'s "Daily Called Bond Service", 30 Montgomery Street, 20th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services' "Called Bond Service", 65 Broadway, 16th Floor, New York, New York 10006; Moody's "Municipal and Government", 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Report; and Standard and Poor's "Called Bond Record", 25 Broadway, 3rd Floor, New York, New York 10004. In accordance with then current guidelines of the Securities and Exchange Commission or other appropriate regulatory body, the State shall designate in a certificate of an Authorized Officer delivered to the Trustee such other addresses and/or such other services providing information with respect to called bonds, or no such service.

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

Investment Obligation means any of the following which at the time are legal investments for moneys of the State:

(1) direct general obligations of the United States of America and obligations (including obligations of any federal agency or corporation) the payment of the principal and interest on which, by act of the Congress of the United States or in the opinion of the Attorney General of the United States in office at the time such obligations were issued, are unconditionally guaranteed by the full faith and credit of the United States of America, or so long as at the time of their purchase such investments will not adversely affect the then current ratings, if any, assigned to the Bonds by each Rating Agency, any other evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this clause (1);

(2) 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 (a) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (b) which are fully 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 (1) hereof which fund may be applied only to the payment of interest when due, principal of and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (1) hereof which have been deposited in such fund along with any cash on deposit in such fund is sufficient to pay interest when due, principal of and redemption premium, if any, on the bonds or other obligations described in this clause (2) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (2), as appropriate, and (d) which at the time of their purchase under the General Resolution bear the highest rating available from each Rating Agency;

(3) bonds, debentures, participation certificates (representing a timely guaranty of principal and interest), notes or similar evidences of indebtedness of any of the following: Federal Financing Bank, Federal Home Loan Bank System, Federal Farm Credit Bank, Federal National Mortgage Association (excluding “stripped” securities), Federal Home Loan Mortgage Corporation, Resolution Funding Corporation, Government National Mortgage Association, Student Loan Marketing Association or Tennessee Valley Authority;

(4) public housing bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or temporary notes, preliminary notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America; provided, however, that any investment purchased pursuant to this clause shall be rated at the time of its purchase by each Rating Agency no lower than the rating assigned to the Bonds by such Rating Agency;

(5) obligations of any state of the United States of America or of any political subdivision or public agency or instrumentality thereof, including the State, provided that at the time of their purchase under the General Resolution such obligations are rated by each Rating Agency no lower than the rating assigned to the Bonds by such Rating Agency;

(6) direct obligations of the State or obligations guaranteed by the State that have the same rating as direct obligations of the State;

(7) prime commercial paper of a corporation incorporated under the laws of any state of the United States of America, having at the time of their purchase under the General Resolution the highest rating available from each Rating Agency;

(8) interest-bearing time deposits, certificates of deposit or other similar banking arrangements with banks (which may include any Fiduciary), provided such deposits are made with banks rated by each Rating Agency at the time the deposit is made no lower than the rating assigned to the Bonds by such Rating Agency;

(9) shares of a diversified open-end management investment company as defined in the Investment Company Act of 1940, which is a money market fund, which are rated at the time of their purchase by each Rating Agency no lower than the rating assigned to the Bonds by such Rating Agency;

(10) repurchase agreements for obligations of the type specified in clauses (1) and (3) above, provided either (a) the repurchase agreement is an unconditional obligation of the counterparty and such counterparty is rated at the time of its purchase by each Rating Agency no lower than the rating assigned to the Bonds by such Rating Agency or (b) the repurchase agreement is an obligation of a counterparty that is rated at the time of its purchase by each Rating Agency in an investment grade category and is collateralized by obligations which are marked to market daily and have a value equal to not less than the percentage of the amount thereby secured specified by each Rating Agency, taking into account the maturity of such obligations;

(11) any investment obligation or deposit the investment in which will not, at the time such investment is made, adversely affect the then current ratings, if any, assigned to the Bonds by each Rating Agency;

(12) any investment agreement with a bank, bank holding company, insurance company or other financial institution rated at the time such investment is made by each Rating Agency no lower than the rating assigned to the Bonds by such Rating Agency or guaranteed by an entity rated by each Rating Agency no lower than the rating assigned to the Bonds by such Rating Agency; and

(13) the local government pooled-investment fund of the State established under Chapter 25 of the Wisconsin Statutes.

Leveraged Loan means a Loan.

Leveraged Loan Repayments means a Loan Repayment.

Loan or Leveraged Loan means a loan heretofore or hereafter made by the State to a Municipality from the Loan Fund pursuant to a Financial Assistance Agreement and the Act and funded from the Loan Fund.

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

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

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

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

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

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

Loan Repayments or Leveraged Loan Repayments means any payment on a Loan pursuant to a Financial Assistance Agreement, or on the Municipal Obligations evidencing and securing the same, on account of the principal, interest and premium, if any, due on such Loan, including without limitation scheduled payments of principal and interest on such Loan or Municipal Obligation, any payment made to cure a default, prepayments of principal or interest and any additional amounts payable upon prepayment of such Loan or Municipal Obligations, and any amounts paid with respect to such Loan or Municipal Obligation on account of (i) acceleration of

the due date of such Loan or such Municipal Obligation, (ii) the sale or other disposition of such Loan or the Municipal Obligations and other collateral securing such Loan, (iii) the receipt of proceeds of any insurance or guaranty of such Loan or Municipal Obligations or any Credit Facility applicable to such Loan or Municipal Obligations, and (iv) the exercise of any right or remedy granted to the State and available under law or the applicable Financial Assistance Agreement upon default on such Loan or Municipal Obligations but specifically excluding Fees and Charges.

MMSD means the Milwaukee Metropolitan Sewerage District.

Municipal Obligations means the bonds, notes or other evidence of debt issued by any Municipality and authorized by law and which have heretofore been or will hereafter be acquired by the State as evidence of indebtedness of a Loan, Direct Loan or Proprietary Loan to the Municipality pursuant to the Act.

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

Non-SRF Account means account of that name established within the Loan Credit Reserve Fund.

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

NRMSIR means nationally recognized municipal securities information repository.

Outstanding, when used with reference to Bonds, other than Bonds referred to in Section 10.05 of the General Resolution (Bonds owned or held by or for the account of the State), means, as of any date, Bonds theretofore or then being delivered under the provisions of the General Resolution, except: (i) any bonds cancelled by the Trustee or any Paying Agent at or prior to such date, (ii) any Bonds for the payment or redemption of which moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, irrevocable notice of such redemption shall have been given as provided in the General Resolution or provision satisfactory to the Trustee shall have been made for the giving of such notice, (iii) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the General Resolution, and (iv) Bonds deemed to have been paid as provided in Article 12 of the General Resolution (defeasance). In determining whether Bondowners of the requisite amount of Outstanding Bonds have given any requisite demand, authorization, direction, notice, consent or waiver under the General Resolution, the principal amount of a Capital Appreciation Bond that shall be deemed Outstanding for such purposes shall be the Accreted Value thereof.

Parity Reimbursement Obligation means the obligation of the State described in the General Resolution to directly reimburse the issuer of a Credit Facility for amounts paid by such issuer thereunder, whether or not such obligation to so reimburse is evidenced by a promissory note or other similar instrument, which obligation shall be secured on a parity with the lien created by the General Resolution.

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

Pledged Receipts means (i) all Loan Repayments, including both timely and delinquent payments, (ii) Fees and Charges held or collected by the State, (iii) 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, (iv) any moneys made available to the Clean Water Fund Program pursuant to Section 281.59 (13m) of the Wisconsin Statutes (that is, the State “moral obligation” for individual Loans), (v) any moneys collected by recourse to collateral and security devices under the Municipal Obligations, and (vi) any other moneys held or received by the State or the Trustee relating to the Municipal Obligations.

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

Principal Installment means, as of any date of calculation and with respect to any Series of Bonds Outstanding, (i) the principal amount or Accreted Value of Bonds of such Series due on any payment date for which no Sinking Fund Installments have been established, or (ii) the Sinking Fund Installment due on a date for Bonds of such Series, or (iii) if such dates coincide, the sum of such principal amount or Accreted Value of Bonds and of such Sinking Fund Installment(s) due on such future date; in each case in the amounts and on the dates as provided in the Series Resolution authorizing such Series of Bonds; provided, however, that Principal Installments shall not include the principal of Notes.

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

Proprietary Loan means financial assistance made primarily from the proceeds of State general obligation bonds or repayment of Proprietary Loans, and excludes any Direct Loan or Leveraged Loan.

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

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

Record Date means, unless otherwise determined by a Series Resolution for a Series of Bonds, the close of business on the 15th day preceding a payment date or, if such day shall not be a business day, the immediately preceding business day.

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

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

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

Reimbursement Obligation means the obligation of the State described in the General Resolution to directly reimburse the issuer of a Credit Facility for amounts paid by the issuer of the Credit Facility thereunder, whether or not such obligation so to reimburse is evidenced by a promissory note or other similar instrument.

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

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

Series Resolution means a resolution of the Building Commission authorizing the issuance of a Series of Bonds in accordance with the terms and provisions of the General Resolution.

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

SRF Account means the account of that name established within the Loan Credit Reserve Fund by the General Resolution.

State means the State of Wisconsin.

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

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

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

Subsidy Fund Transfer Amount means that amount equal to the amount by which Aggregate Debt Service payable during the Period (as such term is used in the definition of Subsidy Fund Requirement) exceeds the sum of (i) Loan Repayments scheduled to be received and delinquent Loan Repayments actually received during the Period, (ii) earnings on the Loan Credit Reserve Fund deposited in the Revenue Fund during the Period, (iii) any moneys on deposit in the

Revenue Fund, the Interest Account of the Debt Service Fund, or the Principal Account of the Debt Service Fund at the beginning of the Period, (iv) any amounts in the Loan Fund transferred to the Revenue Fund during the Period as directed in a certificate of an Authorized Officer, and (v) amounts scheduled to be transferred from the Capitalized Interest Account to the Interest Account during such Period.

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

Trustee means Firststar Trust Company, Milwaukee, Wisconsin, and its successor or successors and any other bank, trust company or national banking association at any time substituted in its place pursuant to the General Resolution.

Appendix D

LOAN CREDIT RESERVE FUND SCHEDULES

Introduction

The General Resolution establishes the amount and timing of funds and securities required to be deposited or on deposit in the Loan Credit Reserve Fund, based on Schedules reviewed by no less than two Rating Agencies. The State, with the consent of a Rating Agency, may from time to time change the Schedule previously approved by such Rating Agency so long as the change does not adversely affect the then-current rating on the Bonds. To the extent the amount of the deposit or amount on deposit required by the Schedule approved by one Rating Agency differs from the amount required by the Schedule approved by another Rating Agency, the larger amount is required. As of June 30, 1998 the amount held in the Loan Credit Reserve Fund was \$51.9 million, and the amount required on such date was \$40.7 million.

Current Schedules

The Bonds are currently rated AA+ by Fitch IBCA, Inc. (“Fitch IBCA”), Aa2 by Moody’s Investors Service, Inc. (“Moody’s”) and AA+ by Standard & Poor’s Ratings Group (“S&P”). Each of the following Schedules has been approved by the respective Rating Agency indicated.

Moody’s Investors Service, Inc.

As part of the Schedule submitted to Moody’s, the State has indicated that it will maintain the Loan Credit Reserve Requirement at a level that corresponds to certain Loan portfolio credit characteristics. The amount required to be deposited or on deposit in the Loan Credit Reserve Fund is the product of the average annual debt service of the outstanding, disbursed Loans times a factor of 120%, and is based on an evaluation of the Loans shown in [APPENDIX A](#). A different factor may be applied if Loan portfolio credit characteristics change.

Standard & Poor’s Ratings Group

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

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

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

Loans are categorized based on two characteristics: (1) the rating given to the Municipal Obligation (or its lack of a rating) and (2) the anticipated amount of annual State payments that can potentially be intercepted by DOA. The intercept power is described under “SECURITY AND SOURCE OF PAYMENT FOR BONDS; State Aid Intercept” in Part VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 1997 (the “Annual Report”). If the

Municipal Obligation is not rated by S&P, the State may request permission from S&P to assign the Municipal Obligation to a particular category.

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

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

Medium Investment Grade Rating. A Loan is assigned to this category if the Municipal Obligation is rated by S&P in the third highest rating category (A). S&P may also permit a Loan to be assigned to this category, regardless of whether or not the Municipal Obligation is rated, in the event the State designates the Loan as one to which the State “moral obligation” applies. The State “moral obligation” is described in “SECURITY AND SOURCE OF PAYMENT FOR BONDS” in Part VI of the Annual Report.

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

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

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

The State recognizes that the rating maintained by S&P is based in part upon the level of funds available in the Loan Credit Reserve Fund. The State asserts that it expects to maintain the Loan Credit Reserve Fund at approximately the same proportional levels as it has since inception of the Clean Water Fund Program, and the State recognizes that the rating maintained by S&P may be based on the maintenance of amounts greater than the amounts required under this Loan Credit Reserve Fund Schedule. The State agrees to maintain the Loan Credit Reserve Fund investments as either rated or ratable in the same rating category as the Bonds. The State further agrees that, if practicable, it will provide S&P with at least 30 days notice of significant changes in either the credit quality or amounts maintained in the Loan Credit Reserve Fund.

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

Fitch IBCA, Inc.

Based on certain credit characteristics, each Loan will be assigned to one of six credit categories, which are explained below. Any assignment of a Loan to a credit category other than “Not Rated; Interceptable State Aid Factor 2.0 or Greater” or “Not Rated; Interceptable State Aid

Factor Less Than 2.0” is subject to review by Fitch IBCA. The amount required to be deposited or on deposit in the Loan Credit Reserve Fund with respect to a particular Loan and any amounts disbursed under that Loan differs, depending on the borrower. The Municipality with total outstanding General Resolution Leveraged Loans in a credit category below that of the Bonds, such that the Municipality's outstanding Loan amount is larger than that of any other Municipality with outstanding Loans in credit categories below that of the Bonds, is the “Largest Borrower Below Bond Credit Quality”. The required deposit attributable to the Largest Borrower Below Bond Credit Quality shall equal the total of all debt service payments attributable to the Loan or Loans to that Borrower over the four-year period in which such debt service payments are the greatest. For any Loans to borrowers other than the Largest Borrower Below Bond Credit Quality, the required deposit shall equal the product of the total of all debt service payments attributable to such Loans over the four-year period in which such debt service payments are the greatest times the factor, described below, assigned to Loans of the applicable credit category.

Loans are currently assigned to credit categories based on one or more of the following characteristics: (i) the Fitch IBCA rating given to the Municipal Obligation (or its lack of a Fitch IBCA rating); (ii) the credit quality estimate for the Municipal Obligation based on information available to Fitch IBCA from sources it believes to be reliable; and, (iii) the anticipated amount of annual State payments that can potentially be intercepted by DOA. The State recognizes that the credit quality estimate, or “shadow rating”, is not necessarily the official or public Fitch IBCA ratings for the Municipal Obligation and are used solely for purposes of analyzing the credit quality of the Bonds. The intercept power is described under “SECURITY AND SOURCE OF PAYMENT FOR BONDS; State Aid Intercept” in Part VI of the Annual Report. If the Municipal Obligation is not rated by Fitch IBCA, the State may request that Fitch IBCA assign a credit quality estimate, or “shadow rating”, for the Municipal Obligation.

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

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

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

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

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

economic conditions are more likely to impair this capacity than is the case for higher credit quality categories.

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

Not Rated; Interceptable State Aid Factor Less Than 2.0. A Loan is currently assigned to this category if its related Municipal Obligation is (i) not rated by Fitch IBCA or categorized as being of speculative grade credit quality and (ii) the anticipated amount of annual State payments that can potentially be intercepted by the State is less than twice the maximum annual debt service payments on the entire amount of the Loan, whether or not the entire amount has been disbursed.

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

<u>Category</u>	<u>Factor</u>
'AAA' Credit Quality Category	0%
'AA' Credit Quality Category	0%
'A' Credit Quality Category	8%
'BBB' Credit Quality Category	14%
Not Rated; Interceptable State Aid Factor 2.0 or Greater	8%
Not Rated; Interceptable State Aid Factor Less Than 2.0	36%

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

The State recognizes that Fitch IBCA's rating on the Bonds is based only in part upon the level of funding in the Loan Credit Reserve Fund and the credit quality of borrowers from Bond funds. Other factors upon which the Bonds' rating is based currently include, but are not limited to, Fitch IBCA's general obligation bond rating for the State of Wisconsin, as well as structural and legal characteristics of the Clean Water Fund Program, Clean Water Fund Program management, Clean Water Fund Program loan underwriting practices, Clean Water Fund Program loan monitoring practices, and permitted Clean Water Fund Program investments. The State recognizes that factors upon which the Bonds' rating is based may change in the future. The State asserts that it expects to maintain the Loan Credit Reserve Fund at approximately the same proportional levels as it has since inception of the Clean Water Fund Program, and the State recognizes that the rating maintained by Fitch IBCA may be based on the maintenance of amounts greater than the amounts required under this particular Loan Credit Reserve Fund Schedule. The State agrees to maintain the Loan Credit Reserve Fund investments as either rated or ratable in the same credit rating category as the Bonds. The State further agrees that, if practicable, it will

provide Fitch IBCA with at least 30 days notice of significant changes in either the credit quality or amounts maintained in the Loan Credit Reserve Fund.

Ratings on Municipal Obligations

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

Appendix E

FORM OF BOND COUNSEL OPINION

Upon delivery of the 1998 Series 2 Bonds, Michael Best & Friedrich LLP expects to deliver to the State a legal opinion in substantially the following form:

(Letterhead of Michael Best & Friedrich LLP)

\$104,360,000

State of Wisconsin

Clean Water Revenue Refunding Bonds, 1998 Series 2

We have acted as bond counsel in connection with the issuance by the State of Wisconsin (the "State") of \$104,360,000 aggregate principal amount of Clean Water Revenue Refunding Bonds, 1998 Series 2 (the "1998 Series 2 Bonds"). We have examined: (i) the constitution and laws of the State, including particularly subchapter II of Chapter 18 and Sections 281.58 and 281.59 of the Wisconsin Statutes (the "Act"); (ii) a certified copy of the proceedings of record of the State preliminary to and in connection with the issuance of the 1998 Series 2 Bonds, including particularly 1991 State of Wisconsin Building Commission Resolution 5 dated March 7, 1991 entitled "Clean Water Revenue Bond General Resolution" (the "General Resolution"), and 1998 State of Wisconsin Building Commission Resolution No. 5 dated January 22, 1998 entitled "Resolution Authorizing up to \$140,350,000 Clean Water Revenue Refunding Bonds" (collectively, the "Resolutions"); (iii) the Internal Revenue Code of 1986, as amended (the "Code"), including particularly Sections 103, 141 and 148 thereof; and (iv) such other documents and records as we have deemed necessary to render this opinion. We have also examined one of the 1998 Series 2 Bonds and have found it to be in proper form.

The 1998 Series 2 Bonds are dated August 15, 1998; are payable as to interest on June 1 and December 1 in each year until maturity, commencing December 1, 1998; are issuable in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof; are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the 1998 Series 2 Bonds and in the Resolutions; and mature on the dates and in the principal amounts and will bear interest at the rates set forth below:

Maturity Schedule

Maturity (June 1)	Principal Amount	Interest Rate
1999	\$ 1,800,000	4.00%
2003	12,160,000	5.00
2009	10,950,000	5.50
2010	11,555,000	5.50
2011	12,295,000	5.50
2012	11,270,000	5.25
2013	11,225,000	5.25
2014	11,545,000	5.50
2015	9,970,000	5.50
2016	5,925,000	5.50
2017	5,665,000	5.50

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of officers of the State and other public officials furnished to us, without undertaking to verify the same by independent investigation, and we have assumed compliance

with and enforcement of the provisions of: (i) the Tax Regulatory Agreement, dated the date hereof, and (ii) the Financial Assistance Agreement entered into between the State and each municipal borrower. The rights of the owners of the 1998 Series 2 Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion in accordance with general principles of equity.

Based on the foregoing, we are of the opinion that, as of the date hereof:

1. The State has the valid right and lawful authority to issue the 1998 Series 2 Bonds, to provide financial assistance to local governmental units for the improvement of publicly owned wastewater treatment facilities, to adopt the Resolutions and to perform its obligations under the terms and conditions of the Resolutions.
2. The Resolutions have been duly and lawfully adopted by the Building Commission, are in full force and effect, and constitute valid and binding obligations of the State enforceable in accordance with their terms.
3. The General Resolution creates the valid pledge that it purports to create of the "Pledged Receipts," as defined in the General Resolution, and other revenues, receipts, funds or moneys pledged under the General Resolution.
4. The 1998 Series 2 Bonds are valid and binding revenue obligations of the State secured by a pledge in the manner and to the extent set forth in the General Resolution and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution on a parity with all other obligations that have been heretofore or may be hereafter issued under the General Resolution.
5. The 1998 Series 2 Bonds are not general obligations of the State, its agencies, instrumentalities or political subdivisions, and the 1998 Series 2 Bonds do not constitute "public debt" of the State as that term is used in the constitution and laws of the State. The State is not obligated to pay the principal or redemption price of or interest on the 1998 Series 2 Bonds from any funds of the State other than those pledged pursuant to the Resolutions, and neither the faith nor credit nor 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 1998 Series 2 Bonds.
6. The provisions of the Act relating to the State's moral obligation do not violate the constitution of the State or any law of the State, but such provisions do not constitute a legally enforceable obligation or create debt on behalf of the State.
7. Interest on the 1998 Series 2 Bonds is excluded for federal income tax purposes from the gross income of the owners of the 1998 Series 2 Bonds under existing law.
8. Interest on the 1998 Series 2 Bonds will not be included as an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations, although it should be noted that interest on the 1998 Series 2 Bonds is included in a corporation's "modified alternative minimum taxable income" for the purposes of the tax imposed pursuant to Section 59A of the Code. Interest on the 1998 Series 2 Bonds is included in a corporation's "adjusted current earnings" for the purpose of adjustments to the "alternative minimum taxable income" of a corporation (other than an S corporation, a regulated investment company, a real estate investment trust or a REMIC) under Section 55 of the Code. Moreover, ownership of 1998 Series 2 Bonds may result in collateral federal income tax consequences to financial institutions, property and

casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry 1998 Series 2 Bonds. In addition, certain foreign corporations doing business in the United States may be subject to a “branch profits tax” on their effectively connected earnings and profits, including interest on the 1998 Series 2 Bonds.

Very truly yours,

MICHAEL BEST & FRIEDRICH LLP

Appendix F

**OUTSTANDING BONDS
REFUNDED BY 1998 SERIES 2 BONDS**

Series	Dated Date	Principal Amount	Interest Rate	Maturity	CUSIP	Redemption Date	Redemption Price
1991 Series 1	3/1/1991	\$12,120,000	6.50%	6/1/2003	977092 AL9	6/1/2001	102%
1993 Series 1	8/15/1993	5,690,000	5.20	6/1/2009	977092 BL8	6/1/2004	100
1993 Series 1	8/15/1993	5,985,000	5.25	6/1/2010	977092 BM6	6/1/2004	100
1993 Series 1	8/15/1993	6,300,000	5.30	6/1/2011	977092 BN4	6/1/2004	100
1993 Series 1	8/15/1993	6,635,000	5.30	6/1/2012	977092 AV7	6/1/2004	100
1993 Series 1	8/15/1993	6,985,000	5.30	6/1/2013	977092 AW5	6/1/2004	100
1995 Series 1	7/1/1995	5,400,000	5.40	6/1/2009	977092 CS2	6/1/2005	100
1995 Series 1	7/1/1995	5,695,000	5.50	6/1/2010	977092 CT0	6/1/2005	100
1995 Series 1	7/1/1995	6,110,000	5.70	6/1/2011	977092 CU7	6/1/2005	100
1995 Series 1	7/1/1995	4,760,000	5.75	6/1/2012	977092 CV5	6/1/2005	100
1995 Series 1	7/1/1995	4,395,000	5.80	6/1/2013	977092 CW3	6/1/2005	100
1995 Series 1	7/1/1995	6,195,000	5.80	6/1/2014	977092 CX1	6/1/2005	100
1995 Series 1	7/1/1995	4,340,000	5.80	6/1/2015	977092 CY9	6/1/2005	100
1997 Series 1	1/15/1997	5,545,000	5.50	6/1/2014	977092 DQ5	6/1/2007	100
1997 Series 1	1/15/1997	5,850,000	5.50	6/1/2015	977092 DR3	6/1/2007	100
1997 Series 1	1/15/1997	6,170,000	5.60	6/1/2016	977092 DS1	6/1/2007	100
1997 Series 1	1/15/1997	5,930,000	5.60	6/1/2017	977092 DT9	6/1/2007	100