

OFFERING MEMORANDUM

New Issue

This Offering Memorandum has been prepared by the State of Wisconsin to provide information on the Notes. Selected information is presented on this cover page for the convenience of the user. To make an informed investment decision, a prospective investor should read the entire Offering Memorandum. Certain capitalized terms are defined in APPENDIX B.

\$100,200,000

STATE OF WISCONSIN

PETROLEUM INSPECTION FEE REVENUE

EXTENDIBLE MUNICIPAL COMMERCIAL PAPER

Ratings As of the date of this Offering Memorandum, the following rating agencies have provided these ratings on the Note Program or the Notes—*See pages 14-15.*

F-1+ Fitch IBCA, Inc.

P-1 Moody's Investors Service, Inc.

A-1+ Standard & Poor's Ratings Services

Tax Exemption Interest on the Notes is, for federal income tax purposes, excluded from gross income and not an item of tax preference but is subject to State of Wisconsin income and franchise taxes—*See pages 17-18.*

Original Maturity Date From 1 to 180 days from the original issue date of each Note.

Security The Notes are issued pursuant to the Program Resolution. Interest payments on the Notes are on a parity with the payments on the Senior Bonds and are payable from a pledge of Petroleum Inspection Fees.

Principal on the Notes is payable from (i) proceeds of roll-over Notes, (ii) issuance of Senior Bonds that have been authorized to refund the Notes, (iii) moneys on deposit in the Junior Subordinate Redemption Fund, or (iv) any other funds made available by the State for this purpose—*See pages 3-8.*

Extended Maturity Date On the Original Maturity Date of a Note, the State has the option to extend the maturity date to the date that is 270 days after the original issue date. The option to extend the maturity date exists solely in case there is a disruption in liquidity—*See pages 13-14.*

Interest Payment Dates Interest on each Note is payable on the Original Maturity Date. However, if the maturity date is extended, then interest is not payable on the Original Maturity Date but on the first Business Day of either the first or second month after the Original Maturity Date and then on a monthly basis and on any redemption date or the Extended Maturity Date—*See page 13.*

Redemption A Note is not subject to redemption prior to its Original Maturity Date. If the maturity date is extended, a Note is then subject to redemption in whole but not in part, at the option of the State, prior to the Extended Maturity Date—*See page 14.*

Rule 2a-7 Compliance A legal memorandum prepared for the Dealers by Hale & Dorr LLP indicates that the structure of the Notes is consistent with the maturity requirements of Rule 2a-7 under the Investment Company Act of 1940 and would not preclude a money market fund from determining that the Notes are eligible securities under Rule 2a-7—*See page 14.*

Purpose Proceeds of the Notes will be used to pay claims under the State's Petroleum Environmental Cleanup Fund Award (PECFA) Program—*See page 2.*

Denominations \$100,000 and \$1,000 increments above \$100,000

Bond Counsel Foley & Lardner

Issuing and Paying Agent U.S. Bank Trust National Association

Trustee The Bank of New York

Issuer Contact Wisconsin Capital Finance Office—(608) 266-2305; capfin@doa.state.wi.us

Book-Entry System The Depository Trust Company—*See pages 15-17.*

May 2, 2000

GOLDMAN, SACHS & CO.

MERRILL LYNCH & CO.

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 Offering Memorandum, and if given or made, such other information or representations must not be relied upon. This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes 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 Offering Memorandum 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.

The issuer is the author of this Offering Memorandum and is responsible for its accuracy and completeness.

TABLE OF CONTENTS

STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE NOTES	ii
INTRODUCTION	1
APPLICATION OF NOTE PROCEEDS	2
PLAN OF FINANCE	2
SECURITY FOR THE NOTES	3
General.....	3
Petroleum Inspection Fees.....	3
Funds and Accounts.....	6
Deposits into Interest Account of Redemption Fund.....	8
Deposits into Junior Subordinate Principal Account.....	8
Non-Impairment Clause.....	8
Additional Senior Bonds.....	8
Refunding of Notes by Senior Bonds.....	9
Variable Rate Take-Out Capacity Test.....	9
Reserve Fund.....	11
Rate Stabilization Fund.....	11
Program Resolution.....	11
Debt Service on Outstanding Senior Bonds.....	11
THE NOTES	11
Note Program.....	11
General.....	12
Description of the Notes.....	12
Extension of Maturity Date.....	13
Redemption of Notes.....	14
Rule 2a-7 Compliance.....	14
Ratings.....	14
Acceleration Upon Default in Payment.....	15
Book-Entry System.....	15
ISSUING AND PAYING AGENT	17
Note Redemption Accounts.....	17
FINANCIAL ADVISOR	17
LEGAL OPINION	17
TAX EXEMPTION	17
Federal Tax Law.....	17
State Tax Law.....	18
CONTINUING DISCLOSURE	19
APPENDIX A – INFORMATION ABOUT THE STATE	A-1
APPENDIX B – DEFINITION OF CERTAIN TERMS	B-1
APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF PROGRAM RESOLUTION	C-1
APPENDIX D – PROPOSED FORM OF OPINION OF BOND COUNSEL	D-1

STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE NOTES

BUILDING COMMISSION MEMBERS

Voting Members	Term of Office Expires
Governor Tommy G. Thompson, Chairperson	January 6, 2003
Senator Fred A. Risser, Vice-Chairperson	January 8, 2001
Senator Carol Roessler	January 8, 2001
Senator Robert Wirch	January 8, 2001
Representative Timothy Hoven	January 8, 2001
Representative Robert Turner	January 8, 2001
Representative Daniel Vrakus	January 8, 2001
Mr. Bryce Styza, Citizen Member	At the pleasure of the Governor
Nonvoting, Advisory Members	
Mr. George Lightbourn, 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 6, 2003
Mr. James E. Doyle State Attorney General	January 6, 2003
Ms. Brenda J. Blanchard, Secretary Department of Commerce	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

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

badger.state.wi.us

(The additional information, however, is not part of this Offering Memorandum)

OFFERING MEMORANDUM
\$100,200,000
STATE OF WISCONSIN
PETROLEUM INSPECTION FEE REVENUE
EXTENDIBLE MUNICIPAL COMMERCIAL PAPER

INTRODUCTION

This Offering Memorandum sets forth information about the Petroleum Inspection Fee Revenue Extendible Municipal Commercial Paper (**Notes**) issued by the State of Wisconsin (**State**).

Information about the State and its financial condition is included as **APPENDIX A**, which includes by reference **Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 1999 (1999 Annual Report)**.

The Notes are issued pursuant to Subchapter II of Chapter 18 of the Wisconsin Statutes and Section 101.143(9m) of the Wisconsin Statutes. The Notes are further authorized pursuant to an Amended and Restated Program Resolution for State of Wisconsin Petroleum Inspection Fee Revenue Obligations (**Program Resolution**) and a Supplemental Resolution Authorizing Not to Exceed \$100,200,000 State of Wisconsin Petroleum Inspection Fee Revenue Extendible Municipal Commercial Paper and Authorizing State of Wisconsin Petroleum Inspection Fee Revenue Bonds to Fund These Obligations (**2000 Notes Supplemental Resolution**), each adopted by the State of Wisconsin Building Commission (**Building Commission**) on May 2, 2000.

In connection with the issuance and sale of the Notes, the Building Commission has authorized the State Department of Administration (**DOA**) to prepare this Offering Memorandum. This Offering Memorandum contains brief descriptions of the State's Petroleum Environmental Cleanup Fund Award (**PECFA**) Program, the security for the Notes, and the terms of the Notes. It also contains certain other matters furnished by the State or obtained from the sources indicated.

Requests for additional information about the State, the Petroleum Inspection Fees, or the PECFA Program, or requests for copies of the Program Resolution or any document or statute referred to in this Offering Memorandum, may be directed to:

Contact: Capital Finance Office
Attn: Capital Finance Director
Phone: (608) 266-2305
Mail: 101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
E-mail: capfin@doa.state.wi.us
Web Site: www.doa.state.wi.us/debf/scf1.htm

Unless otherwise indicated herein, capitalized terms are defined in **APPENDIX B**.

APPLICATION OF NOTE PROCEEDS

Proceeds of the Notes will primarily be used to pay approved claims under the PECFA Program, which is a petroleum storage remedial program. In existence since 1987, the PECFA Program reimburses owners of petroleum storage tanks for 75% to 99% of cleanup costs related to soil and groundwater contamination.

The proceeds of the Notes will be applied to purposes that do not generate revenues, and the application will not create a source for the payment of the Notes. Further information on the PECFA Program can be obtained at the address provided on [page 1 of this Offering Memorandum](#).

PLAN OF FINANCE

The State issued \$170,250,000 Petroleum Inspection Fee Revenue Bonds, 2000 Series A (**2000 Series A Bonds**) on March 2, 2000. As of the date of this Offering Memorandum, nearly all of the proceeds of the 2000 Series A Bonds have also been expended to pay claims under the PECFA Program.

Prior to issuance of the 2000 Series A Bonds, claims approved under the PECFA Program were paid with Petroleum Inspection Fees, which were not sufficient at that time to pay all approved claims. Prior to issuance of the 2000 Series A Bonds, the backlog of approved but unpaid claims was about \$200 million, up from a backlog of \$44 million that existed on June 30, 1997. The issuance of these Notes and the 2000 Series A Bonds provides economic savings to the State, since the debt service costs on the Notes and the 2000 Series A Bonds are expected to be less than the interest costs that accrue on the unpaid claims.

On April 1, 2000, approximately \$41.6 million of claims under the PECFA Program had been approved but not paid. In addition, approximately \$32.7 million of claims have been submitted and are in the process of being reviewed for approval. All approved and submitted claims may include loan interest costs, which are eligible for reimbursement.

The Wisconsin Legislature has authorized revenue obligations to be issued to pay \$270 million of claims under the PECFA Program. With the issuance of the Notes, this entire legislative authorization has been used. Any increase to this authorized amount requires further legislative action.

The State makes no representations as to the amount or timing of future claims to be submitted or approved for payment. After expending all of the Note proceeds, the State intends to pay future claims with Petroleum Inspection Fees that are in excess of the amounts required to be held by the Trustee under the provisions of the Program Resolution and any Supplemental Resolution. *In the event the Petroleum Inspection Fees available after satisfying the requirements of the Program Resolution and any Supplemental Resolution are not sufficient to pay all future claims in a timely manner, the State may, with additional legislative authorization, issue additional revenue obligations.* These additional revenue obligations may be either of the following:

- Additional Senior Bonds, which may be in various forms, including among others Variable Rate Bonds or Bond Anticipation Notes, as provided under the Program Resolution. See [“SECURITY FOR THE NOTES; Additional Senior Bonds”](#) and [“SECURITY FOR THE NOTES; Variable Rate Take-Out Capacity Test”](#).
- Bonds that are subordinate to the Senior Bonds.

SECURITY FOR THE NOTES

General

The Notes are issued pursuant to the Program Resolution and the 2000 Notes Supplemental Resolution. The source of payment for interest due on the Notes is different than the expected source of payment for principal of the Notes.

Interest payments on the Notes are on a parity with the payments on the 2000 Series A Bonds and any additional parity Bonds that may be issued under the Program Resolution (which are collectively referred to as the **Senior Bonds**) and are payable from Petroleum Inspection Fees deposited into the Redemption Fund created for the Senior Bonds. Certain other obligations, such as swap payments, may be incurred on parity with the Senior Bonds.

Principal on the Notes is payable from any of the following sources:

- Proceeds of additional Notes, sometimes referred to as “roll-over Notes”, that are issued to provide payment of previously issued Notes.
- Proceeds of Bonds that may be issued to refund any outstanding Notes. The Building Commission, simultaneously with the authorization of the Notes, has already authorized the issuance of Senior Bonds to refund the Notes.
- Other money on deposit from time to time in the Junior Subordinate Principal Account created by the Program Resolution. Although the Petroleum Inspection Fees are pledged to payment of both principal and interest on the Notes, the payment of principal is subordinate to the payment of Senior Bonds. Moreover, deposits of Petroleum Inspection Fees into the Junior Subordinate Principal Account are entirely at the State’s discretion prior to default by the State in the payment of principal on the Extended Maturity Date of the Notes. Even after any default, the available deposits would likely be insufficient to provide for the timely payment of the principal of the Notes. See “**SECURITY FOR THE NOTES; Funds and Accounts**” and “**SECURITY FOR THE NOTES; Deposits into Junior Subordinate Principal Account**”.
- Any other funds made available by the State for this purpose.

The Notes are revenue obligations of the State. The State is not generally liable for the Notes, and the Notes shall not be a public debt of the State for any purpose whatsoever.

*If payment of principal of and interest on a Note does not occur on the Original Maturity Date (as described herein), the State then has the option to extend the maturity date of a Note. The option to extend the maturity exists solely in case there is a disruption in liquidity and not for the purpose of gaining an interest rate advantage. See “**THE NOTES; Extension of Maturity Date**”.*

The Senior Bonds, Notes, and other revenue obligations, however designated, that are issued under the Program Resolution and payable in whole or in part from the Petroleum Inspection Fees, are collectively referred to as the **Bonds**.

Petroleum Inspection Fees

Petroleum Inspection Fees are paid by suppliers on all petroleum products distributed in the State. The current rate of the Petroleum Inspection Fee is \$0.03 per gallon. The petroleum products include:

- Gasoline products, which include gasoline and gasoline-alcohol fuel blends

- Oil products, which include fuel oil, burner oil, diesel fuel oil, kerosene, and other refined oils

Natural gas and liquefied propane are not subject to the Petroleum Inspection Fee.

Collection and Deposit of Petroleum Inspection Fees.

The Petroleum Inspection Fees and other motor fuel taxes paid by suppliers are received by the State Department of Revenue by the 15th of each month, or the next business day if the 15th falls on a weekend or holiday. This is a combined payment for both Petroleum Inspection Fees and motor fuel taxes due from the suppliers for activity during the previous month. At the time the fees are remitted, there is no separation of the Petroleum Inspection Fees and other motor fuel taxes. The allocation is not known until the tax returns evidencing the payments are processed, usually within 30 to 35 days after receipt of the fees and taxes.

As an example, by about May 15 suppliers submit the amount of fees and taxes due for petroleum products shipped in the month of April. By the end of May, suppliers submit tax returns delineating the payments previously made. By about June 20, the State Department of Revenue processes the tax returns.

Due to the 30 to 35 day period between receipt of the combined fees and taxes and tabulation of the returns reporting such fees, the State Department of Revenue will transfer to the Trustee on the Revenue Payment Date an estimated portion of the current month's collection, adjusted upward or downward to reflect the tabulations from the previous month's returns. Currently, the monthly transfer, before adjustment, is \$8.8 million. The amount of this monthly transfer may be changed from time to time to reflect actual collection experience.

The State Department of Revenue has available to it the same enforcement powers relating to the collection of Petroleum Inspection Fees as it has for the collection of motor vehicle fuel taxes, including the ability to revoke suppliers' licenses, impose penalties, assess interest on late payments, and enforce criminal penalties for the failure to report or pay Petroleum Inspection Fees. Wisconsin Statutes establish the State as a preferred creditor and the fees as preferred claims in any state court action.

History of Petroleum Inspection Fees

Table 1 provides the number of gallons of petroleum products that have been inspected and were subject to the Petroleum Inspection Fee since fiscal year 1979. **Table 2** provides the number of gallons of gasoline and oil products that have been inspected since fiscal year 1995.

Table 1
Total Gallons of Petroleum Products Inspected and Charged Petroleum Inspection Fee
1979 to 1999
(Actual Basis)

Fiscal Year	Total Gallons Inspected	% Increase (Decrease) From Previous Year
1979	3,803,809,150	4.49%
1980	3,348,799,850	(11.96)
1981	3,050,479,850	(8.91)
1982	2,961,559,050	(2.91)
1983	2,841,628,350	(4.05)
1984	2,976,804,150	4.76
1985	2,972,360,950	(0.15)
1986	3,056,385,750	2.83
1987	3,065,786,550	0.31
1988	3,173,206,200	3.50
1989	3,210,139,550	1.16
1990	3,227,476,450	0.54
1991	3,180,472,450	(1.46)
1992	3,213,011,750	1.02
1993	3,261,833,100	1.52
1994	3,393,473,050	4.04
1995	3,376,822,650	(0.49)
1996	3,486,947,828	3.26
1997	3,466,068,221	(0.60)
1998	3,567,409,357	2.92
1999	3,673,141,195	2.96

Source: Wisconsin Department of Commerce and Legislative Fiscal Bureau.

Table 2
Gallons Inspected Per Petroleum Product and
Charged Petroleum Inspection Fee
1995 to 1999
(Actual Basis)

Fiscal Year	Total Gallons of Gasoline Products	% Increase (Decrease)	Total Gallons of	% Increase (Decrease)
	Inspected	From Previous Year	Oil Products Inspected	From Previous Year
1995	2,293,592,150	0.27%	1,083,230,500	(2.07)
1996	2,342,177,191	2.12	1,144,770,637	5.68
1997	2,337,339,029	(0.21)	1,128,729,192	(1.40)
1998	2,427,213,162	3.85	1,140,196,194	1.02
1999	2,485,279,200	2.39	1,187,861,995	4.18

Source: Wisconsin Department of Commerce and Legislative Fiscal Bureau.

The total amount of Petroleum Inspection Fees collected for the past five fiscal years are summarized in [Table 3](#). The annual percentage change in the amount of collected Petroleum Inspection Fees in Table 3 may not correlate to the annual percentage change in the number of gallons inspected in Table 1. This is due to many reasons, among others are (1) the collected

Petroleum Inspection Fees are reported on an accrual basis while the amount of inspected gallons is reported on an actual fiscal year basis, and (2) allowable adjustments to and refunds from the collected Petroleum Inspection Fees.

Table 3
Total Petroleum Inspection Fees
1995 to 1999
(Amounts in Millions; Accrual Basis)

<u>Fiscal Year</u> <u>(June 30)</u>	<u>Total</u>	<u>% Increase (Decrease)</u> <u>From Previous Year</u>
1995	\$101.2	3.83%
1996	104.9	3.66
1997	105.8	0.84
1998	103.8	(1.81)
1999	110.7	6.65

Source: Wisconsin Comprehensive Annual Financial Reports, 1995-1999

Table 4 provides the maximum, average, and minimum monthly amount of collected Petroleum Inspection Fees for the past five fiscal years. The maximum, average, and minimum monthly amounts in Table 4 may not correlate to the annual amount of collected Petroleum Inspection Fees in Table 3. This is due to the annual amounts being reported on an accrual basis while the minimum, average, and maximum amounts are reported on a cash basis.

Table 4
Maximum, Average, and Minimum Monthly Collection
Petroleum Inspection Fees
1995 to 1999
(Amounts in Millions; Cash Basis)

<u>Fiscal Year</u> <u>(June 30)</u>	<u>Maximum</u> <u>Monthly Amount</u>	<u>Average</u> <u>Monthly Amount</u>	<u>Minimum</u> <u>Monthly Amount</u>
1995	\$10.0	\$8.4	\$6.5
1996	11.3	9.1	7.4
1997	9.4	8.7	7.8
1998	9.8	8.9	7.5
1999	10.5	9.2	7.5

Source: Wisconsin Department of Commerce and Wisconsin Department of Revenue

Diminished usage of petroleum products will reduce the amount of collected Petroleum Inspection Fees. Diminished usage might occur, for example, due to reduced production of oil, higher prices for petroleum products, usage of alternate fuels, or reduced need for fuels.

Funds and Accounts

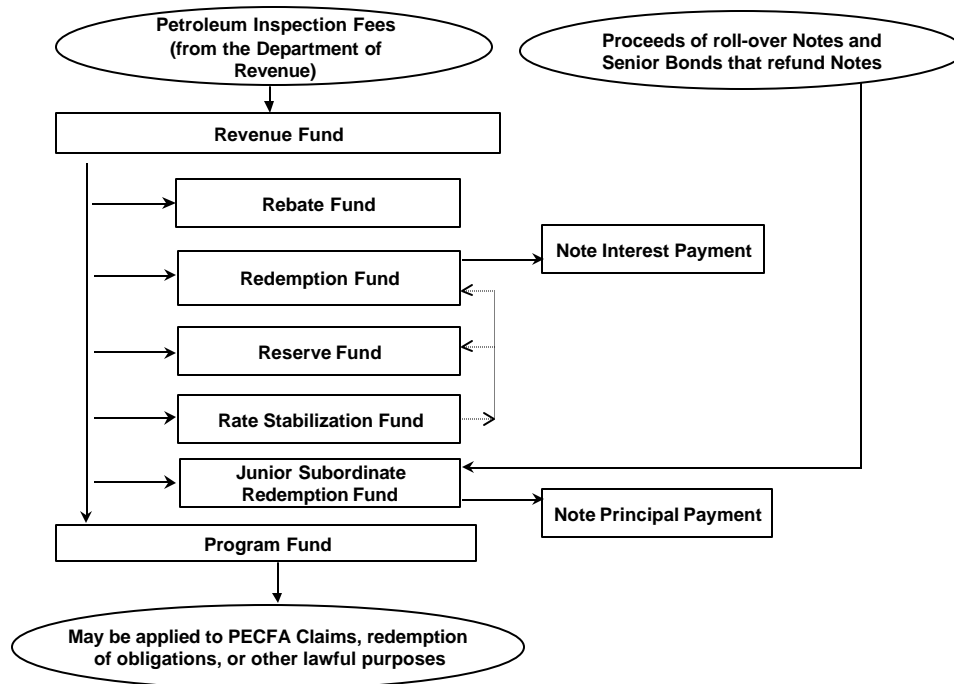
In accordance with the Program Resolution, Petroleum Inspection Fees received by the Trustee on each Revenue Payment Date in the Revenue Fund are deemed to be revenues of the Trustee and, in general, through deposits in the Funds and Accounts, are applied in the following order:

- To pay arbitrage rebate, if any, due on any Outstanding Bonds

- To pay interest on all Outstanding Senior Bonds and other parity obligations, including the Notes (amounts for payment of interest on the Notes are further transferred to an Interest Subaccount, held by the Issuing and Paying Agent)
- To pay the principal and redemption price, if any, of all Outstanding Senior Bonds, and other parity obligations, as the same become due
- To maintain the Debt Service Reserve Requirement, if any, in the Reserve Fund
- To make any deposits, at the State’s discretion, into the Rate Stabilization Fund
- To make deposits, at the State’s discretion or if required, into the Junior Subordinate Redemption Fund (amounts for payment of principal on the Notes are further transferred to a Junior Subordinate Principal Account, held by the Issuing and Paying Agent). See **“SECURITY FOR THE NOTES; Deposits into Junior Subordinate Principal Account”**.
- To pay any expenses payable from the Program Fund

The following chart depicts the flow of various funds with respect to the Notes.

The Program Resolution permits the issuance of Subordinate Bonds, which would have a pledge of Petroleum Inspection Fees that is subordinate to the pledge provided the Senior Bonds yet



senior to the pledge provided the Junior Subordinate Bonds.

The pledge of the Petroleum Inspection Fees remains effective until all Bonds, which by definition include the Notes, issued under the Program Resolution are fully paid in accordance with their terms. All Petroleum Inspection Fees deposited with the Trustee on each Revenue Payment Date in excess of the amounts required above are transferred at the direction of and to the State for deposit in the Petroleum Inspection Fund and become free of the pledge.

Deposits into Interest Account of Redemption Fund

To provide for the estimated payment of interest that is due on the Notes, the Trustee will make periodic deposits to the Interest Account of the Redemption Fund, as directed by the State or as outlined in the 2000 Notes Supplemental Resolution, in amounts estimated to be sufficient to provide for the payment of interest on the Notes. The Trustee will be further directed to transfer such amounts to the Interest Subaccount created for the Notes, which is held by the Issuing and Paying Agent.

Deposits into Junior Subordinate Principal Account

The Program Resolution creates a Junior Subordinate Principal Account. Proceeds of roll-over Notes, or Bonds issued to refund the then Outstanding Notes, are required to be deposited directly into the Junior Subordinate Principal Account. The Junior Subordinate Principal Account is held by the Issuing and Paying Agent.

Required Deposits of Petroleum Inspection Fees

Deposits of Petroleum Inspection Fees into the Junior Subordinate Principal Account are required to be made only if there is a default by the State in the payment of principal on any Note on its Extended Maturity Date. The Trustee is required from that time forward to make transfers from the Revenue Fund to the Junior Subordinate Principal Account to aggregate the full amount due to holders of the Notes. The amount of these transfers are limited to the amount of Petroleum Inspection Fees deposited into the Revenue Fund and not transferred to Funds and Accounts that are senior to that of the Junior Subordinate Principal Account. See **Table 4** for a summary of the monthly maximum, average, and minimum amounts of collected Petroleum Inspection Fees for the past five fiscal years and **“SECURITY FOR THE NOTES; Debt Service on Outstanding Senior Bonds”**.

Discretionary Deposits of Petroleum Inspection Fees

At the State’s discretion, deposits may be made at any time into the Junior Subordinate Principal Account. These deposits may occur from Petroleum Inspection Fees deposited into the Revenue Fund and transferred to the Junior Subordinate Principal Account or from appropriations that may be made by the State as provided for in State law. These deposits may amortize the outstanding principal balance of Notes while the Notes are outstanding.

Non-Impairment Clause

The State pledges and agrees with the holders of the Bonds that the State will not take any action that would limit or alter the ability of the State to fulfill the terms of its agreements (made in the Program Resolution or in the Bonds) with the holders of Bonds, nor impair the rights and remedies of the holders of the Bonds, while the Bonds are Outstanding.

The Wisconsin Statutes also establish the recognition by the Legislature of its moral obligation that, if the Legislature were to reduce the rate of the Petroleum Inspection Fee and if the Petroleum Inspection Fees were insufficient to pay debt service on the Bonds when due, the Legislature shall make an appropriation from the general fund sufficient to pay such debt service. In the opinion of Bond Counsel, this is not a legally enforceable obligation.

Additional Senior Bonds

Additional Senior Bonds, which may be in various forms, including among others Variable Rate Bonds or Bond Anticipation Notes (such as the Notes), may be issued under the Program Resolution if the additional bonds test is met. Key elements of the additional bonds test are described below. When applicable, the additional bonds test requires that the Debt Service

Coverage Ratio be not less than 2.0. The Debt Service Coverage Ratio is Projected Annual Revenues divided by the Maximum Annual Debt Service.

The following are descriptions for Projected Annual Revenues and Maximum Annual Debt Service as such terms are used in the additional bonds test. See **APPENDIX B** for a complete definition of these or other capitalized terms used in this Offering Memorandum.

- *Projected Annual Revenues* are the largest amount of Petroleum Inspection Fees collected in any twelve consecutive months during the eighteen most recent months for which such information is available. If legislation changes the rate of the Petroleum Inspection Fee, the changed rate will be assumed to be in effect for all months included in calculating Projected Annual Revenues.
- *Maximum Annual Debt Service* is the maximum amount of Debt Service for the current and any future Fiscal Year. In determining compliance with the additional bonds test, the following assumptions will be made:
 - Variable Rate Bonds will be assumed to bear interest at a rate of The Bond Buyer Revenue Bond Index plus 3%.
 - Bond Anticipation Notes (such as the Notes) will be assumed to be refunded by the related authorized Senior Bonds and such Senior Bonds shall be assumed to bear interest at a rate of The Bond Buyer Revenue Bond Index plus 3% and mature not more than 20 years after the original issuance date of the Bond Anticipation Notes.
 - Amounts of principal or interest payable on a particular date will not be included to the extent payable from amounts held by the Trustee, including but not limited to amounts deposited in an Escrow Account in the Redemption Fund or the Capitalized Interest Account.
 - Subordinate, Junior Subordinate, cancelled, or defeased Bonds will not be included.

Refunding of Notes by Senior Bonds

The additional bonds test described above must be met prior to the initial issuance of the Notes *but compliance with the additional bonds test is not required with respect to the issuance of Senior Bonds to refund the Notes*. In calculating the additional bonds test for the Notes, it is assumed that the entire amount of Notes authorized in a Supplemental Resolution are issued. If Senior Bonds are issued to refund the Notes, under certain circumstances (including among others a decline in Petroleum Inspection Fees or an increase in interest rates), the Projected Annual Revenues at that time may be less than 2.0 times Maximum Annual Debt Service. However, as long as the Notes are Outstanding, the State is required to perform monthly a Variable Rate Take-Out Capacity Test. See “**SECURITY FOR THE NOTES; Variable Rate Take-Out Capacity Test**”.

Variable Rate Take-Out Capacity Test

Upon issuance of the Notes, and whenever Variable Rate Debt (which includes the Notes) is Outstanding under the Program Resolution, the State will, by the 15th day of each month, provide the Trustee with the results of a Variable Rate Take-Out Capacity Test. Key terms for completing the Variable Rate Take-Out Capacity Test are described below. See **APPENDIX B** for a complete definition of these or other capitalized terms used in this Offering Memorandum.

- *Variable Rate Take-Out Capacity* means the present value (discounted semi-annually on a 30/360 basis at an annual rate equal to The Bond Buyer Revenue Bond Index plus 3%) of the net revenue stream that would be available after the collection of 50% of the Projected Monthly Revenues (being, for purposes of this test only, the average of the twelve most recent months for which Petroleum Inspection Fee collection information is available) in each of the next 240 succeeding months and after the payment of debt service due in each such month with respect to all Outstanding Senior Bonds which do not constitute Variable Rate Debt.
- *Variable Rate Debt* includes (1) all Senior Variable Rate Bonds and Senior Bond Anticipation Notes (such as the Notes), and (2) includes any Principal Amount of Bonds with respect to the which the State shall have entered into Senior Swap Agreements that have the effect of shifting the State's fixed-rate liability to a variable-rate liability.
- *Variable Rate Debt Exposure* means the Outstanding amount of Variable Rate Debt, less the balance in the Principal Account that is allocable to Variable Rate Debt, and less the balance of the Rate Stabilization Fund.

Using present value calculations, the test estimates the maximum amount of Variable Rate Debt that, if Outstanding, could be refunded by Senior Bonds while maintaining a Debt Service Coverage Ratio of 2.0. This test then compares the Variable Rate Take-Out Capacity with the Variable Rate Debt Exposure. For purposes of this test, any Senior Bonds assumed to refund Variable Rate Debt are assumed to be repaid within 20 years from the date the Variable Rate Take-Out Capacity Test is completed and bear interest at a rate of The Bond Buyer Revenue Bond Index plus 3%.

Meeting the Variable Rate Take-Out Capacity Test is not a condition to issuing any Bonds.

If the monthly Variable Rate Take-Out Capacity Test shows that the Variable Rate Take-Out Capacity is equal to or exceeds the Variable Rate Debt Exposure, the State is only required to provide the Trustee with the results of the test. However, if the monthly test shows that the Variable Rate Take-Out Capacity is less than the Variable Rate Debt Exposure, then the State will be deemed to have failed the Variable Rate Takeout Capacity Test and is required under the Program Resolution to:

- Immediately notify the Trustee and each Rating Agency.
- Submit to the Trustee and each Rating Agency, within 45 days after the test date, a plan to cause the Variable Rate Take-Out Capacity to equal or exceed the Variable Rate Debt Exposure within 90 days following the test date. If at any subsequent time the State is able to demonstrate that the Variable Rate Take-Out Capacity is equal to or exceeds the Variable Rate Exposure, any of the above requirements arising from the failure of a previous Variable Rate Takeout Capacity Test no longer apply.

Failure to meet the Variable Rate Take-Out Capacity Test or failure to implement a submitted plan are not Events of Default under the Program Resolution. Accordingly, the Trustee has no enforcement power with respect to such occurrences. Failure to submit the completed test or any required plan to the Trustee does not constitute an Event of Default; however, if the failure is not corrected within 30 days of any notice from the Trustee, it then constitutes an Event of Default under the Program Resolution.

Reserve Fund

The Program Resolution creates a Reserve Fund, which is available if there is any deficiency in the Redemption Fund and is used solely for the payment when due of principal of and interest on the Senior Bonds and other parity obligations. The Reserve Fund Requirement is an amount equal to the greatest amount established by a Supplemental Resolution. There is no Reserve Fund Requirement for the 2000 Series A Bonds or the Notes.

Rate Stabilization Fund

The Program Resolution creates a Rate Stabilization Fund to which the State may direct that deposits be made from time to time. The deposits made to the Rate Stabilization Fund are solely at the State’s discretion and direction, and amounts in the Rate Stabilization Fund may be withdrawn at any time by the State. Amounts withdrawn from the Rate Stabilization Fund at the State’s discretion must first be deposited in the Redemption Fund. However, if there is a deficiency in the Redemption Fund for payment when due of principal of and interest on the Senior Bonds, the Trustee will first use moneys in the Rate Stabilization Fund before any Reserve Fund moneys for the payment of any principal and interest on the Senior Bonds.

Program Resolution

APPENDIX C includes additional information about certain provisions of the Program Resolution, including a summary of the Funds and Accounts.

Debt Service on Outstanding Senior Bonds

The following provides the annual debt service amounts, as of May 2, 2000, on Outstanding Senior Bonds.

Year (July 1)	Principal	Interest	Total Annual Debt Service
2000	\$ 1,750,000	\$ 3,202,336	\$ 4,952,336
2001		9,600,240	9,600,240
2002	11,440,000	9,600,240	21,040,240
2003	12,070,000	8,971,040	21,041,040
2004	12,735,000	8,307,190	21,042,190
2005	13,495,000	7,543,090	21,038,090
2006	14,305,000	6,733,390	21,038,390
2007	15,115,000	5,926,378	21,041,378
2008	15,980,000	5,057,265	21,037,265
2009	16,885,000	4,152,415	21,037,415
2010	17,800,000	3,240,625	21,040,625
2011	18,790,000	2,247,125	21,037,125
2012	<u>19,885,000</u>	<u>1,153,675</u>	<u>21,038,675</u>
Totals	<u>\$ 170,250,000</u>	<u>\$ 75,735,009</u>	<u>\$ 245,985,009</u>

THE NOTES

Note Program

The Notes are issued under the State of Wisconsin’s Petroleum Inspection Fee Revenue Extendible Municipal Commercial Paper Program (**Note Program**).

The State has appointed Goldman, Sachs & Co. and Merrill Lynch & Co. to serve as **Dealers** for the Notes. The State has appointed U.S. Bank Trust National Association to serve as **Issuing and Paying Agent** and **Registrar** for the Notes. Inquiries to the Issuing and Paying Agent may be directed to:

Contact: U.S. Bank Trust National Association
Address: 100 Wall Street, FLR 16
New York, NY 10005
Phone: (212) 361-2459
Telefax: (212) 809-5459
E-mail: kumarie.kumar@usbank.com

The State has appointed The Depository Trust Company (DTC) to serve as **Securities Depository** for the Notes.

The Bank of New York is the trustee for the Petroleum Inspection Fee Revenue Obligation Program (**Trustee**). Inquiries to the Trustee may be directed to:

Contact: BNY Trust Company of Missouri
Address: 911 Washington Avenue
St. Louis, MO 63101
Phone: (314) 613-8256
Telefax: (314) 613-8227
E-mail: bbrown@bankofny.com

Subject to legislative authorization that increases the authorized amount and any other conditions contained within the Program Resolution, the Building Commission may adopt additional Supplemental Resolutions authorizing the issuance of additional Notes.

General

The sources for payment of principal of and interest on the Notes are described in “SECURITY FOR THE NOTES; General”.

If payment of principal and interest does not occur on the Original Maturity Date, the State has the option to extend the maturity date of a Note. The option to extend the maturity exists solely in case there is a disruption in liquidity and not for the purpose of gaining an interest rate advantage. See “THE NOTES; Extension of Maturity Date” for a description of the State’s option to extend the maturity date.

Description of the Notes

Each Note will be dated the date it is issued. It will be issued as an interest-bearing obligation in a denomination of \$100,000 or increments of \$1,000 above \$100,000. Each Note will be issued in book-entry form through the book-entry system of the Securities Depository. Interest is computed on the basis of a year having 365 or 366 days and the actual number of days elapsed (actual/actual basis). Payment of principal of and interest on each Note will be made to the Securities Depository and then distributed by the Securities Depository.

Each Note will mature on its **Original Maturity Date**, which may range from 1 to 180 days from its original issue date, unless the State exercises its option to extend the maturity date. In that case the Note will mature on the **Extended Maturity Date**, which will be the date that is 270 days after its original issue date.

Each Note will bear interest from its original issue date until the Original Maturity Date at the rate determined on the original issue date, payable on the Original Maturity Date, unless the maturity date is extended, in which case interest will be paid on the date described below. If the State exercises its option to extend the maturity date of a Note, the Note will bear interest after the Original Maturity Date at the Reset Rate and payable on the dates described below.

Extension of Maturity Date

The State will notify the Issuing and Paying Agent by 12:30 p.m. (New York time) if the maturity date of a Note is to be extended. The Issuing and Paying Agent will then by 1:00 p.m. (New York time) contact DTC and provide notice that the maturity date of that Note is being extended. It is the responsibility of DTC, and not the State, to then provide this notice to DTC's Direct Participants. Notwithstanding the foregoing, if payment of the principal of and interest on a Note does not occur on its Original Maturity Date, the maturity of such Note shall be deemed to be extended to its Extended Maturity Date. In no event shall an extension of a maturity for a Note constitute a default or breach of any covenant in the Program Resolution or the 2000 Notes Supplemental Resolution.

If the maturity date of a Note is extended, accrued but unpaid interest to the Original Maturity Date will not be paid on the Original Maturity Date but will be payable on the following date (or any earlier redemption date):

- (1) if the Original Maturity Date is before the 15th day of the month, interest will next be payable on the first **Business Day** (which is a day on which banks located in the city that the Principal Office of the Issuing and Paying Agent, any other Fiduciary, and Dealers are located are not required or authorized by law or executive order to close for business and a day the New York Stock Exchange is not closed) of the next month, or
- (2) if the Original Maturity Date is on or after the 15th day of the month, interest will next be payable on the first Business Day of the second succeeding month after the Original Maturity Date (for example, if the Original Maturity Date is May 14, the first interest payment will be the first Business Day of June, and if the Original Maturity Date is May 15, the first interest payment will be the first Business Day of July).

The Note will bear interest from the Original Maturity Date at the **Reset Rate** and will be payable first on the date described above and thereafter, on the first Business Day of each month and on any redemption date or the Extended Maturity Date.

The Reset Rate will be a rate of interest per annum determined by the following formula:

$$(1.35 \times BMA) + E$$

As used in the formula, the *BMA* variable will be The Bond Market Association Municipal Swap Index, which is calculated weekly and released each Wednesday afternoon, effective Thursday. The *E* variable will be a fixed percentage rate expressed in basis points that is determined based on the ratings assigned to the Notes (**Prevailing Ratings**), as follows:

Prevailing Ratings			
<u>Fitch IBCA, Inc.</u>	<u>Moody's Investors Service, Inc.</u>	<u>Standard & Poor's Ratings Services</u>	<u>E Variable</u>
F-1+	P-1	A-1+	100 basis points
F-1	–	A-1	150
F-2	P-2	A-2	200
F-3	P-3	A-3	300
Lower than F-3 (or rating discontinued)	Lower than P-3 (or rating discontinued)	Lower than A-3 (or rating discontinued)	400

Pursuant to the 2000 Notes Supplemental Resolution, if at any time any rating agency announces that a lower rating is under consideration for the Notes, then the Prevailing Rating from such rating agency will not be the rating then assigned to the Notes; rather it will be the next lower rating of such rating agency. If the Prevailing Ratings would indicate different *E* variables as a result of split ratings assigned to the Notes, the *E* variable will be the arithmetic average of those indicated by the Prevailing Ratings.

The Reset Rate applicable to a Note will be determined weekly by the Issuing and Paying Agent based on the *BMA* variable and the Prevailing Ratings as of 11:00 a.m. (New York time) on its Original Maturity Date and each Thursday thereafter and will apply through the following Wednesday.

Redemption of Notes

A Note is not subject to redemption before its Original Maturity Date. In the event the State exercises its option to extend the maturity of a Note, a Note may be redeemed after its Original Maturity Date, in whole but not in part, at the option of the State on any date at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest to the date of payment.

To exercise its redemption option, the State will provide not less than 5 nor more than 25 calendar days' notice to the Issuing and Paying Agent. The Issuing and Paying Agent will notify DTC of the Notes to be redeemed.

Rule 2a-7 Compliance

A legal memorandum prepared for the Dealers by Hale & Dorr LLP indicates that the structure of the Notes is consistent with the maturity requirements of Rule 2a-7 under the Investment Company Act of 1940 and would not preclude a money market fund from determining that the Notes are eligible securities under Rule 2a-7.

Ratings

At the State's request, several rating agencies have rated the Note Program or the Notes:

<u>Rating</u>	<u>Rating Agency</u>
F-1+	Fitch IBCA, Inc.
P-1	Moody's Investors Service, Inc.
A-1+	Standard & Poor's Ratings Services

Also at the State's request, several rating agencies have rated the 2000 Series A Bonds. The State ultimately expects to issue Senior Bonds, which will be on a parity with the 2000 Series A

Bonds, to refund the then outstanding Notes. The following are the ratings on the 2000 Series A Bonds:

<u>Rating</u>	<u>Rating Agency</u>
AA-	Fitch IBCA, Inc.
Aa3	Moody's Investors Service, Inc.
AA-	Standard & Poor's Ratings Services

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 a security will be maintained for any period of time. A rating may be lowered or withdrawn entirely by the rating service if, in its judgment, circumstances so warrant. Any downgrade or withdrawal of a rating may have an adverse effect on the market price of the security.

Acceleration Upon Default in Payment

In the event of the occurrence of any default by the State in the payment of principal of or interest on any Note on the Extended Maturity Date and the continuance of this default in payment for five Business Days, the principal sum of all Notes (together with any accrued and unpaid interest) shall become, without any notice or demand, immediately due and payable.

A default in the due and punctual payment of interest on any Note constitutes an Event of Default under the Program Resolution. See **"SUMMARY OF CERTAIN PROVISIONS OF THE PROGRAM RESOLUTION; Events of Default"** in APPENDIX C.

Book-Entry System

DTC will act as Securities Depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered master note certificate covering the Notes has been issued and deposited with the Issuing and Paying Agent as the agent for 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. DTC holds securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**) (the Indirect Participants and Direct Participants are collectively referred to as **Participants**). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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

To facilitate subsequent transfers, all Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Notes 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 Notes; DTC records reflect only the identity of the Direct Participants to whose accounts such Notes 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.

Neither DTC nor Cede & Co. will consent or vote with respect to the Notes. 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on 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 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 DTC, the State, or the Issuing and Paying Agent, 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 State or the Issuing and Paying Agent, and 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 Notes at any time by giving reasonable notice to the State or the Issuing and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Note 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, Note 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, the Issuing and Paying Agent, or the Dealers that DTC, Direct Participants and Indirect Participants will promptly transfer payments or notices received

with respect to the Notes. The State assumes 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 Notes.

Similarly, no assurance can be given by the State, the Issuing and Paying Agent, or the Dealers 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.

ISSUING AND PAYING AGENT

The Issuing and Paying Agent holds the Note Redemption Accounts and is responsible for certain other duties outlined in this Offering Memorandum.

Note Redemption Accounts

The Note Redemption Accounts are the Interest Subaccount of the Interest Account in the Redemption Fund and the Junior Subordinate Principal Account in the Junior Subordinate Redemption Fund. See “**SECURITY FOR THE NOTES; Deposits into Interest Subaccount of the Redemption Fund**” and “**SECURITY FOR THE NOTES; Deposits into Junior Subordinate Principal Account**”. Moneys held in the Note Redemption Accounts may be invested in Permitted Investments. Amounts deposited in the Note Redemption Accounts will be spent within a thirteen-month period beginning on the date of deposit, and amounts received from investments of moneys held in the Note Redemption Accounts will be spent within a one-year period beginning on the date of receipt. The State will have no legal or equitable interest in the amounts on deposit in the Note Redemption Accounts or in any proceeds of any investment of the Note Redemption Accounts, except as provided in the Program Resolution and 2000 Notes Supplemental Resolution.

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 development of the Petroleum Inspection Fee Revenue Obligations financing program, plan of financing, and structure of the Notes, and reviewed certain legal and disclosure documents, including this Offering Memorandum.

LEGAL OPINION

Legal matters incident to the authorization, issuance, and sale of the Notes are subject to the approval of Foley & Lardner, **Bond Counsel**. Bond Counsel will deliver an approving opinion on the date of issue of the Notes, in substantially the form shown in **APPENDIX D**.

As required by law, the Attorney General will examine a certified copy of all proceedings leading to issuance of the Notes. The Attorney General will deliver an opinion on the regularity and validity of the proceedings.

TAX EXEMPTION

Federal Tax Law

In the opinion of Bond Counsel, under existing law, the interest on the Notes is excluded from gross income for federal income tax purposes and the interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; it should be noted, however, that with respect to corporations (as defined for federal income tax purposes),

such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations.

The opinions described in the preceding paragraph are subject to the condition that the State comply with all requirements of the Internal Revenue Code of 1986, as amended (**Code**), and other federal tax legislation, that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The State has covenanted to comply with each such requirement to the extent it may lawfully do so. Failure to comply with certain of such requirements may cause interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes. The proceedings authorizing the Notes do not provide for an increase in interest rates or a redemption of the Notes in the event of taxability.

The Code contains numerous provisions which could affect the economic value of the Notes to particular Note owners. The following are some examples:

- Section 265 of the Code denies a deduction for interest on any indebtedness incurred or continued to purchase or carry the Notes or, in the case of financial institutions, that portion of an owner's interest expense allocable to interest on the Notes.
- Property and casualty insurance companies will be required in each taxable year to reduce the amount of their deductible losses by 15% of the amount of tax-exempt interest received or accrued during such taxable year, including interest on the Notes, and life insurance companies are subject to similar provisions under which taxable income is increased by reason of receipt or accrual of tax-exempt interest.
- Interest on the Notes earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code.
- Passive investment income, including interest on the Notes, may be subject to federal income taxation under Section 1375 of the Code for S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of the S corporation is passive investment income.
- Section 86 of the Code requires certain recipients of social security and railroad retirement benefits to include a portion of such benefits in gross income by reason of receipt or accrual of interest on the Notes.

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

State Tax Law

Interest on the Notes is subject to State of Wisconsin income and franchise taxes. Investors should consult their own tax advisors with respect to the state and local tax consequences of owning a Note.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Notes, to provide an annual report, containing certain financial information and operating data relating to the State (**Annual Report**), not later than 180 days following the close of the State's fiscal year, to each nationally recognized municipal securities information repository (**NRMSIR**) and to the state information depository (**SID**), if any, and to provide notices of occurrence of certain events specified in the Rule to each NRMSIR or the Municipal Securities Rulemaking Board (**MSRB**) and the SID, if any. As of the date of this Offering Memorandum, no SID has been established.

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

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street
P.O. Box 7864
Madison, WI 53707-7864
capfin@doa.state.wi.us

www.doa.state.wi.us/debf/scf1.htm

The undertaking also describes the consequences of any failure to provide the required information. The undertaking requires that a failure to provide the required information must be reported to the NRMSIRS or the MSRB, and to any SID. In the last five years, there has been no failure to comply in any material respect with a similar undertaking by the State.

Certain statements in this Offering Memorandum involve matters of opinion or estimates and are not intended as representations of fact. Material referred to in this Offering Memorandum, including information available on the World Wide Web, is not part of this Offering Memorandum unless expressly included by reference. This Offering Memorandum is not a contract between the State and the purchaser or owner of any of the Notes.

This Offering Memorandum has been prepared only for use in connection with the offering of the Notes by the Dealers. It may not be reproduced or used in whole or in part for any other purpose, except with express permission.

Dated: May 2, 2000

STATE OF WISCONSIN

/s/ TOMMY G. THOMPSON

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

/s/ GEORGE LIGHTBOURN

George Lightbourn, Secretary
State of Wisconsin Department of Administration

/s/ ROBERT BRANDHERM

Robert Brandherm, Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT THE STATE

This appendix includes information concerning the State of Wisconsin (**State**). [Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 1999 \(1999 Annual Report\)](#) is included by reference as part of this APPENDIX A.

[Part II to the 1999 Annual Report](#) contains general information about the State. More specifically, that part presents information on the following matters:

- State's operations and financial procedures
- State's accounting and financial reporting
- Organization and description of services provided by the State
- Results of fiscal year 1998-99
- State budget
- Obligations of the State
- State Investment Board
- Statistical information about the State's population, income and employment

Included as [APPENDIX A to Part II](#) are the audited general purpose financial statements for the fiscal year ending June 30, 1999, 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.

The 1999 Annual Report has been filed with each nationally recognized municipal securities information repository (NRMSIR). As of the date of this Official Statement, the 1999 Annual Report can be found on the world wide web at:

www.doa.state.wi.us/debf/capfin/annreport/99condis.htm

After publication and filing of the 1999 Annual Report, certain changes or events have occurred that affect items discussed in the 1999 Annual Report. Listed below, by reference to particular sections of the 1999 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.

State Budget (page 34). Add the following:

On January 24, 2000, the Legislative Fiscal Bureau provided revised general-fund estimates for the 1999-2000 and 2000-2001 fiscal years, taking into account economic forecasts and actual tax collections and expenditures. The revised estimates show the following differences from estimates used in the 1999-2001 biennial budget and the sales tax rebate signed into law on November 16, 1999:

- 1999-2000 general-fund tax collections are now estimated to be \$145.3 million greater at \$10.793 billion.

- 2000-2001 general-fund tax collections are now estimated to be \$271.9 million greater at \$10.599 billion.
- Departmental revenues (non-tax receipts) are now estimated to be \$25.5 million lower.
- Net expenditures are now estimated to be \$27.6 million greater.

Potential Effect of Litigation; Assessment of Taxes for Railroads (page 37). Amend with the following:

Recently, the Wisconsin Court of Appeals decided against the State in this case. The State currently expects that it will incur a liability of approximately \$22 million. This liability will be payable, with interest, unless this case is reversed on the appeal that the State will make to the Wisconsin Supreme Court.

Table II-5; State Budget–All Funds (Page 35). Replace the table with the following, which now reflects the Governor’s actions on the biennial budget:

State Budget–All Funds^(a)

	Actual ^(b) <u>1998-99</u>	<u>Budget 1998-99</u>	<u>Budget 1999-2000</u>	<u>Budget 2000-2001</u>
RECEIPTS				
Fund Balance from Prior Year	\$ 552,311,000	\$ 352,243,400	\$ 701,293,000	\$ 550,993,800
Tax Revenue				
Individual Income	5,162,239,000	5,052,400,000	5,795,065,000	5,343,763,400 ^(c)
General Sales and Use	3,284,695,000	3,134,030,000	3,443,143,500	3,623,801,900 ^(d)
Corporate Franchise and Income	635,203,000	654,700,000	645,703,200	639,562,400 ^(e)
Public Utilities	287,085,000	272,600,000	244,105,000	219,950,000
Excise				
Cigarette/Tobacco Products	266,817,000	268,900,000	247,575,000	242,600,000 ^(f)
Liquor and Wine	32,941,000	32,300,000	33,000,000	33,500,000
Malt Beverage	9,163,000	9,500,000	9,300,000	9,300,000 ^(g)
Inheritance, Estate & Gift	116,898,000	55,000,000	90,000,000	70,000,000
Insurance Company	97,045,000	95,000,000	84,000,000	86,000,000 ^(h)
Other	1,089,833,000 ⁽ⁱ⁾	88,237,500 ⁽ⁱ⁾	56,113,400 ⁽ⁱ⁾	58,613,400 ⁽ⁱ⁾
Subtotal	<u>10,981,919,000</u>	<u>9,662,667,500</u>	<u>10,648,005,100</u>	<u>10,327,091,100</u>
Nontax Revenue				
Departmental Revenue	\$ 158,390,000	\$ 151,226,600	\$ 252,555,800	\$ 182,585,200
Tobacco Settlement	NA	NA	185,031,900	148,984,800
Total Federal Aids	3,774,415,000	4,339,196,600	5,073,553,400	4,677,447,800
Total Prorated Revenue	2,358,405,000	2,353,325,400	2,647,370,200	2,720,533,400
Total Sequestered Funds	3,542,902,000	2,229,010,500	2,275,227,200	2,290,799,300
Fund Transfers In	NA	NA	64,000,000	NA
Road Authority	490,003,000	430,000,000	458,000,000	400,000,000
Employee Benefit Contributions ⁽ⁱ⁾	<u>6,794,183,000</u>	<u>4,840,878,164</u>	<u>6,612,282,700</u>	<u>7,051,394,300</u>
Subtotal	<u>17,118,298,000</u>	<u>14,343,637,264</u>	<u>17,568,021,200</u>	<u>17,471,744,800</u>
Total Available.....	<u>\$ 28,652,528,000</u>	<u>\$ 24,358,548,164</u>	<u>\$ 28,917,319,300</u>	<u>\$ 28,349,829,700</u>
DISBURSEMENTS AND RESERVES				
Commerce	\$ 367,656,000	\$ 390,029,300	\$ 416,377,800	\$ 417,404,800
Education	7,537,266,000	7,332,883,400	7,857,071,000	8,211,025,300
Environmental Resources	2,494,198,000	2,183,076,800	2,480,489,400	2,427,967,200
Human Relations and Resources	6,579,235,000	6,120,171,500	6,841,230,700	6,695,265,900
General Executive	3,283,685,000	613,160,900	672,909,000	668,691,900
Judicial	95,431,000	90,209,800	101,242,400	101,739,000
Legislative	58,081,000	55,994,700	60,239,300	58,829,900
General Appropriations	2,547,602,000	2,012,329,700	2,882,274,900	2,168,380,400
General Obligation Bond Program	401,345,000	430,000,000	458,000,000	400,000,000
Employee Benefit Payments ⁽ⁱ⁾	1,934,678,000	2,019,386,350	2,504,993,800	2,695,311,400
Reserve for Employee Benefit Payments ⁽ⁱ⁾	<u>4,859,505,000</u>	<u>2,821,491,814</u>	<u>4,107,288,900</u>	<u>4,356,082,900</u>
Subtotal	<u>30,158,682,000</u>	<u>24,068,734,264</u>	<u>28,382,117,200</u>	<u>28,200,698,700</u>
Less: (Inases)	NA	(60,255,000)	(95,891,700)	(118,987,100)
Compensation Reserves	NA	66,338,400	56,100,000	117,750,000
Required Statutory Balance	NA	99,426,600	113,717,800	134,139,300
Fund Transfers Out	NA	166,108,600	23,500,000	NA
Other	NA	NA	500,000	NA
Change in Continuum Balance	<u>(2,218,980,000)</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>
Total Disbursements & Reserves.....	<u>\$ 27,939,702,000</u>	<u>\$ 24,340,352,864</u>	<u>\$ 28,480,043,300</u>	<u>\$ 28,333,600,900</u>
Fund Balance	\$ 712,826,000	\$ 18,195,300	\$ 437,276,000	\$ 16,228,800
Undesignated Balance	\$ 701,293,000	\$ 117,621,900	\$ 550,993,800	\$ 150,368,100

(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) The decrease results from budgeted tax reductions becoming effective
 (d) The decrease results from budgeted tax changes that produce one-time effects in the first fiscal year
 (e) The decrease results from the continued effect of prior years tax changes
 (f) The decrease results from an anticipated decline in consumption
 (g) The decrease results from an expected one-time collection in the 1999-2000 fiscal year
 (h) The budgets do not include taxes collected for segregated funds. The largest such tax is the motor fuel tax. The State collected \$797 million of motor fuel taxes in the 1998-99 fiscal year. The 1998-99 budget includes revenues expected to be collected from a tax amnesty program
 (i) State law separates the accounting of employee 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 in the 1999 Annual Report.

Source: Wisconsin Department of Administration.

Table II-6; State Budget–General Fund (Page 36). Replace the table with the following, which now reflects the Governor’s actions on the biennial budget:

State Budget–General Fund^(a)

	Actual ^(b)			
	<u>1998-99</u>	<u>Budget 1998-99</u>	<u>Budget 1999-2000</u>	<u>Budget 2000-2001</u>
RECEIPTS				
Fund Balance from Prior Year	\$ 552,311,000	\$ 352,243,400	\$ 701,293,000	\$ 550,993,800
Tax Revenue				
State Taxes Deposited to General Fund				
Individual Income	5,162,239,000	5,052,400,000	5,795,065,000	5,343,763,400 ^(c)
General Sales and Use	3,284,695,000	3,134,030,000	3,443,143,500	3,623,801,900 ^(d)
Corporate Franchise and Income	635,203,000	654,700,000	645,703,200	639,562,400 ^(e)
Public Utility	287,085,000	272,600,000	244,105,000	219,950,000 ^(e)
Excise				
Cigarette/Tobacco Products	266,817,000	268,900,000	247,575,000	242,600,000 ^(f)
Liquor and Wine	32,941,000	32,300,000	33,000,000	33,500,000
Malt Beverage	9,163,000	9,500,000	9,300,000	9,300,000 ^(g)
Inheritance, Estate & Gift	116,898,000	55,000,000	90,000,000	70,000,000
Insurance Company	97,045,000	95,000,000	84,000,000	86,000,000
Other	<u>69,243,000</u>	<u>88,237,500</u> ^(h)	<u>56,113,400</u>	<u>58,613,400</u>
Subtotal	9,961,329,000	9,662,667,500	10,648,005,100	10,327,091,100
Nontax Revenue				
Departmental Revenue.....	158,390,000	151,226,600	\$ 252,555,800	\$ 182,585,200
Tobacco Settlement	NA	NA	185,031,900	148,984,800
Program Revenue-Federal	3,774,415,000	3,929,984,000	4,450,884,500	4,105,179,800
Program Revenue-Other	2,358,405,000	2,353,325,400	2,647,370,200	2,720,533,400
Fund Transfers In	<u>NA</u>	<u>NA</u>	<u>64,000,000</u>	<u>NA</u>
Subtotal	<u>6,291,210,000</u>	<u>6,434,536,000</u>	<u>7,509,842,400</u>	<u>7,157,283,200</u>
Total Available.....	<u>\$ 16,804,850,000</u>	<u>\$ 16,449,446,900</u>	<u>\$ 18,949,140,500</u>	<u>\$ 18,035,368,100</u>
DISBURSEMENTS AND RESERVES				
Commerce	\$ 199,054,000	\$ 195,817,600	216,422,000	221,753,100
Education	7,228,129,000	7,185,455,400	7,795,022,700	8,151,560,200
Environmental Resources	244,061,000	239,024,700	258,472,200	260,085,700
Human Relations and Resources	5,829,545,000	6,013,539,700	6,676,189,200	6,505,112,000
General Executive	523,088,000	533,306,400	633,904,200	568,969,200
Judicial	95,074,000	89,565,900	100,584,600	101,081,200
Legislative	58,081,000	55,994,700	60,239,300	58,829,900
General Appropriations	<u>1,921,555,000</u>	<u>1,846,928,600</u>	<u>2,673,104,200</u>	<u>2,018,845,800</u>
Subtotal	16,098,587,000	16,159,633,000	18,413,938,400	17,886,237,100
Less: (Lesses)	NA	(60,255,000)	(95,891,700)	(118,987,100)
Compensation Reserves	NA	66,338,400	56,100,000	117,750,000
Required Statutory Balance	NA	99,426,600	113,717,800	134,139,300
Fund Transfers Out	NA	166,108,600	23,500,000	NA
Other.....	NA	NA	500,000	NA
Changes in Continuing Balance	<u>(6,563,000)</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>
Total Disbursements & Reserves.....	<u>\$ 16,092,024,000</u>	<u>\$ 16,431,251,600</u>	<u>18,511,864,500</u>	<u>18,019,139,300</u>
Fund Balance.....	\$ 712,826,000	\$ 18,195,300	\$ 437,276,000	\$ 16,228,800
Undesignated Balance	\$ 701,293,000	\$ 117,621,900	\$ 550,993,800	\$ 150,368,100

- (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) The decrease results from budgeted tax reductions becoming effective
- (d) The decrease results from budgeted tax changes that produce one-time effects in the first fiscal year
- (e) The decrease results from the continued effect of prior years tax changes
- (f) The decrease results from an anticipated decline in consumption
- (g) The decrease results from an expected one-time collection in the 1999-2000 fiscal year
- (h) The 1998-99 budget included revenues expected to be collected from a tax amnesty program

Source: Wisconsin Department of Administration.

Table II-9; General Fund Monthly Position (Page 45). Replace the table with the following:

GENERAL FUND MONTHLY CASH POSITION
July 1, 1997 through March 31, 2000 ^¾ Actual
April 1, 2000 through June 30, 2000 ^¾ Estimated^(a)
 (Amounts in Thousands)

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts^(b)</u>	<u>Disbursements^(b)</u>
1997	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	1,535,006	2,240,138
	July.....	442,704	1,641,655	1,750,960
	August.....	333,399	1,200,704	803,188
	September.....	730,915	1,607,957	1,283,254
	October.....	1,055,618	1,267,513	1,035,960
	November.....	1,287,171	1,408,782	1,619,285
	December.....	1,076,668	1,333,433	1,878,358
1999	January.....	531,743	1,745,237	953,828
	February.....	1,323,152	1,267,106	1,107,154
	March.....	1,483,104	1,491,320	2,232,696
	April.....	741,728	1,648,520	1,185,032
	May.....	1,205,216	1,488,763	1,027,762
	June.....	1,666,217	1,541,035	2,470,983
	July.....	736,269	1,441,009	1,836,987
	August.....	340,291	1,308,849	868,154
	September.....	780,986	1,547,229	1,292,942
	October.....	1,035,273	1,331,192	1,031,907
	November.....	1,334,558	1,433,801	1,794,197
	December.....	974,162	1,449,618	1,987,753
2000	January.....	436,027	2,095,798	1,693,313
	February.....	838,512	1,544,207	1,240,280
	March.....	1,142,439	1,526,625	2,143,437
	April.....	525,627	1,741,973	1,168,149
	May.....	1,099,451	1,469,664	1,177,424
	June.....	1,391,691	1,701,292	2,584,593

^(a) The monthly receipt and disbursement projections for April 1, 2000 through June 30, 2000 are based on estimates provided by the Division of Executive Budget and Finance.

^(b) The receipt amounts shown in July 1997–1998 include the proceeds received at closing for the respective operating notes. See “OTHER OBLIGATIONS; Operating Notes” in the [1999 Annual Report](#). The disbursement amounts shown for February, March, April and May 1998–1999 include impoundment payments required in connection with the operating notes. No operating notes were issued in the 1999–2000 fiscal year.

Source: Wisconsin Department of Administration.

Table II-11; Revenues Deposited to the General Fund (Page 47). Replace the table with the following:

REVENUES DEPOSITED TO THE GENERAL FUND^(a)
July 1, 1999 to March 31, 2000 compared with previous year
(Unaudited)

	Actual Receipts 1998-99 FY ^(b)	Projected Receipts 1999-2000 FY	Actual Receipts July 1, 1998 to March 31, 1999	Actual Receipts July 1, 1999 to March 31, 2000
Individual Income Tax	\$ 5,162,239,000	\$ 5,795,065,000	\$ 3,411,682,757	\$ 3,700,900,330
General Sales and Use Tax	3,284,695,000	3,443,143,500	2,112,305,910	2,293,110,136
Corporate Franchise and Income Tax	635,203,000	645,703,200	463,721,271	480,702,064
Public Utility Taxes	287,085,000	244,105,000	143,822,013	162,179,190
Excise Taxes	308,921,000	289,875,000	205,219,609	198,274,456
Inheritance Taxes	116,898,000	90,000,000	99,795,368	118,118,869
Miscellaneous Taxes	<u>166,288,000</u>	<u>140,113,400</u>	<u>84,903,718</u>	<u>91,358,746</u>
TOTAL	9,961,329,000	10,648,005,100	6,521,450,646	7,044,643,791
Federal Receipts	3,774,415,000	4,454,261,000	2,777,482,900	2,967,261,687
Dedicated and Other Revenues ^(c)	<u>2,516,795,000</u>	<u>3,152,112,400</u>	<u>2,024,020,779</u> ^(d)	<u>2,316,938,782</u> ^(d)
TOTAL	<u>\$16,252,539,000</u>	<u>\$18,254,378,500</u>	<u>\$ 11,322,954,325</u>	<u>\$ 12,328,844,260</u>

(a) The amounts shown are based on the statutory accounting basis and not on GAAP. See "ACCOUNTING AND FINANCIAL REPORTING" in the [1999 Annual Report](#).

(b) The amounts shown are the sum of all revenues for fiscal year 1998-99 based on the data used in the preparation of the [Annual Fiscal Report, Budgetary Basis, for the year ending June 30, 1999](#).

(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 \$350 million principal amount in fiscal year 1998-99 from the sale of operating notes. No operating notes were issued in the 1999-2000 fiscal year.

Source: Wisconsin Department of Administration.

Table II-12; General Fund Expenditures by Function (Page 48). Replace the table with the following:

**GENERAL FUND EXPENDITURES BY FUNCTION^(a)
July 1, 1999 to March 31, 2000 compared with previous year
(Unaudited)**

	Actual Expenditures <u>1998-99 FY^(b)</u>	Appropriations <u>1999-2000 FY</u>	Actual Expenditures July 1, 1998 to <u>March 31, 1999</u>	Actual Expenditures July 1, 1999 to <u>March 31, 2000</u>
Commerce.....	\$ 199,054,000	\$ 216,422,000	\$ 140,526,285	\$ 148,062,118
Education.....	7,228,129,000	7,795,022,700	5,115,069,565	5,458,098,074
Environmental Resources.....	244,061,000	258,472,200	209,608,745	218,059,529
Human Relations & Resources.....	5,829,545,000	6,676,189,200	4,206,965,657	4,443,842,702
General Executive.....	523,088,000	633,904,200	387,060,152	473,453,472
Judicial.....	95,074,000	100,584,600	75,284,120	79,848,648
Legislative.....	58,081,000	60,239,300	39,804,849	42,936,902
General Appropriations.....	<u>1,921,555,000</u>	<u>2,673,104,200</u>	<u>1,658,519,462</u>	<u>2,366,351,676</u>
TOTAL.....	<u>\$ 16,098,587,000</u>	<u>\$ 18,413,938,400</u>	<u>\$ 11,832,838,835</u>	<u>\$ 13,230,653,121</u>

(a) The amounts shown are based on the statutory accounting basis and not on GAAP. See "ACCOUNTING AND FINANCIAL REPORTING" in the [1999 Annual Report](#).

(b) The amounts shown are the sum of all expenditures for fiscal year 1998-99 based on the data used in the preparation of the [Annual Fiscal Report, Budgetary Basis, for the year ending June 30, 1999](#).

Source: Wisconsin Department of Administration.

APPENDIX B

DEFINITIONS OF CERTAIN TERMS

“*2000 Series A Bonds*” means the \$170,250,000 Petroleum Inspection Fee Revenue Bonds, 2000 Series A, issued on March 2, 2000.

“*2000 Notes Supplemental Resolution*” means 2000 State of Wisconsin Building Commission Resolution 6, adopted on May 2, 2000.

“*Account*” means any of the accounts in the Funds.

“*Acting Beneficiaries Upon Default*” means:

- for purposes of Section 8.02 of the Program Resolution concerning acceleration of maturity, the Holders of not less than the specified percentage of the aggregate Principal Amount of Senior Bonds Outstanding if Senior Bonds are Outstanding and otherwise the Holders of not less than the specified percentage of the most senior class of Bonds Outstanding, and
- for all other purposes under the Program Resolution, any Senior Other Beneficiary or the Holders of not less than the specified percentage of the aggregate Principal Amount of Senior Bonds Outstanding if Senior Bonds or Senior Other Obligations are Outstanding and otherwise the Holders of not less than the specified percentage of Bonds of the most senior class of any Bonds or Other Obligations of which are Outstanding and Other Beneficiary of such class.

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

“*Authorized Department Representative*” means any person at the time designated to act on behalf of the Department by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Department by the Secretary of the Department, and also includes the Secretary.

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

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

“*Beneficiary*” means any Holder of Bonds, any Swap Counterparty, and any Credit Facility Provider.

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

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

“*Bonds*” means revenue obligations of the State, however designated and whether Senior, Subordinate, or Junior Subordinate, that are issued pursuant to this Program Resolution and payable, in whole or in part, from the Petroleum Inspection Fees and does not include Bond Anticipation Notes that are payable solely from the proceeds of Bonds authorized in a Supplemental Resolution.

“*The Bond Buyer Revenue Bond Index*” means the 25-Bond Revenue Bond Index as published by The Bond Buyer.

“*Book-Entry System*” means a book-entry system established and operated for the recordation of Beneficial Owners of Bonds.

“*Building Commission*” means the State of Wisconsin Building Commission.

“*Business Day*” or “*business day*” means, with respect to any series of Bonds, a day on which (a) banks located in the city in which the Principal Office of any Fiduciary with responsibilities for that series of Bonds is located are not required or authorized by law or executive order to close for business, and (b) the New York Stock Exchange is not closed; *provided*, that a Supplemental Resolution may provide for a different meaning with respect to Bonds of any series issued pursuant thereto.

“*Capitalized Interest Account*” means the Capitalized Interest Account created within the Proceeds Fund.

“*Claims Account*” means the Claims Account created within the Proceeds Fund.

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

“*Counterparty Swap Payment*” means a payment due to or received by the State from a Swap Counterparty pursuant to a Swap Agreement (including, but not limited to, payments in respect of any early termination of such Swap Agreement) and amounts received by the State under any related Swap Counterparty Guaranty.

“*Credit Enhancement Facility*” means, if and to the extent provided for in a Supplemental Resolution, with respect to Bonds of one or more series, (1) an insurance policy insuring, or a letter of credit, surety bond, or other guaranty providing a direct or indirect source of funds for, the payment of principal of and interest on such Bonds (but not necessarily principal due upon acceleration of maturity) or (2) a letter of credit, standby purchase agreement, or similar instrument, providing for the purchase of such Bonds (or the Beneficial Ownership Interests therein) on a Tender Date, and in either case, all agreements entered into by the State or the Trustee and the Credit Facility Provider with respect thereto.

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

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

- Any Variable Rate Bonds shall, for any future period for which the actual interest rate is not known on the date of determination (that is, on the date on which Debt Service is being calculated), be assumed to bear interest at the Projected Interest Rate.
- All Outstanding Bond Anticipation Notes shall be assumed to be funded at or before the stated maturity thereof, and all Bond Anticipation Notes which have been authorized by a Supplemental Resolution but not yet issued shall be assumed to be issued and immediately funded on the date of determination, in each case by the issuance of Senior Refunding Bonds bearing interest at the Projected Interest Rate and maturing according to such amortization schedule as the State may determine; *provided* that the final maturity must not be later than 20 years from the original issuance of the Bond Anticipation Notes.
- Amounts of principal or interest due on a particular date shall be excluded from the determination of Debt Service to the extent that such amounts are payable from amounts deposited in trust, escrowed, or otherwise set aside for the payment thereof with the Trustee or another Person approved by the Trustee (including, without limitation, amounts in an Escrow Account established in the Redemption Fund or amounts in the Capitalized Interest Account of the Proceeds Fund).
- State Swap Payments, Counterparty Swap Payments, and payments with respect to Credit Enhancement Facilities shall be determined based upon such assumptions as may be set forth in the Supplemental Resolution authorizing the related Swap Agreement or the Credit Enhancement Facility, as the case may be, or in a State Certificate provided to the Trustee with respect to such Swap Agreement or Credit Enhancement Facility.
- For purposes of applying the additional bonds test in connection with the issuance of Refunding Bonds, the proceeds of such Refunding Bonds shall be assumed to have been applied on their issuance date for the purposes provided in the Supplemental Resolution authorizing such Refunding Bonds.
- Except to the extent provided in a Supplemental Resolution to provide for a subordinate class of Bonds or other obligations with respect to the determination of Debt Service for purposes of limitations relating to Subordinate Bonds or Subordinate Other Obligations, debt service payments with respect to Subordinate Bonds and Other Obligations shall not be taken into account.

“Debt Service Coverage Ratio” means the ratio of Projected Annual Revenues to Maximum Annual Debt Service.

“Department” means the State of Wisconsin Department of Commerce.

“Escrow Account” means a separate and distinct Account created within the Redemption Fund hereof in connection with the defeasance of any Bonds.

“Event of Default” means one of the events described as such in the Program Resolution.

“Extended Maturity Date” means, for each Bond designated as a Note, the date that is 270 days after the original issue date.

“Federal Securities” means noncallable, direct obligations of the United States of America.

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

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

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

“Holder” means the registered owner of any Bond (which shall be the Securities Depository Nominee so long as a Book-Entry System is being used), as shown on the registration books of the State maintained by the Registrar, except that to the extent and for the purposes provided in a Supplemental Resolution for a series of Bonds (including, without limitation, for purposes of the definition of “Acting Beneficiaries Upon Default”), a Credit Facility Provider that has delivered a Credit Enhancement Facility with respect to such series of Bonds may instead be treated as the Holder of the Bonds of such series.

“Independent Counsel” means an Independent Person duly admitted to practice law before the highest court of any state of the United States of America or the highest court of the District of Columbia, or with respect to opinions relating to the law of a country other than the United States of America, an Independent Person duly admitted to the practice of law in such country. Unless specifically otherwise provided, any opinion of Independent Counsel required by this Program Resolution shall be in writing.

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

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

“Interest Account” means the Interest Account created within the Redemption Fund.

“Interest Payment Date” means any date on which interest is due on any Bond pursuant to this Resolution.

“Interest Subaccount” means the Interest Subaccount of the Interest Account of the Redemption Fund, created by the 2000 Notes Supplemental Resolution and held by the Issuing and Paying Agent.

“Issuance and Administrative Account” means the Issuance and Administrative Account created within the Proceeds Fund.

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

“Issuing and Paying Agent” means, for purposes of the Notes, the issuing and paying agent for the Notes as appointed by the 2000 Notes Supplemental Resolution.

“Junior Subordinate” means, a junior subordinate class of Bonds or Other Obligations that is subordinate to Senior Bonds and to Subordinate Bonds, (1) when used with respect to a Bond, a Bond of a series designated as such pursuant to the Supplemental Resolution pursuant to which such series of Bonds is issued, (2) when used with respect to a Credit Enhancement Facility, a Credit Enhancement Facility designated as such pursuant to the Supplemental Resolution pursuant to which such Credit Enhancement Facility is obtained by the State, and (3) when used with respect to a Swap Agreement, a Swap Agreement designated as such pursuant to the Supplemental Resolution pursuant to which such Swap Agreement is obtained by the State.

“Junior Subordinate Principal Account” means the Junior Subordinate Principal Account created within the Junior Subordinate Redemption Fund.

“Junior Subordinate Redemption Fund” means the Junior Subordinate Redemption Fund created under the Program Resolution.

“*Master Bond*” means one or more Bonds registered in the name of the Securities Depository Nominee, which shall cover all maturities of Bonds identified in the records of the State as being so covered.

“*Maximum Annual Debt Service*” means, as of the date of determination, the maximum annual Debt Service, as computed for the then current or any future Fiscal Year.

“*Notes*” or “*Note*” means, collectively, the State of Wisconsin Petroleum Inspection Fee Revenue Extendible Municipal Commercial Paper of all series issued pursuant to the 2000 Notes Supplemental Resolution

“*Note Redemption Accounts*” means the Interest Subaccount and the Junior Subordinate Principal Account.

“*Original Maturity Date*” means, for each Bond designated as a Note, the date that is from 1 to 180 days from the original issue date, specified as such in the confirmation sent to the Holder of the Note.

“*Other Beneficiary*” shall mean a Person who is a Beneficiary of an Other Obligation.

“*Other Obligation*” shall mean the State’s obligations to pay any amounts under any Swap Agreements and any Credit Enhancement Facilities.

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

- Bonds which have been canceled by the Registrar at or before such date or which have been delivered to the Registrar at or before such date for cancellation;
- Bonds deemed to be paid because their payment has been provided for;
- Bonds in lieu of which other Bonds have been authenticated;
- Bonds not surrendered for payment when due (unless the State shall default in the payment thereof); and
- Bonds which are otherwise not treated as Outstanding pursuant to the terms of the Supplemental Resolution providing for their issuance; and

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

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

“*Paying Agent*” means an agent of the State designated by or on behalf of the Building Commission to process payments to Holders of the Bonds.

“*PECFA Program*” means the Petroleum Environmental Cleanup Fund Award Program, which is a petroleum storage remedial program provided for in the Wisconsin Statutes.

“*Permitted Investments*” means any of the following:

- Direct obligations of the United States and of agencies of and corporations wholly owned by the United States, and direct obligations of federal land banks, federal home loan banks, central bank for cooperatives and banks for cooperatives, international bank for reconstruction and development, the international finance corporation, inter-American development bank, African development bank and Asian development bank, in each case maturing within one year or less from the date of investment;

- Commercial paper maturing within one year or less from the date of investment and rated prime by the national credit office, if the issuing corporation has one or more long-term senior debt issues outstanding, each of which has one of the three highest ratings issued by Moody's Investors Service Inc., Standard & Poor's Ratings Services, or Fitch IBCA;
- Certificates of deposit maturing within one year or less from the date of investment, issued by banks, credit unions, savings banks or savings and loan associations located in the United States and having capital and surplus of at least \$40,000,000; and
- Any other investment permitted by law, so long as each Rating Agency shall have confirmed that no outstanding ratings on any of the Outstanding Unenhanced Bonds will be reduced or withdrawn as a result of such investment, as evidenced by written confirmations thereof delivered from each Rating Agency, or if no Unenhanced Bonds are then Outstanding, but Other Obligations are Outstanding, the Beneficiaries holding such Other Obligations consent to such investment, as evidenced in writing to the Trustee by each such Beneficiary.

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

"*Petroleum Inspection Fees*" means the fees imposed under Section 168.12 (l) of the Wisconsin Statutes, the payments under Section 101.143 (4) (h) Im. of the Wisconsin Statutes, the payments under Section 101.143 (5) (a) of the Wisconsin Statutes, and the net recoveries under Section 101.143 (5) (c) of the Wisconsin Statutes.

"*Petroleum Inspection Fund*" means the separate nonlapsible trust fund created under Section 25.47, Wisconsin Statutes, which includes all the funds and accounts created under this Program Resolution and a separate fund held in the state treasury.

"*Principal Account*" means the Principal Account created within the Redemption Fund.

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

"*Principal Office*" means, with respect to any Fiduciary, the office which may be designated as such, from time to time, by the Fiduciary in writing to the State and (in the case of any Fiduciary which is not the Trustee) to the Trustee.

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

"*Proceeds Fund*" means the Proceeds Fund created under the Program Resolution.

"*Program Expense Account*" means the Program Expense Account created within the Program Fund.

"*Program Fund*" means the Program Fund created under the Program Resolution.

"*Program Resolution*" means the Program Resolution for State of Wisconsin Petroleum Inspection Fee Revenue Obligations, as adopted by the Building Commission on January 19, 2000, as amended and restated by the 2000 Notes Supplemental Resolution, together with any and all Supplemental Resolutions.

“Projected Annual Revenues” means the largest amount of Petroleum Inspection Fees collected in any twelve consecutive months during the eighteen most recent months for which such information is available; *provided*, that if, as a result of legislation enacted prior to the time of determination, the rate of the Petroleum Inspection Fee for any future month will be higher or lower than the rate of Petroleum Inspection Fee in effect for any corresponding prior month, *“Projected Annual Revenues”* shall be adjusted to take such change into account.

“Projected Interest Rate” means the sum of the Bond Buyer Revenue Bond Index, as most recently compiled and published in *The Bond Buyer* as of the date of determination, plus 3% per annum, or if such index is no longer published, *“Projected Interest Rate”* shall mean an interest rate determined in such alternate manner as the State may establish by State Certificate or Supplemental Resolution; *provided*, that each Rating Agency shall have confirmed that no outstanding ratings on any of the Outstanding Unenhanced Bonds will be reduced or withdrawn as a result of the use of such alternate manner of determination, as evidenced by written confirmations thereof delivered from each Rating Agency, or if no Unenhanced Bonds are then Outstanding, but Other Obligations are Outstanding, the Beneficiaries holding such Other Obligations consent to the use of such alternate manner of determination, as evidenced in writing by each such Beneficiary.

“Rate Stabilization Fund” means the Rate Stabilization Fund created under the Program Resolution.

“Rating Agency” means, at any time, any nationally recognized securities rating agency which is then maintaining a rating on the Bonds at the request of the State. *“Rating Agency”* includes the successors and assigns of such agency.

“Rebate Fund” means the Rebate Fund created under the Program Resolution.

“Redemption Date” means the date fixed for redemption of any Bond pursuant to this Resolution.

“Redemption Fund” means the Redemption Fund created under the Program Resolution.

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

“Registrar” means the State Treasurer or an agent of the State designated by or on behalf of the State Treasurer to maintain the registration books for the Bonds.

“Reserve Fund” means the Reserve Fund created under the Program Resolution.

“Reserve Fund Requirement” means, at any time, an amount equal to the greatest amount established as such in any Supplemental Resolution, which may be expressed as a percentage of Outstanding Bonds, as a stated dollar amount, or in any other manner. In calculating the Reserve Fund Requirement, all Bonds to be redeemed or defeased by a series of Refunding Bonds shall be deemed not Outstanding as of the date of calculation.

“Revenue Fund” means the Revenue Fund created under the Program Resolution.

“Revenue Payment Date” shall mean each Business Day on which Petroleum Revenue Fees are received by the Trustee.

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

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

“*Senior*” (1) after the adoption of a Supplemental Resolution hereof to provide for the creation of a subordinate class of Bonds or Other Obligations, means (a) when used with respect to a Bond, a Bond of a series designated (or deemed to have been designated) as such pursuant to the Supplemental Resolution pursuant to which such series of Bonds is issued, (b) when used with respect to a Credit Enhancement Facility, a Credit Enhancement Facility designated (or deemed to have been designated) as such pursuant to the Supplemental Resolution pursuant to which such Credit Enhancement Facility is obtained by the State, and (c) when used with respect to a Swap Agreement, a Swap Agreement designated (or deemed to have been designated) as such pursuant to the Supplemental Resolution pursuant to which such Swap Agreement is obtained by the State, and (2) prior to the adoption of such a Supplemental Resolution, means, when used with respect to a Bond or an Other Obligation, any Bond or Other Obligation.

“*Senior Variable Rate Debt*” means Variable Rate Debt.

“*Senior Variable Rate Debt Exposure*” means Variable Rate Debt Exposure.

“*Serial Bonds*” means all Bonds other than Term Bonds.

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

“*State*” means the State of Wisconsin.

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

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

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

“*Subordinate*” means, after the adoption of a Supplemental Resolution to provide for the creation of a subordinate class of Bonds or Other Obligations that is subordinate to Senior Bonds and prior to Junior Subordinate Bonds, (1) when used with respect to a Bond, a Bond of a series designated as such pursuant to the Supplemental Resolution pursuant to which such series of Bonds is issued, (2) when used with respect to a Credit Enhancement Facility, a Credit Enhancement Facility designated as such pursuant to the Supplemental Resolution pursuant to which such Credit Enhancement Facility is obtained by the State, and (3) when used with respect to a Swap Agreement, a Swap Agreement designated as such pursuant to the Supplemental Resolution pursuant to which such Swap Agreement is obtained by the State.

“*Supplemental Resolution*” means a resolution adopted by the Building Commission to supplement or amend the Program Resolution.

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

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

“*Swap Counterparty Guaranty*” means a guaranty in favor of the State given in connection with the execution and delivery of a Swap Agreement under this Program Resolution.

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

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

“*Trustee*” means The Bank of New York or the entity designated by or on behalf of the Building Commission to have custody of the Funds and Accounts and to perform such other duties as may be required of the Trustee under this Program Resolution or any Supplemental Resolution.

“*Unenhanced Bond*” means a Bond the payment of the principal of and interest on which is not provided for or secured by a Credit Enhancement Facility.

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

“*Variable Rate Debt*” means (1) all Senior Variable Rate Bonds and Senior Bond Anticipation Notes, and (2) includes any Principal Amount of Bonds with respect to the which the State shall have entered into Senior Swap Agreements that have the effect of shifting the State’s fixed rate liability to a variable rate liability.

“*Variable Rate Debt Exposure*” means the difference, if any, of (1) the actual aggregate Outstanding Principal Amount of Variable Rate Debt, less (2) the sum of the balance in the Principal Account allocable to Variable Rate Debt plus the balance of the Rate Stabilization Fund.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE PROGRAM RESOLUTION

Certain provisions of the Program Resolution are summarized below. Reference should be made to the complete Program Resolution for a full and complete statement of its provisions. A copy of the Program Resolution may be obtained by contacting the State at the address provided on [page 1 of this Official Statement](#).

Additional Senior Bonds

The State may issue additional Senior Bonds, upon compliance with certain conditions, including, in some instances, meeting the additional bonds test. In the case of Bond Anticipation Notes, the conditions need be met only on the first date of issuance of any of the Bond Anticipation Notes authorized under the Supplemental Resolution providing for such Bond Anticipation Notes. These conditions include the following:

- Immediately after issuance, there cannot be a deficiency in the Reserve Fund.
- Except with respect to the issuance of Refunding Bonds issued to fund Bond Anticipation Notes that are also Bonds, the State must certify that, as of the date of issuance, the Debt Service Coverage Ratio will be at least 2 to 1; *provided*, that in connection with the issuance of Refunding Bonds, the State may instead certify that the issuance of the Refunding Bonds will not increase Maximum Annual Debt Service.

For this purpose:

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

- Any Variable Rate Bonds shall, for any future period for which the actual interest rate is not known on the date of determination (that is, on the date on which Debt Service is being calculated), be assumed to bear interest at the Projected Interest Rate.
- All Outstanding Bond Anticipation Notes shall be assumed to be funded at or before the stated maturity thereof, and all Bond Anticipation Notes which have been authorized by a Supplemental Resolution but not yet issued shall be assumed to be issued and immediately funded on the date of determination, in each case by the issuance of Senior Refunding Bonds bearing interest at the Projected Interest Rate and maturing according to such amortization schedule as the State may determine; *provided* that the final maturity must not be later than 20 years from the original issuance of the Bond Anticipation Notes.
- Amounts of principal or interest due on a particular date shall be excluded from the determination of Debt Service to the extent that such amounts are payable from amounts deposited in trust, escrowed, or otherwise set aside for the payment thereof with the Trustee or another Person approved by the Trustee (including, without

limitation, amounts in an Escrow Account established in the Redemption Fund or amounts in the Capitalized Interest Account of the Proceeds Fund).

- State Swap Payments, Counterparty Swap Payments, and payments with respect to Credit Enhancement Facilities shall be determined based upon such assumptions as may be set forth in the Supplemental Resolution authorizing the related Swap Agreement or the Credit Enhancement Facility, as the case may be, or in a State Certificate provided to the Trustee with respect to such Swap Agreement or Credit Enhancement Facility.
- For purposes of applying the additional bonds test in connection with the issuance of Refunding Bonds, the proceeds of such Refunding Bonds shall be assumed to have been applied on their issuance date for the purposes provided in the Supplemental Resolution authorizing such Refunding Bonds.
- Except to the extent provided in a Supplemental Resolution adopted to provide for the issuance of Subordinate Bonds, with respect to the determination of Debt Service for purposes of limitations relating to Subordinate Bonds or Subordinate Other Obligations, debt service payments with respect to Subordinate Bonds and Other Obligations shall not be taken into account.

“Debt Service Coverage Ratio” means the ratio of Projected Annual Revenues to Maximum Annual Debt Service.

Variable Rate Take-Out Capacity Test

On each Monthly Reporting Date while any Variable Rate Debt is Outstanding, the State shall provide to the Trustee a State Certificate setting forth the Variable Rate Take-Out Capacity and the Variable Rate Debt Exposure based on the most current available information. If the Variable Rate Take-Out Capacity is less than the Variable Rate Debt Exposure, the State agrees to (1) promptly notify the Rating Agencies of such fact, and (2) submit to the Trustee and each Rating Agency, no later than 45 days after such Monthly Reporting Date, a plan to cause the Variable Rate Take-Out Capacity to exceed the Variable Rate Debt Exposure by the third Monthly Reporting Date following the Monthly Reporting Date that made the notification and plan necessary.

For this purpose:

“Debt Service” shall, except as specifically provided, be calculated consistently with the provisions set forth above with respect to the additional bonds test.

“Monthly Reporting Date” means, in each month, a date on or before the fifteenth day of the month, as selected by an Authorized Commission Representative.

“Projected Monthly Revenues” means the average of the Petroleum Inspection Fees collected in each of the twelve most recent months for which such information is available; *provided*, that if the rate of the Petroleum Inspection Fee that will be in effect for any future month will be higher or lower than the rate of Petroleum Inspection Fee in effect for any corresponding prior month, “Projected Monthly Revenues” shall be adjusted to take such change into account.

“Senior Bond Anticipation Notes” includes all Bond Anticipation Notes for which the funding Bonds have been authorized as Senior Bonds.

“*Variable Rate Debt*” (1) includes all Senior Variable Rate Bonds and Senior Bond Anticipation Notes, and (2) includes any Principal Amount of Bonds with respect to which the State shall have entered into Senior Swap Agreements that have the effect of shifting the State’s fixed rate liability to a variable rate liability.

“*Variable Rate Take-Out Capacity*” means an amount equal to the present value of the net revenue stream that would be available after the collection of 50% of the Projected Monthly Revenues in each of the 240 succeeding months and the payment of Debt Service due in each such month with respect to all Outstanding Senior Bonds which do not constitute Variable Rate Debt (assuming the receipt of revenues and the payment of Debt Service on the first day of the month), discounted (on the basis of a 360-day year consisting of twelve 30-day months, and semi-annual compounding) using a discount rate equal to the Projected Interest Rate.

“*Variable Rate Debt Exposure*” means the difference, if any, of (1) the actual aggregate Outstanding Principal Amount of Variable Rate Debt, less (2) the sum of the balance in the Principal Account allocable to Variable Rate Debt plus the balance of the Rate Stabilization Fund.

Funds and Accounts

The Program Resolution establishes the following Funds and Accounts:

- Proceeds Fund (and within it, a Capitalized Interest Account, an Issuance and Administrative Account, and a Claims Account).
- Revenue Fund.
- Rebate Fund.
- Redemption Fund (and within it, an Interest Account and a Principal Account).
- Reserve Fund.
- Rate Stabilization Fund.
- Junior Subordinate Redemption Fund (and within it, a Junior Subordinate Principal Account).
- Program Fund (and within it, a Program Expense Account).

Proceeds Fund

Upon the delivery of any series of Bonds, the Trustee will credit to the Proceeds Fund the amount specified in the resolution authorizing the Bonds. The amounts, if any, so designated in the resolution will be credited to the Capitalized Interest Account and the Issuance and Administrative Account, respectively, and the remainder will be credited to the Claims Account.

Moneys in the Capitalized Interest Account will be applied only for the payment of interest on the Bonds. Moneys in the Issuance and Administrative Account will be applied to the payment of costs of issuance of the Bonds and administrative expenses. Moneys in the Claims Account will be applied to costs of the petroleum storage remedial action program.

Revenue Fund

The Trustee will credit all Petroleum Inspection Fees received from the Department of Revenue to the Revenue Fund. On each Revenue Payment Date, the Trustee will transfer the money so credited, as follows:

- *First*, to the Rebate Fund.
- *Second*, to the Interest Account for the payment of interest on Senior Bonds or Senior Other Obligations payable therefrom.
- *Third*, to the Principal Account for the payment of principal of Senior Bonds or the payment of Senior Other Obligations payable therefrom.
- *Fourth*, to the Reserve Fund.
- *Fifth*, to the Rate Stabilization Fund.
- *Sixth*, to the Junior Subordinate Principal Account within the Junior Subordinate Redemption Fund for the payment of principal of Junior Subordinate Bonds or the payment of Other Obligations payable therefrom.
- *Seventh*, to the Program Fund. If the Building Commission creates Funds and Accounts for Subordinate Bonds or Subordinate Other Obligations, it may apply money to Funds and Accounts established for those obligations before applying the money to the Program Fund.

The Program Resolution does permit the issuance of Subordinate Bonds, which would have a pledge of Petroleum Inspection Fees that is subordinate to the pledge provided the Senior Bonds yet senior to the pledge provided the Junior Subordinate Bonds.

Rebate Fund

The State will periodically determine, for each issue of Bonds, the arbitrage rebate liability under federal tax law. The State may specify an amount that should be held in the Rebate Account for arbitrage rebate payments. Any amount not required for arbitrage rebate payments will be transferred to the Interest Account.

If the Trustee is furnished with a written opinion of Bond Counsel to the effect that amounts held in the Rebate Fund are not needed to make arbitrage rebate payments, those amounts will be transferred to the Interest Account.

Redemption Fund

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

Interest Account

The Trustee will credit to the Interest Account any premium or accrued interest paid as part of the purchase price for a series of Senior Bonds. The Trustee will also deposit in the Interest Account:

- The portion of the sale proceeds from the State's borrowings to be used to pay interest on the Senior Bonds (unless those proceeds are deposited into an Escrow Account).
- All Counterparty Swap Payments.
- All investment earnings from money in the Redemption Fund (unless they are required to be in an Escrow Account), the Reserve Fund, the Rate Stabilization Fund, and the Junior Subordinate Redemption Fund.
- Amounts transferred, at the State's direction, from the Rate Stabilization Fund.

- Amounts transferred from the Rebate Fund.
- Other amounts required to be transferred thereto from the Funds and Accounts.

The Trustee will make periodic deposits to the credit of the Interest Account, at least 30 days before payment is due, of amounts determined or estimated to aggregate the full amount of each installment of interest which falls due upon Outstanding Senior Bonds on each regularly scheduled Interest Payment Date, and the reimbursement to all Credit Facility Providers for payments of interest on the Senior Bonds pursuant to Credit Enhancement Facilities.

If money in the Interest Account is insufficient when needed to pay the accrued interest due on the Senior Bonds, all State Swap Payments, and all reimbursements and fees payable to a Credit Facility Provider, or any portion of the purchase price of Senior Bonds to be so purchased attributable to accrued interest, the Trustee will immediately deposit to the credit of the Interest Account an amount equal to such deficiency. Each deposit required to pay the foregoing amounts shall be made by transfer from the following Funds and Accounts, in the following order of priority: the Capitalized Interest Account, the Revenue Fund, the Rate Stabilization Fund, the Reserve Fund, and the Principal Account.

If money in the Interest Account is insufficient when needed to pay amounts payable therefrom, the money shall be applied, *pro rata*, among such obligations based upon such amounts then owing to Beneficiaries and to be paid from the Interest Account.

Principal Account

With respect to each series of Senior Bonds, the Trustee will deposit to the credit of the Principal Account:

- The portion of the sale proceeds from the State's borrowings to be used to pay principal of the Senior Bonds on a Principal Payment Date (unless those proceeds are deposited into an Escrow Account).
- Amounts transferred, at the State's direction, from the Rate Stabilization Fund or the Program Fund.
- Amounts required to be transferred thereto from the Revenue Fund, the Rate Stabilization Fund, and the Reserve Fund.

To provide for the payment of each installment of principal which falls due upon Senior Serial Bonds (other than certain Bond Anticipation Notes) at the stated maturity thereof or Senior Term Bonds on a Sinking Fund Payment Date therefor, the Trustee will make periodic deposits, to aggregate the full amount of such installment at least 30 days before such payment is due. To provide for the payment of the redemption price of Senior Bonds to be redeemed on any other Redemption Date, the Trustee shall make deposits, as directed by the State, to aggregate the full amount of such redemption price at least 5 days before such redemption price is due.

Money in the Principal Account will be applied to the payment of Senior Bonds on a Principal Payment Date or for the payment of reimbursements for amounts paid under a Credit Enhancement Facility to pay principal of and premium, if any, on Senior Bonds, to such payment when due.

Each deposit required to be made to the credit of the Principal Account shall be made by transfer from the following Funds and Accounts, in the following order of priority: the Revenue Fund, the Rate Stabilization Fund, and the Reserve Fund.

When the balance in the Principal Account is not sufficient to pay all amounts payable therefrom on such date, the amounts in the account will be applied in the following order of priority: *first*, to the Interest Account; and *second*, to the payment of Senior Bonds at their stated maturity or on a Redemption Date or the reimbursement of such payments made by a Credit Facility Provider, *pro rata*, among such obligations based upon such amounts then owing to Beneficiaries.

Money in the Principal Account may also be applied to the purchase of Senior Bonds if no deficiencies exist at such time in the Interest Account, the Principal Account, or the Rebate Fund. Any such purchase will be limited to those Senior Bonds whose stated maturity or Sinking Fund Payment Date is the next succeeding Principal Payment Date.

Reserve Fund

From the proceeds of any series of Bonds or, at the option of the State, from any other available moneys under the Program Resolution, the Trustee will credit to the Reserve Fund the amount, if any, specified in a resolution providing for the issuance of a series of Bonds, such that upon issuance of such Senior Bonds, the balance in the Reserve Fund shall not be less than the Reserve Fund Requirement. There is no Reserve Fund Requirement for the 2000 Series A Bonds.

If on any Revenue Payment Date the balance in the Reserve Fund is less than the Reserve Fund Requirement, the Trustee will transfer an amount equal to the deficiency from the Revenue Fund (to the extent not required for credit to the Rebate Fund or the Redemption Fund).

Money in the Reserve Fund will be applied solely for the payment when due of principal of and interest on the Senior Bonds and amounts owing under Senior Other Obligations. It will be so applied by transfer to the Redemption Fund, if the amounts therein and available in the Revenue Fund, the Capitalized Interest Account, and the Rate Stabilization Fund are insufficient to meet the deposit required at that time. Such amounts will be applied first to interest and then to principal. Money in excess of the Reserve Fund Requirement may be applied to the payment or redemption of Senior Bonds or be transferred to the Rate Stabilization Fund or the Program Fund. At any time when the aggregate of the amounts in the Redemption Fund, the Capitalized Interest Account, the Reserve Fund, and the Rate Stabilization Fund is sufficient and available to discharge and satisfy the obligations of the State with respect to all of the Outstanding Senior Bonds and Other Senior Obligations and to make arbitrage rebate payments, such amounts will, if the State directs, be so applied.

Rate Stabilization Fund

The Trustee will credit to the Rate Stabilization Fund such amounts as the State directs, from the Revenue Fund, from the Reserve Fund, or from the Program Fund.

On any date on which the balance in the Redemption Fund (after transfers thereto from the Revenue Fund and the Capitalized Interest Account) is not sufficient to pay all amounts payable therefrom on such date, the Trustee will transfer money in the Rate Stabilization Fund, as follows:

- *First*, to the Interest Account for the payment on interest on Senior Bonds or Other Obligations payable therefrom; and
- *Second*, to the Principal Account for the payment of the principal of Senior Bonds or the payment of Other Obligations payable therefrom.

In addition, the Trustee shall transfer from the Rate Stabilization Fund to the Interest Account or the Principal Account such amounts as the State directs.

Junior Subordinate Redemption Fund

The Trustee, or another Fiduciary if directed by a Supplemental Resolution, shall deposit to the credit of the Junior Subordinate Principal Account that portion of the proceeds from the sale of the State's bonds, notes or other evidences of indebtedness, if any, to be used to pay principal of the Junior Subordinate Bonds on a Principal Payment Date (unless those proceeds are deposited into an Escrow Account) or other funds provided by the State.

To provide for the payment of each installment of principal which falls due upon such series of Junior Subordinate Bonds, the Trustee shall make deposits from the Revenue Fund only as directed by a Supplemental Resolution or State Certificate.

The moneys in the Junior Subordinate Principal Account required for the payment of Junior Subordinate Bonds on the maturity date (after taking into account any authorized extension of maturity or any acceleration of maturity) shall be transferred to the Paying Agent for such series of Junior Subordinate Bonds and applied by the Paying Agent to such payment when due without further authorization or direction.

When the balance in the Junior Subordinate Principal Account is not sufficient to pay all amounts payable therefrom on such date, the Trustee shall make periodic deposits from the Revenue Fund, prior to making any deposits to the Program Fund, to aggregate the full amount due on such maturity date from such date to the date of payment, *pro rata*, among such obligations based upon such amounts then owing to Holders of the Junior Subordinate Bonds.

The Program Resolution may be amended to establish Funds and Accounts that are senior in priority to the Junior Subordinate Principal Account.

Program Fund

Any amount in the Revenue Fund that is not required to be transferred to the Rebate Fund, the Redemption Fund, the Reserve Fund, the Rate Stabilization Fund, or any Fund created with respect to a Subordinate class of Bonds or Other Obligations will be transferred to the Program Fund.

Amounts that the State designates will be deposited in the Program Expense Account and will be disbursed for costs of the program of Bond issuance. Money in the Program Fund may be transferred to the Redemption Fund or the Junior Subordinate Redemption Fund, transferred to the Rate Stabilization Fund, or used for the purchase of Bonds. Money in the Program Fund may also be applied to any purpose permitted by law.

Investments

Money in any Fund or Account may be invested in Permitted Investments that mature or are redeemable at the option of the holder before the money is needed for the purpose for which it is held.

Pledge and Security Interest

The Building Commission has pledged the Petroleum Inspection Fees to the payment of the Senior Bonds and Other Obligations. The Wisconsin Statutes create a security interest, for the benefit of the Holders of the Senior Bonds and the Other Beneficiaries, in the Revenue Fund, the Redemption Fund, the Reserve Fund, and the Rate Stabilization Fund.

Nonimpairment

The Program Resolution and each Supplemental Resolution will constitute a contract with the Holders of the Bonds and the other Beneficiaries. The State pledges and agrees with the Holders

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

Rating

The State covenants that it will, at all times Bonds are Outstanding, request at least one nationally recognized securities rating agency to maintain a rating on the Bonds.

Termination

If the State pays the principal, premium, if any, and interest payable upon any Bond, the Bond will no longer be entitled to any benefit under the Program Resolution. If all Bonds and Other Obligations are paid, or are deemed to be paid, the pledge of the Petroleum Inspection Fees and the security interest in the Funds and Accounts will cease.

Any Outstanding Bond will be deemed to be paid when there shall have been deposited (in an Escrow Account) either moneys in an amount which, or Federal Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide money sufficient to pay when due the principal of and premium, if any, and interest due and to become due on the Bond at or prior to the stated maturity thereof.

Events of Default

If any of the following events occur, it constitutes an Event of Default:

- Default in the due and punctual payment of any interest on any Bond.
- Default in the due and punctual payment of the principal of, or premium, if any, on, any Bond, whether at the stated maturity or a redemption date.
- Default by the State in its obligation to purchase any Bond (or Beneficial Ownership Interests in a Bond) on a Tender Date.
- Default in the due and punctual payment of any amount owed by the State to any Other Beneficiary under a Swap Agreement or Credit Enhancement Facility.
- Default in the performance of any of the State's obligations to transmit money to be credited to the Revenue Fund, the Rebate Fund, or the Redemption Fund as required by the Program Resolution and such default shall have continued for a period of 30 days.
- Default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the State contained in the Program Resolution or in the Senior Bonds, and such default shall have continued for a period of 30 days after written notice; *provided* that, except with respect to the State's arbitrage rebate covenants, if the default is such that it can be corrected, but not within such 30 days, it shall not constitute an Event of Default if corrective action is instituted by the State within such 30 days and is diligently pursued until the default is corrected.

Acceleration

Whenever any Event of Default has occurred and is continuing, the Trustee may, and upon the written request of the Acting Beneficiaries Upon Default (and for this purpose the specified percentage shall be 25% of the aggregate Principal Amount of Outstanding Bonds of the

pertinent class), the Trustee shall, by notice in writing delivered to the State, declare the principal of and interest accrued on all Bonds then Outstanding due and payable.

Before a judgment or decree for payment of the money due has been obtained by the Trustee, the Acting Beneficiaries Upon Default may rescind and annul such declaration and its consequences if there has been paid to or deposited with the Trustee by or for the account of the State, or provision satisfactory to the Trustee has been made for the payment of, a sum sufficient to pay:

- All overdue installments of interest on all Bonds of the most senior class Outstanding.
- The principal of (and premium, if any, on) any Bonds of the most senior class Outstanding which have become due otherwise than by such declaration of acceleration, together with interest thereon at the rate or rates borne by such Bonds.
- To the extent that payment of such interest is lawful, interest upon overdue installments of interest on the Bonds of the most senior class Outstanding at the rate or rates borne by such Bonds.
- All Other Obligations on a parity with Bonds of the most senior class Outstanding which have become due other than as a direct result of such declaration of acceleration.
- All other sums required to be paid to satisfy the State's obligations to transmit money to be credited to the Revenue Fund, the Rebate Fund and the redemption fund established for payment of Bonds of the most senior class Outstanding as required by the Program Resolution.
- All sums paid or advanced by the Trustee or any other Fiduciary under the Program Resolution and the reasonable compensation, expenses, disbursements and advances of the Trustee or other Fiduciaries, their agents, and their counsel.

Similarly, before a judgment or decree for payment of the money due has been obtained by the Trustee, the Acting Beneficiaries Upon Default may rescind and annul such declaration and its consequences if all Events of Default, other than the non-payment of the principal of Bonds of the most senior class Outstanding or Other Obligations on a parity with Bonds of the most senior class Outstanding which have become due solely by, or as a direct result of, such declaration of acceleration, have been cured or waived.

No rescission and annulment will affect any subsequent default or impair any right consequent thereon.

Other Remedies; Rights of Beneficiaries

If an Event of Default has occurred and is continuing, the Trustee may bring legal proceedings to collect money due or to enforce the covenants made by the State.

If an Event of Default has occurred and is continuing, and if it is requested so to do by the Acting Beneficiaries Upon Default (and for this purpose the specified percentage shall be a majority of the aggregate Principal Amount of Outstanding Bonds) or any Other Beneficiary and is indemnified, the Trustee will be obliged to exercise such of the rights and powers as the Trustee, being advised by its counsel, deems most expedient in the interests of the Beneficiaries.

If a default occurs under a Swap Agreement or a Credit Enhancement Facility, the Other Beneficiary may exercise such remedies as are provided therein.

Remedies are not exclusive, and delay in acting is not a waiver.

Application of Moneys

All moneys received by the Trustee pursuant to any right given or action taken will, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities, and advances incurred or made by the Trustee with respect thereto, be applied as follows (except that money received with respect to Credit Enhancement Facilities shall be applied only to the purposes for which such Credit Enhancement Facilities were provided, and shall be so applied prior to the application of other money):

(A) In every case, the Trustee shall apply the amounts to each class in order of priority, namely, Senior Bonds and Senior Other Obligations shall be paid in full before any payment shall be made with respect to Junior Subordinate Bonds and Junior Subordinate Other Obligations.

(B) Unless the principal of all the Outstanding Bonds of a particular class shall have become or shall have been declared due and payable, all such money will be applied to the payment to the Beneficiaries of all installments of principal and interest then due on the Bonds and all Other Obligations, and if the amount available is not sufficient to pay all such amounts in full, then to the payment ratably, in proportion to the amounts due, without regard to due date, to the Holders and to each Other Beneficiary, without any discrimination or preference (being applied first to interest and then to principal).

(C) If the principal of all Outstanding Bonds of a particular class shall have become due or shall have been declared due and payable and such declaration has not been annulled and rescinded, all such moneys will be applied to the payment to the Beneficiaries of the principal and interest then due and unpaid upon the Bonds and all Other Obligations, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Beneficiary over any Other Beneficiary, ratably, according to the amounts due, to the Persons entitled thereto without any discrimination or preference.

(D) If the principal of all the Outstanding Bonds of a particular class shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled, then (subject to the provisions of paragraph (C) above, in the event that the principal of all the Outstanding Bonds shall later become or be declared due and payable) the money held by the Trustee hereunder will be applied in accordance with the provisions of paragraph (B) above.

Whenever money is to be applied by the Trustee as described above, the money will be applied by it when the Trustee determines, having due regard to the amount of such money available and the likelihood of additional money becoming available in the future. Whenever the Trustee shall apply such funds, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposits with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Limitation on Suits by Beneficiaries

Except as may be permitted in a Supplemental Resolution with respect to an Other Beneficiary, no Holder of any Bond or Other Beneficiary shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of the Program Resolution or for the execution of any trust or for the appointment of a receiver or any other remedy unless all of the following conditions apply:

- An Event of Default shall have occurred and be continuing.
- The Acting Beneficiaries Upon Default (and for this purpose the specified percentage shall be 25% of the aggregate Principal Amount of Outstanding Bonds) shall have made written request to the Trustee.
- Such Beneficiary or Beneficiaries shall have offered to the Trustee indemnity.
- The Trustee shall have thereafter failed for a period of 60 days after the receipt of the request and indemnification or refused to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name.
- No direction inconsistent with such written request shall have been given to the Trustee during such 60-day period by such Acting Beneficiaries Upon Default

No one or more Holders of the Bonds or any Other Beneficiary shall have any right in any manner whatsoever to affect, disturb, or prejudice the security interest created in the Revenue Fund, the Redemption Fund, the Rate Stabilization Fund, the Reserve Fund, and the Junior Subordinate Redemption Fund or to enforce any right except in the manner provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of the Holders of all Outstanding Senior Bonds and Other Beneficiaries hereunder as their interests may appear hereunder. The Acting Beneficiaries Upon Default may institute any suit, action, or proceeding permitted hereunder in their own names for the benefit of the Holders of all Outstanding Senior Bonds and Other Beneficiaries hereunder.

Supplemental Resolutions Without Holder Consent

The Building Commission may, without the consent of or notice to the Beneficiaries, adopt Supplemental Resolutions as follows:

- To cure any formal defect, omission, inconsistency, or ambiguity in the Program Resolution; *provided*, that no such action shall adversely affect the interests of the Beneficiaries who have not consented thereto.
- To add other covenants or agreements, or to surrender any right or power reserved or conferred upon the State, and which shall not adversely affect the interests of the Beneficiaries who have not consented thereto.
- To issue a particular series of Senior Bonds or enter into a Swap Agreement or obtain a Credit Enhancement Facility and, in connection therewith, to establish provisions for making deposits to the Redemption Fund to provide for the payment of any Senior Bonds, or Other Obligations and to establish assumptions for computing the Debt Service obligations with respect thereto.
- To cause the Program Resolution to comply with the requirements of the Trust Indenture Act of 1939.

- To provide for the removal of a Fiduciary or the Securities Depository, or the appointment of an additional or successor Fiduciary or a successor Securities Depository.
- To make any change in the Program Resolution required by any Rating Agency in order to maintain the current, or restore the previous, rating by such Rating Agency on the Senior Bonds, and which shall not adversely affect the interests of the Beneficiaries who have not consented thereto.
- To provide for the creation of Funds or Accounts, to which amounts in the Revenue Fund may be credited on any Revenue Payment Date prior to transfer of such amounts to the Junior Subordinate Redemption Fund, but only after all transfers therefrom to the Rebate Fund, the Redemption Fund, the Reserve Fund, the Rate Stabilization Fund, or the creation of one or more subordinate classes of Bonds payable solely from Funds and Accounts created under that or another Supplemental Resolution; *provided*, that no such subordinate class of Bonds or Other Obligations may be senior in any respect to any previously created class of Senior Bonds or Other Obligations any of which are then Outstanding, except to the extent specifically authorized or permitted by the Supplemental Resolution authorizing such previously created class or except to the extent consented to by each Beneficiary who would be adversely affected thereby.
- To modify, alter, amend, or supplement the Program Resolution in any other respect which is not materially adverse to the Beneficiaries who have not consented thereto or which is permitted for Senior Bonds of one or more particular series, as provided in the Supplemental Resolution for Senior Bonds of those series and affects only (1) the Holders of such Senior Bonds and (2) any other Beneficiaries who have consented thereto.
- To modify, alter, amend, or supplement the Program Resolution in any other respect so long as each Rating Agency shall have confirmed that no outstanding ratings on any of the Outstanding Bonds will be reduced or withdrawn as a result of such modification, alteration, amendment, or supplement, as evidenced by written confirmations thereof delivered from each Rating Agency.

In connection with the adoption of any Supplemental Resolution without Bondholder consent, the Trustee must be given an opinion of Bond Counsel to the effect that such Supplemental Resolution is authorized or permitted by the Program Resolution and the Revenue Obligations Act, complies with their respective terms, will be valid and binding upon the State in accordance with its terms, and will not adversely affect the exclusion of the interest payable on the Bonds from gross income of the Holders of the Bonds for federal income tax purposes pursuant to the Code.

Supplemental Resolutions With Holder Consent.

The Building Commission may, with the prior written consent of the Holders of a majority of the principal amount of Bonds Outstanding, and with the prior written consent of the Other Beneficiaries, adopt a Supplemental Resolution to modify, alter, amend, or supplement the Program Resolution in any respect. No Supplemental Resolution, however, may permit any of the following:

- An extension of the stated maturity or reduction in the principal amount of, a reduction in the rate or extension of the time for paying interest on, a reduction of any premium payable on the redemption of, a reduction in the purchase price payable on a Tender Date for, or a reduction in the amount or extension of the time for any principal payment

required for any sinking fund or otherwise applicable to, any of the Bonds without the consent of the Holders of all the Bonds and Other Beneficiaries which would be affected by the action to be taken.

- The creation of any security interest prior to or on a parity with the security interest in the Funds and Accounts for the benefit of the Holders of the Bonds and the Other Beneficiaries without the consent of the Holders of all the Bonds Outstanding and the Other Beneficiaries which would be adversely affected by such creation.
- A reduction in the aggregate principal amounts of Bonds the Holders of which are required to consent, or the elimination of a requirement that any Other Beneficiary consent, to any Supplemental Resolution without the consent of the Holders of all Bonds at the time Outstanding, and any Other Beneficiary which would be affected by the action to be taken.
- A modification of the rights, duties, or immunities of the Trustee or any Fiduciary without the written consent of the Trustee or Fiduciary.
- The creation of a privilege or priority of any Obligation over any other Obligation of the same class, or of any other class except as provided in the Program Resolution, or the surrender of a privilege or a priority granted hereby, to the detriment of another Beneficiary.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

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

(Letterhead of Foley & Lardner)

STATE OF WISCONSIN PETROLEUM INSPECTION FEE REVENUE EXTENDIBLE MUNICIPAL COMMERCIAL PAPER

We have acted as bond counsel in connection with the issuance by the State of Wisconsin (the "State") of its Petroleum Inspection Fee Revenue Extendible Municipal Commercial Paper to an amount not to exceed \$100,200,000 (the "Notes").

The Notes are authorized to be issued and sold from time to time pursuant to the provisions of Subchapter II of Chapter 18, Wisconsin Statutes (the "Act") and a resolution adopted by the State of Wisconsin Building Commission (the "Building Commission") on January 19, 2000 entitled "Program Resolution for State of Wisconsin Petroleum Inspection Fee Revenue Obligations" (the "Program Resolution"), as amended and supplemented by a resolution adopted by the Building Commission on May 2, 2000, entitled "Supplemental Resolution Authorizing Not to Exceed \$100,200,000 State of Wisconsin Petroleum Inspection Fee Revenue Extendible Municipal Commercial Paper and Authorizing State of Wisconsin Petroleum Inspection Fee Revenue Bonds to Fund Those Obligations" (the "Supplemental Resolution"). Under the Program Resolution, the Building Commission has pledged the fees imposed under Section 168.12 (l) of the Wisconsin Statutes, the payments under Section 101.143 (4) (h) lm. of the Wisconsin Statutes, the payments under Section 101.143 (5) (a) of the Wisconsin Statutes, and the net recoveries under Section 101.143 (5) (c) of the Wisconsin Statutes (the "Pledged Revenues") for the payment, when due, of the principal of, premium, if any, and interest on the Notes and other obligations issued or to be issued under the Program Resolution. Under the Program Resolution, the Building Commission has also established various funds and accounts and designated The Bank of New York, as trustee (the "Trustee"), to be the custodian of the funds and accounts. Under the Supplemental Resolution, the Building Commission has directed the Trustee to transfer certain of those accounts that constitute the redemption fund for the Notes (the "Note Redemption Accounts") to U.S. Bank Trust National Association, the issuing and paying agent for the Notes (the "Issuing and Paying Agent"). The Notes are payable solely from cash and securities constituting part of the Pledged Revenues that are held from time to time in the Note Redemption Accounts. The payment of interest from Pledged Revenues is on a parity with or prior to payments with respect to all other obligations issued or to be issued under the Program Resolution; the payment of principal from Pledged Revenues, on the other hand, is junior and subordinate to payments with respect to certain other obligations issued or to be issued under the Program Resolution.

We investigated the law and examined such certified proceedings and other papers as we deemed necessary to render this opinion. We also reviewed the Issuing and Paying Agency Agreement, dated as of May 9, 2000, between the State and the Issuing and Paying Agent (the "Issuing and Paying Agency Agreement"), and separate Dealer Agreements, each dated as of May 9, 2000, between the State and Goldman, Sachs & Co. and Merrill Lynch & Co. (the "Dealer Agreements"). As to questions of fact material to our opinion, we relied upon the certified

proceedings and other certificates of public officials furnished to us without undertaking to verify the same by independent investigations.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Offering Memorandum, dated May 2, 2000 (the "Offering Memorandum"), or other offering material relating to the Notes (except to the extent, if any, stated in the Offering Memorandum), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Offering Memorandum). However, in connection with the rendering of our opinion as to the validity of the Notes, nothing has come to our attention that would lead us to believe that the Offering Memorandum (except for the financial statements and other financial or statistical data included therein, as to which we express no view), as of the date of delivery of the Notes, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

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

1. The Program Resolution and the Supplemental Resolution have each been duly adopted by the Building Commission.
2. The Supplemental Resolution is authorized or permitted by the Program Resolution and the Revenue Obligations Act, complies with their respective terms, and is valid and binding upon the State in accordance with its terms.
3. The Program Resolution creates a valid lien on the Pledged Revenues for the security of the Notes, although the payment of principal of the Notes is junior and subordinate to payments with respect to certain other obligations issued or to be issued under the Program Resolution.
4. The Notes have been duly authorized, executed, and delivered by the State and are valid and binding limited obligations of the State, payable solely from the Pledged Revenues.
5. The interest on the Notes is excluded from gross income for federal income tax purposes, and the interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; it should be noted, however, that with respect to certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions set forth in the preceding sentences of this paragraph are subject to the condition that the State comply with all requirements of the Internal Revenue Code of 1986, as amended, and other federal tax legislation that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The State has covenanted to comply with each such requirement to the extent it may lawfully do so. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

It is to be understood that the rights of the owners of the Notes and the enforceability of the Notes may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other similar laws affecting creditors' rights heretofore or hereafter enacted, to the extent

constitutionally applicable, and that their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Unless otherwise notified by us, you may continue to rely on this opinion to the extent that (1) there is no change in pertinent existing state or federal law, (2) the Program Resolution and the Supplemental Resolution, in the form in effect on the date hereof, remain in full force and effect, (3) the representations, warranties, and covenants of the parties contained in the Issuing and Paying Agency Agreement, and the Dealer Agreements and certain certificates dated the date hereof and delivered by authorized officers of the State remain true and accurate and are complied with in all material respects, and (4) no litigation affecting the issuance or validity of the Notes is pending or threatened at the time of delivery of any such Notes.

Very truly yours,

FOLEY & LARDNER