

**OFFICIAL STATEMENT**

**New Issue**

*This Official Statement has been prepared by the State of Wisconsin to provide information on the 2000 Series A Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision, a prospective investor should read the entire Official Statement. Certain capitalized terms are defined in [APPENDIX B](#).*

**\$170,250,000**  
**STATE OF WISCONSIN**  
**PETROLEUM INSPECTION FEE REVENUE BONDS, 2000 SERIES A**

**Dated: Date of Delivery**

**Due: July 1, as shown below**

<b>Ratings</b>	AA- Fitch IBCA, Inc. Aa3 Moody's Investors Service, Inc. AA- Standard & Poor's Ratings Services
<b>Tax Exemption</b>	Interest on the 2000 Series A Bonds 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— <a href="#">Pages 16-18</a> .
<b>Redemption</b>	The 2000 Series A Bonds are subject to redemption prior to their stated date of maturity— <a href="#">Pages 10-11</a> .
<b>Source of Payment</b>	The 2000 Series A Bonds are payable from, and secured by, a pledge of Petroleum Inspection Fees— <a href="#">Page 3</a> .
<b>Priority</b>	The 2000 Series A Bonds are issued pursuant to the Program Resolution as Senior Bonds and on parity with other Senior Bonds that may be issued pursuant to the Program Resolution— <a href="#">Pages 3-10</a> .
<b>Purpose</b>	Proceeds are being used primarily to pay claims made under the Petroleum Environmental Cleanup Fund Award (PECFA) Program— <a href="#">Pages 2 and 12</a> .
<b>Interest Payment Dates</b>	January 1 and July 1, commencing July 1, 2000
<b>Closing/Settlement</b>	On or about March 2, 2000 in New York, New York
<b>Denominations</b>	\$5,000
<b>Book-Entry System</b>	The Depository Trust Company— <a href="#">Pages 13-16</a> .
<b>Trustee/Registrar/Paying Agent</b>	The Bank of New York
<b>Bond Counsel</b>	Foley & Lardner
<b>Issuer Contact</b>	Wisconsin Capital Finance Office—(608) 266-2305; <a href="mailto:capfn@doa.state.wi.us">capfn@doa.state.wi.us</a>
<b>1999 Annual Report</b>	This Official Statement incorporates by reference <a href="#">Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 1999</a> , which provides general information about the State of Wisconsin.

The prices and yields listed below were determined through negotiation on February 16, 2000. The Underwriters have agreed to purchase the 2000 Series A Bonds at a purchase price of \$171,997,262.45.

CUSIP	Year (July 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	Initial Call	
						Date	Price
977109 AA5	2000	\$ 1,750,000	5.00%	4.06%	100.295%	Not Callable	-
977109 AB3	2002	11,440,000	5.50	4.79	101.540	Not Callable	-
977109 AC1	2003	12,070,000	5.50	4.90	101.815	Not Callable	-
977109 AD9	2004	12,735,000	6.00	5.03	103.724	Not Callable	-
977109 AE7	2005	13,495,000	6.00	5.13	104.004	Not Callable	-
977109 AF4	2006	11,200,000	5.75	5.25	102.655	7/1/2005	102%
977109 AG2	2006	3,105,000	5.25	5.25	100.000	7/1/2005	102
977109 AH0	2007	15,115,000	5.75	5.35	102.390	7/1/2005	102
977109 AJ6	2008	11,980,000	5.75	5.40	102.314	7/1/2005	102
977109 AK3	2008	4,000,000	5.40	5.40	100.000	7/1/2005	102
977109 AL1	2009	16,885,000	5.40	5.48	99.413	7/1/2005	102
977109 AM9	2010	5,800,000	5.75	5.53	101.705	7/1/2005	102
977109 AN7	2010	12,000,000	5.50	5.53	99.757	7/1/2005	102
977109 AP2	2011	12,000,000	6.00	5.61	103.017 <sup>(a)</sup>	7/1/2005	102
977109 AQ0	2011	6,790,000	5.50	5.61	99.078	7/1/2005	102
977109 AR8	2012	12,000,000	6.00	5.68	102.465 <sup>(a)</sup>	7/1/2005	102
977109 AS6	2012	7,885,000	5.50	5.68	98.410	7/1/2005	102

<sup>(a)</sup> These 2000 Series A Bonds are priced to a July 1, 2010 optional redemption date.

**Bear, Stearns & Co. Inc.**

**Robert W. Baird & Co.**

**Goldman, Sachs & Co.**

**Merrill Lynch & Co.**

Banc of America Securities

Banc One Capital Markets Inc.

M♦R♦Beal & Company

Dain Rauscher Incorporated

First Union Securities, Inc.

J.P. Morgan & Co.

Lehman Brothers

Loop Capital Markets, LLC

Morgan Stanley Dean Witter  
Morgan Stanley & Co. Incorporated

PaineWebber Incorporated

Prudential Securities

Ramirez & Co., Inc.

SBK-Brooks Investment Corp.

Salomon Smith Barney

Siebert Brandford Shank & Co., LLC

US Bancorp Piper Jaffray Inc.

William E. Simon & Sons Municipal Securities, Inc.

February 17, 2000

In connection with the offering of the 2000 Series A Bonds, the Underwriters may overallocate or effect transactions which stabilize or maintain the market price of such 2000 Series A Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

No dealer, broker, sales representative or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2000 Series A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State of Wisconsin or other matters contained herein since the date hereof.

The issuer is the author of this Official Statement and is responsible for its accuracy and completeness. The Underwriters are not the authors of this Official Statement. In accordance with their responsibilities under federal securities laws, the Underwriters are required to review the information in this Official Statement and must have a reasonable basis for their belief in the accuracy and completeness of the Official Statement's key representations.

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# STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE 2000 SERIES A BONDS

## BUILDING COMMISSION MEMBERS

<b>Voting Members</b>	<b>Term of Office Expires</b>
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 Wirsch	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

<b>Nonvoting, Advisory Members</b>	
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	—

<b>Building Commission Secretary</b>	
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

Department of Administration  
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P.O. Box 7864  
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Finance Programs Administrator  
(608) 267-2734  
[michael.wolff@doa.state.wi.us](mailto:michael.wolff@doa.state.wi.us)

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

[badger.state.wi.us](http://badger.state.wi.us)

(The additional information, however, is not part of this Official Statement)

## SUMMARY DESCRIPTION OF THE 2000 SERIES A BONDS

*Selected information is presented on this page for the convenience of the user. To make an informed decision regarding the 2000 Series A Bonds, a prospective investor should read the entire Official Statement. Certain capitalized terms are defined in **APPENDIX B**.*

Description:	State of Wisconsin Petroleum Inspection Fee Revenue Bonds, 2000 Series A
Principal Amount:	\$170,250,000
Denominations:	\$5,000 or multiples
Dated Date:	Date of delivery
Interest Payment:	January 1 and July 1, commencing July 1, 2000.
Maturities:	July 1, 2000 and 2002-2012
Record Date:	June 15 and December 15
Optional Redemption:	2000 Series A Bonds maturing on or after July 1, 2006 are subject to optional redemption on or after July 1, 2005—See “ <b>2000 SERIES A BONDS; Redemption Provisions</b> ”.
Book-Entry System:	The Depository Trust Company will serve as the Securities Depository—See “ <b>2000 SERIES A BONDS; Book-Entry System</b> ”.
Paying Agent:	All payments of principal and interest on the 2000 Series A Bonds will be paid by The Bank of New York.
Purpose:	The 2000 Series A Bonds are being issued primarily to pay claims under the PECFA Program—See “ <b>PECFA PROGRAM</b> ” AND “ <b>2000 SERIES A BONDS; Sources and Uses of Funds</b> ”.
Source of Payment:	The 2000 Series A Bonds are payable from, and secured by, Petroleum Inspection Fees, which are charged suppliers on all petroleum products received for sale in the State of Wisconsin—See “ <b>SECURITY FOR THE SENIOR BONDS; General</b> ” and “ <b>Petroleum Inspection Fees</b> ”.
Additional Senior Bonds:	The 2000 Series A Bonds are the first Senior Bonds issued pursuant to the Program Resolution. Additional Senior Bonds, which may include Variable Rate Bonds and Bond Anticipation Notes, may be issued on parity with the 2000 Series A Bonds, subject to statutory limitations and upon meeting certain conditions, including an additional bonds test—See “ <b>SECURITY FOR THE SENIOR BONDS; Additional Senior Bonds</b> ”.  If any Senior Variable Rate Debt is Outstanding, each month the State is required to perform the Variable Rate Take-Out Capacity Test—See “ <b>SECURITY FOR THE SENIOR BONDS; Variable Rate Take-Out Capacity Test</b> ”.
Tax Exemption:	<i>Federal Income Tax</i> —Excluded from gross income and not an item of tax preference.  <i>State of Wisconsin</i> —Subject to State income and franchise taxes.
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner—See <b>APPENDIX D</b> .

**OFFICIAL STATEMENT**  
**\$170,250,000**  
**STATE OF WISCONSIN**  
**PETROLEUM INSPECTION FEE REVENUE BONDS, 2000 SERIES A**

**INTRODUCTION**

This Official Statement sets forth information about the \$170,250,000 Petroleum Inspection Fee Revenue Bonds, 2000 Series A (**2000 Series A Bonds**) issued by the State of Wisconsin (**State**). This Official Statement includes by reference [Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 1999 \(1999 Annual Report\)](#), which provides general information about the State.

The 2000 Series A Bonds are issued pursuant to Subchapter II of Chapter 18 of the Wisconsin Statutes and Section 101.143(9m) of the Wisconsin Statutes. The 2000 Series A Bonds are further authorized pursuant to a Program Resolution for State of Wisconsin Petroleum Inspection Fee Revenue Obligations (**Program Resolution**) and a Supplemental Resolution Authorizing Not to Exceed \$270,000,000 State of Wisconsin Petroleum Inspection Fee Revenue Bonds (**2000 Series A Supplemental Resolution**), each adopted by the State of Wisconsin Building Commission (**Building Commission**) on January 19, 2000.

In connection with the issuance and sale of the 2000 Series A Bonds, the Building Commission has authorized the State Department of Administration (**DOA**) to prepare this Official Statement. This Official Statement contains brief descriptions of the PECFA Program, the security for the Bonds, and the terms of the 2000 Series A Bonds. 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 Official Statement, 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](mailto:capfin@doa.state.wi.us)  
*Web Site:* [www.doa.state.wi.us/debf/scf1.htm](http://www.doa.state.wi.us/debf/scf1.htm)

The Bank of New York is the trustee for the 2000 Series A Bonds (**Trustee**). In addition, the Trustee is the registrar (**Registrar**) and paying agent (**Paying Agent**) for the 2000 Series A Bonds. 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](mailto:bbrown@bankofny.com)

Unless otherwise indicated herein, capitalized terms not otherwise defined herein are defined in **APPENDIX B**.

## **PECFA PROGRAM**

Proceeds of the 2000 Series A Bonds will primarily be used to pay approved claims under the Petroleum Environmental Cleanup Fund Award (**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 2000 Series A Bonds will be applied to purposes that do not generate revenues, and the application will not create a source for the payment of the 2000 Series A Bonds. Further information on the PECFA Program can be obtained at the address provided on [page 1 of this Official Statement](#).

## **PLAN OF FINANCE**

On December 31, 1999, approximately \$200 million of claims under the PECFA Program had been approved but not paid. In addition, approximately \$61 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.

Approved claims under the PECFA Program are currently paid with Petroleum Inspection Fees. These revenues have not been sufficient to pay all approved claims. The current backlog of \$200 million of approved but unpaid claims has increased from a backlog of \$44 million that existed on June 30, 1997.

Wisconsin Statutes currently provide that \$270 million of revenue obligations may be issued to pay approved claims under the PECFA Program. Any change to this authorized amount requires legislative action. The State plans to reduce any backlog of unpaid claims through the issuance of one or more series of Bonds, including the 2000 Series A Bonds. The issuance of these Bonds will provide economic savings to the State, since the interest costs on the Bonds are expected to be less than the interest costs that are accruing on the unpaid claims.

The State makes no representations as to the amount of future claims to be submitted or approved for payment. 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 are not sufficient to pay all future claims, the State may issue additional revenue obligations.* These additional revenue obligations may be (1) 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, so long as an additional bonds test is met, or (2) Subordinate Bonds. See **“SECURITY FOR THE SENIOR BONDS; Additional Senior Bonds”**.

## SECURITY FOR THE SENIOR BONDS

### General

The 2000 Series A Bonds are designated as Senior Bonds under the Program Resolution and the 2000 Series A Supplemental Resolution. The 2000 Series A Bonds, together with any additional parity Bonds that may be issued under the Program Resolution, are collectively referred to as the **Senior Bonds**. Senior Bonds 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**. Certain other obligations, such as swap payments, may be incurred on a parity with the Senior Bonds.

The Senior Bonds are payable solely from the Redemption Fund created by the Program Resolution and secured by:

- Pledge of the Petroleum Inspection Fees
- Funds and accounts created by the Program Resolution

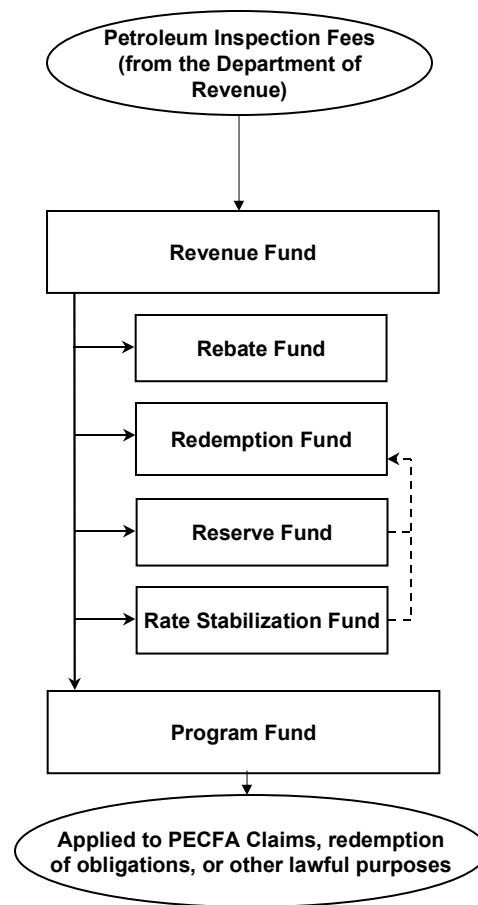
*The Senior Bonds are revenue obligations of the State payable solely from the Redemption Fund. The State is not generally liable for the Bonds, and the Bonds shall not be a public debt of the State for any purpose whatsoever.*

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
- To pay the principal or redemption price 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 a Rate Stabilization Fund
- To pay any expenses payable from the Program Fund.

The chart on the following page depicts the Funds created by the Program Resolution and the flow of the Petroleum Inspection Fees.

The pledge of the Petroleum Inspection Fees remains effective until all Bonds 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.



### **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 establishes 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.

### **Petroleum Inspection Fees**

Petroleum Inspection Fees are charged on all petroleum products. The 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. The Petroleum Inspection Fee is charged suppliers and collected by the State 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.*

*Collection and Deposit of Petroleum Inspection Fees.*

The Petroleum Inspection Fees and other motor fuel taxes from suppliers are received by the State Department of Revenue by the 15<sup>th</sup> of each month, or the next business day if the 15<sup>th</sup> 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 since 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 February 15 suppliers submit the amount of fees and taxes due for petroleum products shipped in the month of January. By the end of February, suppliers submit tax returns delineating the payments previously made. By about March 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 that have been inspected and subject to the Petroleum Inspection Fee since fiscal year 1979. **Table 2** provides the number of gallons that have been inspected for gasoline products and oil products since fiscal year 1995.

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

<b>Fiscal Year</b>	<b>Total Gallons Inspected</b>	<b>% Increase (Decrease) From Previous Year</b>
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)**

<b>Fiscal Year</b>	<b>Total Gallons</b>		<b>Total Gallons</b>	
	<b>Gasoline Products Inspected</b>	<b>% Increase (Decrease) From Previous Year</b>	<b>Oil Products Inspected</b>	<b>% Increase (Decrease) From Previous Year</b>
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

### **Additional Senior Bonds**

Additional Senior Bonds, which may be in various forms, including among others Variable Rate Bonds or Bond Anticipation 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.

Compliance with the additional bonds test is tested in connection with the issuance of Senior Bonds, with some exceptions. For Bond Anticipation Notes, compliance with the additional bonds test is tested upon the initial issuance of any such Bond Anticipation Notes, and must assume that all Bond Anticipation Notes authorized in a Supplemental Resolution have been

issued. Compliance with the additional bonds test is not tested upon the issuance of Senior Bonds to refund the Bond Anticipation Notes. Consequently, under certain circumstances (including among others a decline in Petroleum Inspection Fees or an increase in interest rates), Senior Bonds authorized to refund Bond Anticipation Notes may be issued even though Projected Annual Revenues may be less than 2.0 times Maximum Annual Debt Service. However, if Senior Variable Rate Debt is Outstanding, each month the State is required to perform a Variable Rate Take-Out Capacity Test. See “**SECURITY FOR THE BONDS; Variable Rate Take-Out Capacity Test**” and “**PLAN OF FINANCE**”.

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 Official Statement.

- *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 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.
  - Principal and interest amounts will not be included to the extent payable from amounts deposited in a defeasance escrow account or Capitalized Interest Account.
  - Subordinate, cancelled, or defeased Bonds will not be included.

### **Variable Rate Take-Out Capacity Test**

Whenever Senior Variable Rate Debt 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. Meeting the Variable Rate Take-Out Capacity Test is not a condition to issuing any Bonds. Key terms for completing the Variable Rate Take-Out Capacity Test are described below.

Using present value calculations, the test estimates the maximum amount of Senior 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 Senior Variable Rate Debt Exposure. For purposes of this test, any Senior Bonds assumed to refund Senior 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%.

If the monthly Variable Rate Take-Out Capacity Test shows that the Senior Variable Rate Take-Out Capacity is equal to or exceeds the Senior 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 Senior Variable Rate Take-Out Capacity is less than the Senior 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 Senior Variable Rate Take-Out Capacity to equal or exceed the Senior Variable Rate Debt Exposure within 90 days following the test date. If at any subsequent time the State is able to demonstrate that the Senior Variable Rate Take-Out Capacity is equal to or exceeds the Senior Variable Rate Exposure, any of the above requirements arising from the failure of a previous Variable Rate Takeout Capacity Test are nullified.

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 is a technical default, and if not corrected within 30 days of any notice from the Trustee, is an Event of Default under the Program Resolution.

The following are descriptions for the Senior Variable Rate Take-Out Capacity, Senior Variable Rate Debt, and Senior Variable Rate Debt Exposure as such terms are used in the Variable Rate Take-Out Capacity Test. See **APPENDIX B** for a complete definition of these or other capitalized terms used in this Official Statement.

#### *Senior Variable Rate Take-Out Capacity*

The Senior 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 Senior Variable Rate Debt.

#### *Senior Variable Rate Debt*

Senior Variable Rate Debt includes (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.

#### *Senior Variable Rate Debt Exposure*

Senior Variable Rate Debt Exposure means the Outstanding amount of Senior Variable Rate Debt, less the balance in the Principal Account that is allocable to Senior Variable Rate Debt, and less the balance of the Rate Stabilization Fund.

#### **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.

### **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 to be made to this 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, in the event moneys are deposited and remain in this Rate Stabilization Fund, and there is a deficiency in the Redemption Fund for payment when due of principal of and interest on the 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 Bonds.

### **Program Resolution**

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

### **Deposits into Redemption Fund**

To provide for the payment of each installment of principal and interest that is due on the Senior Bonds, the Trustee will make periodic deposits, as directed by the State, to aggregate the full amount of such principal and interest requirements at least 30 days before such payment is due. To provide for the payment of the redemption price of 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.

## **2000 SERIES A BONDS**

### **General**

The **cover of this Official Statement** sets forth the maturity dates, amounts, and interest rates for the 2000 Series A Bonds.

The 2000 Series A Bonds will be dated the date of their delivery to the Underwriters and will bear interest from that date, payable on January 1 and July 1 of each year, beginning on July 1, 2000.

Interest on the 2000 Series A Bonds will be computed on the basis of a 30-day month and a 360-day year of twelve 30-day months. Principal and interest on each 2000 Series A Bond will be payable to the registered owner of the 2000 Series A Bonds, which initially will be a nominee of The Depository Trust Company, New York, New York (**DTC**).

The 2000 Series A Bonds are authorized for issuance in denominations of \$5,000 or any multiples thereof.

### **Redemption Provisions**

#### *Optional Redemption*

The 2000 Series A Bonds maturing on or after July 1, 2006 are subject to optional redemption, prior to their maturity, from any source on July 1, 2005 or on any date thereafter, in whole or in part, in integral multiples of \$5,000. This redemption is at the option of the Building Commission, and the Building Commission will direct the amounts and maturity or maturities of the 2000 Series A Bonds to be redeemed. The 2000 Series A Bonds redeemed prior to their

maturity will be redeemable at the following prices (expressed as percentages of principal amount) plus accrued interest to the date of redemption:

<b>Dates During Which Redemption Occurs (Both Dates are Inclusive)</b>	<b>Redemption Price</b>
July 1, 2005 through June 30, 2006	102.0%
July 1, 2006 through June 30, 2007	102.0
July 1, 2007 through June 30, 2008	101.5
July 1, 2008 through June 30, 2009	101.0
July 1, 2009 through June 30, 2010	100.5
July 1, 2010 and thereafter	100.0

*Selection of 2000 Series A Bonds to be Redeemed*

So long as a book-entry system is being used, if less than all of a particular maturity are to be redeemed, selection of the Beneficial Owners of the 2000 Series A Bonds affected thereby will be made solely by DTC and the participants in accordance with their then-prevailing rules and procedures. If the book-entry system is discontinued and less than all of a particular maturity are to be redeemed, selection shall be by lot or such other manner as the Trustee shall deem fair and appropriate.

*Notice of Redemption*

Notice of redemption of 2000 Series A Bonds or any portion thereof will be given by the Trustee by mailing a copy of such redemption notice by registered or first class mail, postage prepaid, not more than 60 nor less than 30 days prior to the date fixed for redemption to each owner of the 2000 Series A Bonds to be redeemed, at the address appearing on the registration books of the State held by the Trustee. So long as the book-entry system is in effect, such notice shall be sent to the Securities Depository. A notice of redemption may be revoked by sending notice not less than 15 days prior to the proposed date of redemption. Neither failure to give notice or any defect in the notice will affect the validity of any proceedings for redemption of the 2000 Series A Bonds not affected by such failure or defect.

**Registration and Payment of 2000 Series A Bonds**

So long as the book-entry system is in effect, payment of the principal of, premium, if any, and interest on the 2000 Series A Bonds will be made by wire transfer to the Securities Depository Nominee in immediately available funds.

If the book-entry system is discontinued, payment of the principal of and premium, if any, on the 2000 Series A Bonds will be paid, upon the presentation and surrender of the 2000 Series A Bonds at the principal office of the Trustee, and payment of interest on the 2000 Series A Bonds will be made by check or draft mailed to the registered owner shown in the registration books at the close of business on the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date (**Record Date**).

If the book-entry system is discontinued, each 2000 Series A Bond will be transferable, only upon the books of the State kept for that purpose at the principal office of the Trustee, upon surrender of the 2000 Series A Bond and a written instrument of transfer satisfactory to the Trustee and payment of a charge sufficient to reimburse the State or the Trustee for any tax, fee, or governmental charge required to be paid in connection with such registration. The Trustee will not be obliged to make any transfer of the 2000 Series A Bonds during the 15 days preceding the date of sending notice of any proposed redemption or, with respect to any particular 2000 Series A Bond, after such 2000 Series A Bond has been called for redemption.

**Ratings**

Bond ratings for the 2000 Series A Bonds are:

<b>Rating</b>	<b>Rating Agency</b>
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 that rating. There is no assurance a rating given to the 2000 Series A Bonds will be maintained for any period of time; a rating may be lowered or withdrawn entirely by the rating service if in its judgment circumstances so warrant. Any such downgrade or withdrawal of such rating may have an adverse effect on the market price of the 2000 Series A Bonds.

**Sources and Uses of Funds**

The 2000 Series A Bonds are being issued primarily to fund claims under the PECFA Program and to pay for costs of issuance. Proceeds of the 2000 Series A Bonds will be invested by the Trustee in Permitted Investments until so used. It is anticipated that the proceeds of the 2000 Series A Bonds shall be applied as follows:

**Sources**

Principal Amount of 2000 Series A Bonds .....	\$170,250,000.00
Net Original Issue Premium .....	2,791,305.65
Total Sources .....	<u>\$173,041,305.65</u>

**Uses**

Deposit to Proceeds Fund–Claims Account .....	\$170,000,000.00
Deposit to Proceeds Fund–Issuance and Administrative Account .....	250,000.00
Deposit to Redemption Fund–Principal Account .....	1,747,262.45
Underwriters’ Discount.....	1,044,043.20
Total Uses .....	<u>\$173,041,305.65</u>

The issuance of the 2000 Series A Bonds accounts for \$170 million of the \$270 million revenue obligation authority that is provided for by Wisconsin Statutes for this purpose.



## Debt Service on the 2000 Series A Bonds

Table 5  
Annual Debt Service Amounts for 2000 Series A 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	19,885,000	1,153,675	21,038,675
Totals	<u>\$ 170,250,000</u>	<u>\$ 75,735,009</u>	<u>\$ 245,985,009</u>

### Book-Entry System

DTC will act as Securities Depository for the 2000 Series A Bonds. The 2000 Series A Bonds will be issued as fully registered securities, registered in the name of Cede & Co. (DTC's partnership nominee). One or more fully registered 2000 Series A Bonds will be issued for each maturity **set forth on the front cover**, each in the principal amount of such maturity, and deposited with DTC.

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

Purchases of the 2000 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2000 Series A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2000 Series A Bond (**Beneficial Owner**) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not

receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2000 Series A Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2000 Series A Bonds, except in the event that use of the book-entry system for the 2000 Series A Bonds is discontinued.

To facilitate subsequent transfers, all 2000 Series A Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of the 2000 Series A Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2000 Series A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2000 Series A Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices, if any, shall be sent to Cede & Co. If less than all of the 2000 Series A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the 2000 Series A Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2000 Series A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2000 Series A Bonds will be made to DTC by the Trustee. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of the State or the Trustee or DTC, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2000 Series A Bonds at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

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

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

No assurance can be given by the State or the Trustee that DTC, Direct Participants and Indirect Participants will promptly transfer payments or notices received with respect to the 2000 Series A Bonds. The State and the Trustee assume no liability for the failure of DTC, Direct Participants or Indirect Participants to transfer to the Beneficial Owner payments or notices received with respect to the 2000 Series A Bonds.

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

## **OTHER MATTERS**

### **The State**

Although the 2000 Series A Bonds are revenue bonds payable solely out of the Redemption Fund created pursuant to the Program Resolution and shall not be a public debt of the State for any purpose whatsoever, general information about the State is included as [APPENDIX A](#), which incorporates by reference [Part II of the 1999 Annual Report](#).

### **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 2000 Series A Bonds, and reviewed certain legal and disclosure documents, including this Official Statement.

### **Underwriting**

The 2000 Series A Bonds are being purchased by the Underwriters, for which Bear, Stearns & Co. Inc. is acting as representative. The Underwriters have agreed, subject to certain conditions, to purchase from the State the 2000 Series A Bonds described on the front cover page of this Official Statement at an aggregate purchase price of \$171,997,262.45 (reflecting a net original issue premium of \$2,791,305.65 and underwriters' discount of \$1,044,043.20). The Underwriters have agreed to reoffer the 2000 Series A Bonds at the public offering prices or yields set forth on the front cover of this Official Statement. The 2000 Series A Bonds may be offered and sold to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters.

Certain legal matters will be passed upon for the Underwriters by their counsel, Michael Best & Friedrich LLP.

### **Legal Investment**

State law provides that the 2000 Series A Bonds are legal investments for all:

- Banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business.
- Executors, administrators, guardians, trustees, and other fiduciaries.

- The State and all public officers, municipal corporations, political subdivisions, and public bodies.

### **Legal Opinion**

Legal matters incident to the authorization, issuance and sale of the 2000 Series A Bonds are subject to the approval of Foley & Lardner (**Bond Counsel**). Bond Counsel will deliver an approving opinion with delivery of the 2000 Series A Bonds, in substantially the form shown in **APPENDIX D**. In the event certificated 2000 Series A Bonds are issued, the opinion will be printed on the reverse side of each 2000 Series A Bond.

As required by law, the Attorney General will examine a certified copy of all proceedings leading to issuance of the 2000 Series A Bonds. The Attorney General will deliver an opinion on the regularity and validity of the proceedings. In the event certificated 2000 Series A Bonds are issued, a certificate of the Attorney General will be printed on the reverse side of each 2000 Series A Bond.

### **Tax Exemption**

In the opinion of Bond Counsel, under existing law, the interest on the 2000 Series A Bonds is excluded from gross income for federal income tax purposes and the interest on the 2000 Series A Bonds 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 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 2000 Series A Bonds 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 2000 Series A Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2000 Series A Bonds. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the 2000 Series A Bonds. The proceedings authorizing the 2000 Series A Bonds do not provide for an increase in interest rates or a redemption of the 2000 Series A Bonds in the event of taxability.

In the opinion of Bond Counsel, under existing law, each of the 2000 Series A Bonds that has a price at issuance less than par (100%) **as shown in the table on the front cover of this Official Statement** is a **Discount 2000 Series A Bond**. The original issue discount in the selling price of each Discount 2000 Series A Bond, to the extent properly allocable to each owner of a Discount 2000 Series A Bond, is excluded from gross income for federal income tax purposes to the same extent that any interest payable on such Discount 2000 Series A Bond is or would be excluded from gross income for federal income tax purposes. The original issue discount is the excess of the stated redemption price at maturity of a Discount 2000 Series A Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discount 2000 Series A Bonds were sold (**Issue Price**).

Under Section 1288 of the Code, original issue discount on Discount 2000 Series A Bonds accrues on a compound interest basis. The amount of original issue discount that accrues to an owner of a Discount 2000 Series A Bond during any accrual period generally equals (1) the Issue

Price of such Discount 2000 Series A Bond plus the amount of original issue discount accrued in all prior accrual periods multiplied by (2) the yield to maturity of such Discount 2000 Series A Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of each accrual period), less (3) any interest payable on such Discount 2000 Series A Bond during such accrual period.

The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period and will increase the owner's tax basis in such Discount 2000 Series A Bond. The adjusted tax basis in a Discount 2000 Series A Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of such Discount 2000 Series A Bond.

Owners of Discount 2000 Series A Bonds who did not purchase such Discount 2000 Series A Bonds in the initial offering at the Issue Price should consult their own tax advisors with respect to the tax consequences of owning such Discount 2000 Series A Bond.

Owners of Discount 2000 Series A Bonds should consult their own tax advisors with respect to the state and local tax consequences of holding such Discount 2000 Series A Bonds. It is possible that under the applicable provisions governing the determination of state and local taxes, accrued original issue discount on the Discount 2000 Series A Bonds may be deemed to be received in the year of accrual, even though there will not be a corresponding cash payment until a later year.

Each of the 2000 Series A Bonds that has a price at issuance greater than par (100%) **as shown in the table on the front cover of this Official Statement** is a **Premium 2000 Series A Bond**. Any Premium 2000 Series A Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. An owner of a Premium 2000 Series A Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium. During each taxable year, such an owner must reduce his or her tax basis in such Premium 2000 Series A Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the owner owned such Premium 2000 Series A Bond. The adjusted tax basis in a Premium 2000 Series A Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of such Premium 2000 Series A Bond.

Owners of Premium 2000 Series A Bonds who did not purchase such Premium 2000 Series A Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium 2000 Series A Bonds.

The Code contains numerous provisions that could affect the economic value of the 2000 Series A Bonds to particular 2000 Series A Bond 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 2000 Series A Bonds or, in the case of financial institutions, a portion of an owner's interest expense allocable to interest on the 2000 Series A Bonds.
- 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 2000 Series A Bonds, 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 2000 Series A Bonds 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 2000 Series A Bonds, 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 2000 Series A Bonds.
- A portion of the original issue discount that accrues in each year to an owner of a Discount 2000 Series A Bond may result in collateral federal income tax consequences similar to the consequences of receipt of interest on the 2000 Series A Bonds and may result in tax liability in the year of accrual, even though the owner of the Discount 2000 Series A Bond will not receive a corresponding cash payment until a later year.

This section does not present an exhaustive discussion of collateral tax consequences arising from ownership of the 2000 Series A Bonds. There may be other provisions of the Code that could adversely affect the value of an investment in the 2000 Series A Bonds for particular owners of 2000 Series A Bonds. Investors should consult their own tax advisors with respect to the tax consequences of owning a 2000 Series A Bond.

Interest on the 2000 Series A Bonds 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 2000 Series A Bond.

## **CONTINUING DISCLOSURE**

Prior to delivery of the 2000 Series A Bonds, the State will make an undertaking, for the benefit of the beneficial owners of the 2000 Series A Bonds, to provide an annual report, providing certain financial information and operating data relating to the State (**Annual Reports**), 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 Official Statement, no SID has been established.

Copies of the Annual Reports 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](mailto:capfin@doa.state.wi.us)

[www.doa.state.wi.us/debf/scfl.htm](http://www.doa.state.wi.us/debf/scfl.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.

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Certain statements in this Official Statement involve matters of opinion or estimates and are not intended as representations of fact. The quotations, summaries and explanations of laws, resolutions, judicial decisions, and administrative regulations in this Official Statement do not purport to be complete and are qualified by reference to the complete text of such documents. Material referred to in this Official Statement, including information available on the world wide web, is not part of this Official Statement unless expressly included. The availability of information on the world wide web may change after the date of this Official Statement. This Official Statement is not a contract or agreement between the State and the purchasers or owners of any of the 2000 Series A Bonds.

This Official Statement is submitted only in connection with the sale of the 2000 Series A Bonds by the State and may not be reproduced or used in whole or in part for any other purpose, except with express permission.

Dated: February 17, 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](http://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.
- 2000-2001 general fund tax collections are now estimated to be \$271.9 million greater.
- 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. As a result, the State is presently exposed to 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.

## Appendix B

### DEFINITIONS OF CERTAIN TERMS

“*2000 Series A Supplemental Resolution*” means the Supplemental Resolution Authorizing not to Exceed \$270,000,000 Petroleum Inspection Fee Revenue Bonds, adopted by the Building Commission on January 19, 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 a majority in aggregate Principal Amount of Bonds Outstanding, and
- for all other purposes under the Program Resolution, the Holders of a majority in aggregate Principal Amount of Bonds Outstanding or any Other Beneficiary.

“*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 or 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.

- Principal and interest shall be excluded from the determination of Debt Service to the extent that such principal or interest is 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.

*“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.

*“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.

*“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.

*“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. or Standard & Poor’s Ratings Services;
- 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 this Program 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, (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 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 these purposes:

*“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.
- Principal and interest shall be excluded from the determination of Debt Service to the extent that such principal or interest is 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 these purposes:

*“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.
- Program Fund (and within it, a Program Expense Account).

### **Proceeds Fund**

Upon the delivery of any series of Senior Bonds, the Trustee will credit to the Proceeds Fund the amount specified in the resolution authorizing the Senior 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 Senior Bonds. Moneys in the Issuance and Administrative Account will be applied to the payment of costs of issuance of the Senior 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 Other Obligations payable therefrom.
- *Third*, to the Principal Account for the payment of principal of Senior Bonds or the payment of Other Obligations payable therefrom.
- *Fourth*, to the Reserve Fund.
- *Fifth*, to the Rate Stabilization Fund.
- *Sixth*, to the Program Fund. If the Building Commission creates a Subordinate class of Bonds or Other Obligations, it may apply money to Funds and Accounts established for those obligations before applying the money to the Program Fund.

### **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 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, and the Rate Stabilization 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 (2) 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 credit to the Principal Account the premium paid as part of the purchase price. The Trustee will also 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 Serial Senior Bonds (other than certain Bond Anticipation Notes) at the stated maturity thereof or Term Senior 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 Senior 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 Senior 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 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 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.

### **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, 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 Senior Bonds and the other Beneficiaries. The State pledges and agrees with the Holders of the Senior 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 Senior Bonds and the Other Beneficiaries or in any way impair the rights and remedies of the Holders of the Senior Bonds or the Other Beneficiaries until the Senior 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 Senior 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 Senior Bonds are Outstanding, request at least one nationally recognized securities rating agency to maintain a rating on the Senior 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 Senior 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, the Trustee shall), by notice in writing delivered to the State, declare the principal of and interest accrued on all Senior 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 Senior Bonds.
- The principal of (and premium, if any, on) any Senior Bonds which have become due otherwise than by such declaration of acceleration, together with interest thereon at the rate or rates borne by such Senior Bonds.
- To the extent that payment of such interest is lawful, interest upon overdue installments of interest on the Senior Bonds at the rate or rates borne by such Senior Bonds.
- All Other Obligations 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 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 Senior Bonds or Other Obligations 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 Holders of not less than 25% in aggregate Principal Amount of all Senior Bonds then Outstanding 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) Unless the principal of all the Outstanding Senior Bonds 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 Senior 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).

(B) If the principal of all Outstanding Senior Bonds 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 Senior 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.

(C) If the principal of all the Outstanding Senior Bonds 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 (B) above, in the event that the principal of all the Outstanding Senior 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 (A) 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 Holders of not less than 25% in aggregate Principal Amount of Senior Bonds then Outstanding or any Other Beneficiary 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 the Holders of not less than a majority in aggregate Principal Amount of the Senior Bonds then Outstanding or by any Other Beneficiary.

No one or more Holders of the Senior 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, and the Reserve 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 Program 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 Senior 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 Senior Bonds from gross income of the Holders of the Senior 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 Senior 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 Senior Bonds without the consent of the Holders of all the Senior 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 Senior Bonds and the Other Beneficiaries without the consent of the Holders of all the Senior Bonds Outstanding and the Other Beneficiaries which would be adversely affected by such creation.
- A reduction in the aggregate principal amounts of Senior 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 Senior 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) a privilege or priority of any Senior Obligation over any other Senior Obligation, (b) a privilege or priority of any Subordinate Obligation over any other Subordinate Obligation; or (c) a privilege of any Senior Obligation over any Subordinate Obligation, other than 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**

### **FORM OF BOND COUNSEL OPINION**

*Upon delivery of the 2000 Series A Bonds, it is expected that Foley & Lardner will deliver a legal opinion in substantially the following form:*

(Letterhead of Foley & Lardner)

**\$170,250,000**

**STATE OF WISCONSIN**

**PETROLEUM INSPECTION FEE REVENUE BONDS, 2000 SERIES A**

We have acted as bond counsel in connection with the issuance by the State of Wisconsin (the "State") of its Petroleum Inspection Fee Revenue Bonds, 2000 Series A to the amount of \$170,250,000, dated March 2, 2000 (the "2000 Series A Bonds"). We investigated the law and examined such certified proceedings and other papers as we deemed necessary to render this opinion.

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 investigation.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the 2000 Series A Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement). However, in connection with the rendering of our opinion as to the validity of the 2000 Series A Bonds, nothing has come to our attention that would lead us to believe that the Official Statement (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 2000 Series A Bonds, 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.

The 2000 Series A Bonds are being issued pursuant to 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 supplemented by a resolution also adopted by the Building Commission on January 19, 2000, entitled "Supplemental Resolution Authorizing Not to Exceed \$270,000,000 State of Wisconsin Petroleum Inspection Fee Revenue Bonds" (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) 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 for the payment of the principal of, premium, if any, and interest on the 2000 Series A Bonds when due. 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. The 2000 Series A Bonds are payable solely from cash and securities held by the Trustee from time to time in the redemption fund created under the Program Resolution (the "Pledged Revenues").

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

1. The Program Resolution has 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.
4. The 2000 Series A Bonds 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 2000 Series A Bonds is excluded from gross income for federal income tax purposes, and the interest on the 2000 Series A Bonds 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 2000 Series A Bonds 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 2000 Series A Bonds in gross income for federal income tax purposes retroactively to the date of issuance of the 2000 Series A Bonds. We express no opinion regarding other federal tax consequences arising with respect to the 2000 Series A Bonds.

It is to be understood that the rights of the owners of the 2000 Series A Bonds and the enforceability of the 2000 Series A Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium, 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.

Very truly yours,

FOLEY & LARDNER