



# **STATE OF WISCONSIN CONTINUING DISCLOSURE ANNUAL REPORT**

FILED PURSUANT TO UNDERTAKINGS PROVIDED TO PERMIT COMPLIANCE WITH  
SECURITIES EXCHANGE COMMISSION RULE 15c2-12

## **GENERAL OBLIGATIONS**

(Base CUSIPs 977055, 977056, and 97705L)

## **MASTER LEASE CERTIFICATES OF PARTICIPATION**

(Base CUSIP 977087)

## **TRANSPORTATION REVENUE OBLIGATIONS**

(Base CUSIP 977123)

## **CLEAN WATER REVENUE BONDS**

(Base CUSIP 977092)

## **PETROLEUM INSPECTION FEE REVENUE OBLIGATIONS**

(Base CUSIP 977109)

## **GENERAL FUND ANNUAL APPROPRIATION BONDS**

(Base CUSIP 977100)

**DECEMBER 23, 2010**



**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**JIM DOYLE**  
GOVERNOR

**DANIEL J. SCHOOFF**  
SECRETARY

Division of Executive Budget and Finance  
Capital Finance Office  
Post Office Box 7864  
Madison, WI 53707-7864

TTY (608) 261-6630  
[www.doa.wi.gov/capitalfinance](http://www.doa.wi.gov/capitalfinance)

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**FRANK R. HOADLEY**  
CAPITAL FINANCE DIRECTOR  
Telephone: (608) 266-2305  
Facsimile: (608) 266-7645  
[frank.hoadley@wisconsin.gov](mailto:frank.hoadley@wisconsin.gov)

December 23, 2010

Thank you for your interest in the State of Wisconsin.

This is the Continuing Disclosure Annual Report for the fiscal year ending June 30, 2010 (**2010 Annual Report**).

The 2010 Annual Report provides information on different securities that the State issues and fulfills the State's continuing disclosure undertakings. These undertakings of the State are intended to help dealers and brokers comply with Rule 15c2-12 under the Securities Exchange Act of 1934. As of this date, the State has filed the 2010 Annual Report with the Municipal Securities Rulemaking Board (**MSRB**) through the MSRB's Electronic Municipal Market Access (**EMMA**) system. EMMA receives, and makes available to the public, continuing disclosure documents and related information that is provided by issuers and obligated persons.

Official Statements for securities that the State issues during the next year may incorporate parts of this 2010 Annual Report by reference.

### **Organization of the 2010 Annual Report**

The 2010 Annual Report is divided into eight parts. The first two parts present general information.

- **Part I** presents the **State's continuing disclosure undertakings**. A Master Agreement on Continuing Disclosure (Amended and Restated December 1, 2010) establishes a general framework. Separate addenda describe the information to be provided for specific types of securities.
- **Part II** presents **general information about the State**, including its operations and financial results. This part includes the General Purpose External Financial Statements portion of the audited Comprehensive Annual Financial Report for the fiscal year ending June 30, 2010. This part also includes the results of the 2009-10 fiscal year and information on the budget for 2010-11 fiscal year.

The remaining parts present information about different types of securities that the State issues.

- **Part III – General obligations (including bonds, commercial paper, and extendible municipal commercial paper)**
- **Part IV – Master lease certificates of participation**
- **Part V – Transportation revenue obligations (including bonds and commercial paper)**
- **Part VI – Clean water revenue bonds**
- **Part VII – Petroleum inspection fee revenue obligations (including bonds and extendible municipal commercial paper)**
- **Part VIII – General fund annual appropriation bonds (including bonds and variable rate notes)**

Please note that certain terms may have different meanings in different parts.

#### **Ratings on the State's Securities**

The following chart presents a summary of the long-term ratings currently assigned to different types of securities that the State issues.

<u>Security</u>	<u>Fitch Ratings<sup>(1)</sup></u>	<u>Moody's Investors Service, Inc.<sup>(2)</sup></u>	<u>Standard &amp; Poor's Ratings Services</u>
General Obligations	AA	Aa2	AA
Master Lease Certificates of Participation	AA-	Aa3	AA-
Transportation Revenue Bonds	AA+	Aa2	AA+
Clean Water Revenue Bonds	AA+	Aa1	AA+
Petroleum Inspection Fee Revenue Bonds	AA	Aa2	AA
General Fund Annual Appropriation Bonds	AA-	Aa3	AA-

- (1) On April 5, 2010, Fitch Ratings changed its rating on the many of the State of Wisconsin's obligations reflecting a recalibration by Fitch Ratings of certain U.S. public finance credit ratings.
- (2) On April 16, 2010, Moody's Investors Service changed its rating on many of the State of Wisconsin's obligations reflecting a recalibration by Moody's Investors Service of its long-term U.S. municipal ratings to its global rating scale. In addition, at that time the rating outlook on the State's general obligations, master lease certificates of participation, and general fund annual appropriation bonds was also changed from "negative" to "stable".

December 23, 2010

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### **How to Get Additional Information**

If you are interested in information about securities that the State issues, please contact the Capital Finance Office. *The Capital Finance Office is the only party authorized to speak on the State's behalf about the State's securities.*

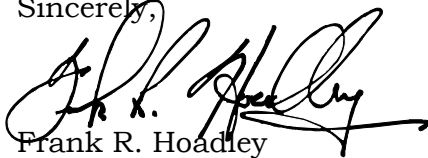
The Capital Finance Office maintains a web site that provides access to both disclosure and non disclosure information.

**[www.doa.wi.gov/capitalfinance](http://www.doa.wi.gov/capitalfinance)**

The Capital Finance Office posts to this web site monthly general fund cash flow reports. The Capital Finance Office also posts to this web site all information filings and listed event filings that it makes through MSRB's EMMA system.

We welcome your comments or suggestions about the format and content of the 2010 Annual Report. The general telephone number of the Capital Finance Office is (608) 266-2305. The e-mail address is **[DOACapitalFinanceOffice@wisconsin.gov](mailto:DOACapitalFinanceOffice@wisconsin.gov)**.

Sincerely,

A handwritten signature in black ink, appearing to read "F. R. Hoadley", written over a horizontal line.

Frank R. Hoadley  
Capital Finance Director

**SUMMARY OF OUTSTANDING STATE OF WISCONSIN OBLIGATIONS  
AS OF DECEMBER 15, 2010**

	<u>Principal Balance 12/15/2009</u>	<u>Principal Issued 12/15/2009 - 12/15/10</u>	<u>Principal Matured, Redeemed, or Defeased 12/15/2009 - 12/15/10</u>	<u>Principal Balance 12/15/2010</u>
<b><u>GENERAL OBLIGATIONS<sup>(a)</sup></u></b>				
<b>Total</b>	<b>\$6,222,792,744</b>	<b>\$1,221,718,000</b>	<b>\$621,738,762</b>	<b>\$6,822,771,982</b>
General Purpose Revenue (GPR)	4,302,621,576	848,368,524	496,836,519	4,654,153,581
Self-Amortizing: Veterans	278,385,000	—	55,640,000	222,745,000
Self-Amortizing: Other	1,641,786,167	373,349,476	69,262,243	1,945,873,400
<b><u>MASTER LEASE CERTIFICATES OF PARTICIPATION</u></b>				
<b>Total</b>	<b>\$ 63,871,327</b>	<b>\$ 28,689,267</b>	<b>\$ 18,460,941</b>	<b>\$ 74,099,653</b>
<b><u>TRANSPORTATION REVENUE OBLIGATIONS<sup>(a)</sup></u></b>				
<b>Total</b>	<b>\$1,759,238,000</b>	<b>\$200,000,000</b>	<b>\$ 93,100,000</b>	<b>\$1,866,138,000</b>
<b><u>CLEAN WATER REVENUE BONDS</u></b>				
<b>Total</b>	<b>\$ 805,305,000</b>	<b>\$284,225,000</b>	<b>\$121,365,000</b>	<b>\$ 968,165,000</b>
<b><u>PETROLEUM INSPECTION FEE REVENUE OBLIGATIONS<sup>(a)</sup></u></b>				
<b>Total</b>	<b>\$ 188,610,000</b>	—	—	<b>\$ 188,610,000</b>
<b><u>GENERAL FUND ANNUAL APPROPRIATION BONDS<sup>(a)</sup></u></b>				
<b>Total</b>	<b>\$3,379,710,000</b>	—	<b>\$ 20,020,000</b>	<b>\$3,359,690,000</b>

(a) This table also includes variable rate obligations that have been issued by the State.

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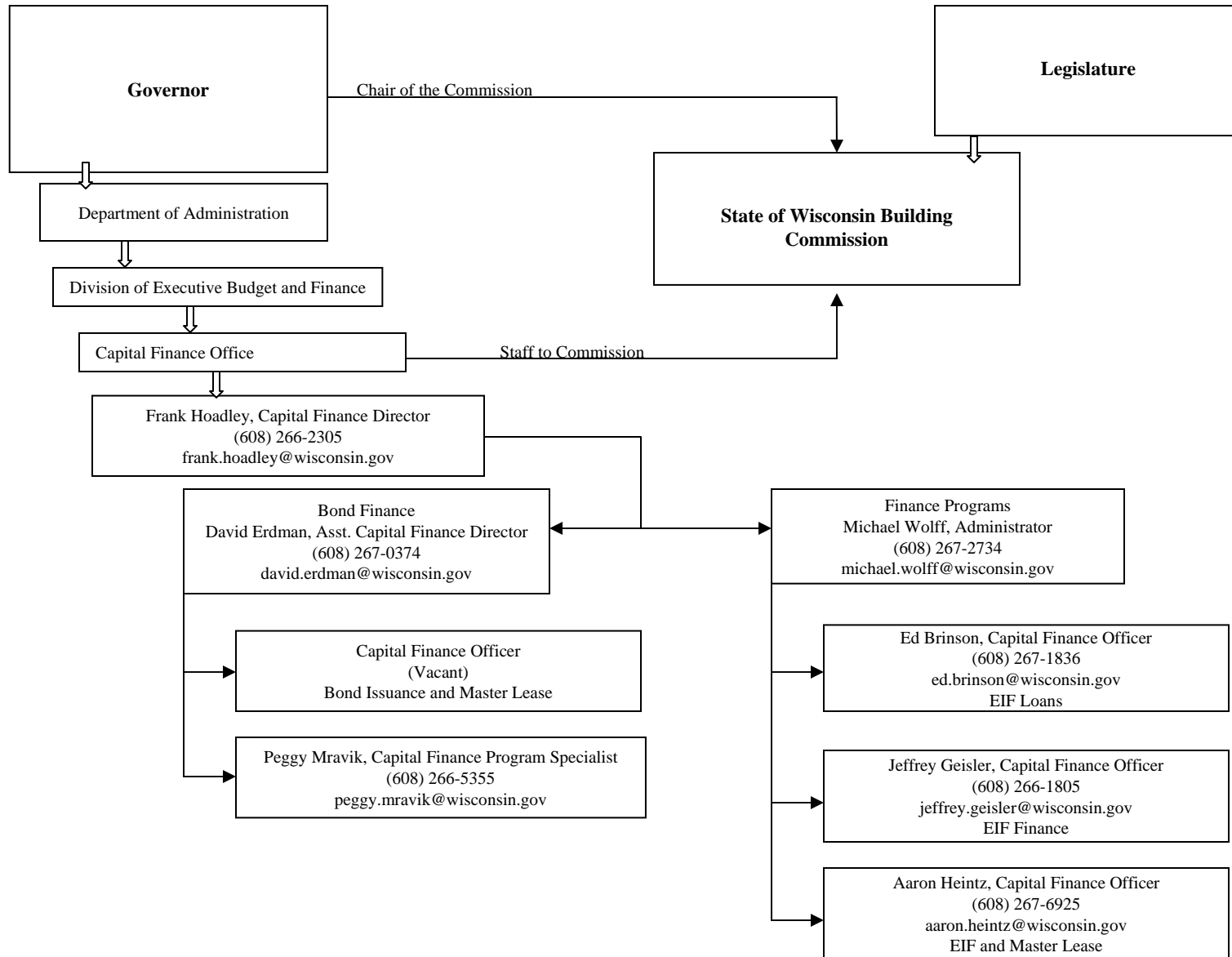
**PART IV  
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## Capital Finance Office Staff (November 1, 2010)





# STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF BONDS AND NOTES

## BUILDING COMMISSION MEMBERS

<b>Voting Members</b>	<b>Term of Office Expires</b>
Governor Jim Doyle, Chairperson	January 2, 2011
Senator Jeffrey Plale, Vice-Chairperson	January 2, 2011
Senator Ted Kanavas	January 6, 2013
Senator Pat Kreitlow	January 2, 2011
Representative Spencer Black	January 2, 2011
Representative Gordon Hintz	January 2, 2011
Representative Dean Kaufert	January 2, 2011
Mr. Terry McGuire, Citizen Member	At the pleasure of the Governor
<b>Nonvoting, Advisory Members</b>	
Mr. Gil Funk, State Chief Engineer Department of Administration	_____
State Chief Architect (Vacant) Department of Administration	_____
<b>Building Commission Secretary</b>	
Mr. David W. Helbach, Administrator Division of State Facilities Department of Administration	At the pleasure of the Building Commission and the Secretary of Administration

## OTHER PARTICIPANTS

Mr. J.B. Van Hollen State Attorney General	January 2, 2011
Mr. Daniel J. Schooff, Secretary Department of Administration	At the pleasure of the Governor

## DEBT MANAGEMENT AND DISCLOSURE

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

Mr. Frank R. Hoadley  
Capital Finance Director  
(608) 266-2305  
[frank.hoadley@wisconsin.gov](mailto:frank.hoadley@wisconsin.gov)

Mr. David R. Erdman  
Assistant Capital Finance Director  
(608) 267-0374  
[david.erdman@wisconsin.gov](mailto:david.erdman@wisconsin.gov)

Mr. Michael D. Wolff  
Finance Programs Administrator  
(608) 267-2734  
[michael.wolff@wisconsin.gov](mailto:michael.wolff@wisconsin.gov)

## PART IV

### MASTER LEASE CERTIFICATES OF PARTICIPATION

Part IV of the 2010 Annual Report provides information about master lease certificates of participation (**Certificates** or **COPS**) issued under the State of Wisconsin Master Lease Program (**Program**).

Total Outstanding Balance (12/15/2010)	\$74,099,653
Ratings <sup>(a)</sup> (Fitch/Moody's/Standard & Poor's) Certificates	AA <sup>-</sup> (b)/Aa3 <sup>(c)</sup> /AA-
<p><sup>(a)</sup> The ratings presented reflect the ratings assigned to the Certificates without regard to any bond insurance policy. No information is provided in the 2010 Annual Report about any rating assigned to any Certificates based on any bond insurance policy.</p> <p><sup>(b)</sup> On April 5, 2010, Fitch Ratings changed its rating on the State's master lease certificates of participation from "A+" to "AA-", reflecting a recalibration by Fitch Ratings of certain U.S. public finance credit ratings. According to Fitch Ratings, the recalibration should not be interpreted as an improvement in the credit quality; rather, the intent of the recalibration is to ensure a greater degree of comparability across Fitch Ratings' global portfolio of credit ratings.</p> <p><sup>(c)</sup> On April 16, 2010, Moody's Investors Service changed its rating on the State's master lease certificates of participation from "A1" to "Aa3", reflecting a recalibration by Moody's Investors Service of its long-term U.S. municipal ratings to its global rating scale. According to Moody's Investors Service, the recalibration does not reflect an improvement in credit quality or a change in credit opinion; instead, the recalibration aligns municipal ratings with its global scale equivalent. In addition to the rating change, the rating outlook of Moody's Investors Service on the State's master lease certificates of participation was also changed from "negative" to "stable".</p>	

The Certificates are issued and secured by a Master Indenture, dated as of July 1, 1996 (**Master Indenture**), among the State of Wisconsin, acting by and through the Department of Administration (**State**), Firststar Bank Milwaukee, N.A., now known as U.S. Bank National Association (**Lessor**), and Firststar Trust Company, also now known as U.S. Bank National Association, as trustee (**Trustee** and **Paying Agent**).

The Certificates evidence a proportionate interest in certain lease payments to be made by the State for the rental of certain equipment items and service contracts. These equipment items and service contracts are purchased under the Third Amended and Restated Master Lease, dated as of April 28, 2000 (**Master Lease**), between the Lessor and the State.

*The full faith and credit of the State are not pledged to the payment of the Certificates, and the Certificates do not constitute debt of the State or any of its subdivisions. The State is not obligated to levy or pledge any tax to make the payments required under the Lease, but payments are required from legally available funds, subject to annual appropriation.*

The Capital Finance Office, which is part of the Division of Executive Budget and Finance within the State of Wisconsin Department of Administration (**Department of Administration** or **DOA**), is responsible for managing the State's borrowing and finance programs. The law firm of Foley & Lardner LLP provides bond counsel services to the State for the Program and for the issuance of the Certificates. The firm of Public Financial Management, Inc. provides financial advisory services to the State for the Program.

Requests for additional information about the Program or Certificates may be directed as follows:

*Contact:* Capital Finance Office  
 Attn: Capital Finance Director  
*Phone:* (608) 266-2305  
*Mail:* State of Wisconsin Department of Administration  
 101 East Wilson Street, FLR 10  
 P.O. Box 7864  
 Madison, WI 53707-7864  
*E-mail:* [DOACapitalFinanceOffice@wisconsin.gov](mailto:DOACapitalFinanceOffice@wisconsin.gov)  
*Web site:* [www.doa.wi.gov/capitalfinance](http://www.doa.wi.gov/capitalfinance)

The 2010 Annual Report includes information and defined terms for different types of securities issued by the State. The context or meaning of terms used in one part of the 2010 Annual Report may differ from that of the same terms used in another part, and the total amount shown in a table may vary from the related sum due to rounding. Any information or resource referred to in the 2010 Annual Report is not part of the 2010 Annual Report unless expressly included by reference.

Certain statements in Part IV of the 2010 Annual Report may be forward-looking statements that are based on expectations, estimates, projections, or assumptions. Any forward-looking statements are made as of the date of the 2010 Annual Report, and the State undertakes no obligation to update such statements to reflect subsequent events or circumstances. Actual results could differ materially from the anticipated results.

## OUTSTANDING CERTIFICATES

The Trustee, with the consent of the State and pursuant to the Master Indenture, has issued previously issued Certificates on the dates and in the amounts shown in Table IV-1. The table includes the outstanding principal balances as of December 15, 2010, and only includes Certificates that have an outstanding balance as of that date.

**Table IV-1**

### OUTSTANDING MASTER LEASE CERTIFICATES OF PARTICIPATION BY ISSUE (As of December 15, 2010)

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u>
<i>Fixed-Rate Master Lease COPS</i>				
2006- Master Lease COPS Series A .....	8/31/06	2007-16	\$71,400,000	\$ 26,190,000
2010- Master Lease COPS Series B .....	8/31/10	2011-17	21,205,000	<u>21,205,000</u>
<i>Total Fixed-Rate Master Lease COPS</i>				<u>\$ 47,395,000</u>
<i>Variable-Rate Master Lease COPS</i>				
2007- Master Lease COPS Series B .....	9/1/07	2017	(a)	\$ 3,805,082
2008- Master Lease COPS Series A .....	9/2/08	2017	(a)	3,850,939
2010- Master Lease COPS Series A .....	6/22/07	2020	(a)	<u>19,048,631</u>
<i>Total Variable-Rate Master Lease COPS</i>				<u>\$ 26,704,653</u>
<b>TOTAL MASTER LEASE COPS.....</b>				<u><b>\$ 74,099,653</b></u>

(a) These series of Master Lease Certificates of Participation evidence the State's repayment of a revolving credit facility in the aggregate amount of \$50,000,000, which the State uses for acquisition funding for the Program. See "SECURITY FOR CERTIFICATES; Two-Phase Financing Structure".

# THE MASTER LEASE PROGRAM

## General

The Program, which was created in 1992 for use by all State agencies, permits the State to acquire tangible property, and in certain situations, intangible property or prepaid service items (**Leased Items**), for State agencies through installment purchase contracts. Particular Leased Items are described in schedules that are prepared under the Master Lease (**Lease Schedules**). Through the period ending December 15, 2010, 16 of the 18 State departments, the Legislature, the Supreme Court, and various other State bodies have used the Program to acquire approximately \$542 million of Leased Items.

## Program Structure

The Master Lease and the Master Indenture establish the structure of the Program. The Master Lease contains general terms and conditions applicable to both the Program and Lease Schedules entered into by the Lessor and the State. A supplemental indenture creates a particular series of Certificates. See [“SUMMARY OF THE MASTER LEASE”](#).

The Master Indenture establishes a trust (**Trust**) comprising certain Lease Schedules, rents, and other payments the State is required to make under the Master Lease (**Lease Payments**), Leased Items, and other property and rights related to those Lease Schedules, including the security interest granted in the Master Lease. The Trust serves as a common pool of collateral, ratably securing all present and future Certificates. See [“SUMMARY OF THE MASTER INDENTURE”](#).

## Program Operations

The Program structure places within the Department of Administration centralized control of day-to-day operations:

- Functions related to Program administration, review of requests for eligible use of the Program, and day-to-day Program operations occur in the Capital Finance Office.
- Functions related to review of requests for budgetary capacity for Lease Payments resulting from use of the Program and biennial budget preparation occur in the State Budget Office.
- Functions related to collection of Lease Payments occur in the State Controller’s Office.

Each of these offices is part of the Department of Administration’s Division of Executive Budget and Finance.

To use the Program to acquire a Leased Item, a state agency submits a written request to the Capital Finance Office. This request is reviewed and approved by the Capital Finance Office, State Budget Office, and the Secretary of Administration. Requests that include information technology items, including but limited to development of software or related systems, are also reviewed by the Department of Administration’s Division of Enterprise Technology. The review process includes a determination by the Capital Finance Office that lease financing is the best alternative for the particular circumstance and a determination by the State Budget Office that current resources are available to make the Lease Payments due in the current fiscal year. Upon receiving approval to use the Program, the agency completes procurement of the Leased Item in compliance with State procurement requirements.

Upon acceptance of the Leased Item, the agency forwards all related outstanding invoices to the Department of Administration for coordination of payment through the Program. Parallel to payment being made to the vendor, a Lease Schedule is prepared by the Department of Administration and executed by the State, the Lessor, and the State agency. This Lease Schedule is then added to the Master Lease. The Lease Schedule also identifies the budgetary appropriation from which the related Lease Payments will be made.

Lease Payments are collected by the State Controller's Office. Scheduled Lease Payments are automatically withdrawn from the appropriations identified by the agency and electronically wired to the Trustee.

### **State Appropriation Process**

Lease Payments are not included in the State budget as a separate budget line item; rather, Lease Payments are included with other expenditures in one or more of an agency's existing budget lines. State law establishes procedures for the budget's enactment. See "**BUDGETING PROCESS AND FISCAL CONTROLS**" in Part II of this 2010 Annual Report for a summary of the budget enactment process and other financial procedures of the State. The State Budget Office review and approval of requests to use the Program provides for Lease Payments to be addressed during preparation of a biennial budget.

The failure of the Legislature to adopt a new budget before the commencement of a biennium does not result in a lack of spending authority. Under Wisconsin law an existing appropriation continues in effect until it is amended or repealed. Once a newly enacted budget becomes effective, the continuing authority of existing appropriations is superseded by the newly enacted appropriations.

The continuing authority of existing appropriations until a new budget is adopted helps to protect against the effect of a delay in the adoption of a budget. If an amount has been appropriated for the second fiscal year in one biennium, there will be continuing authority in the same amount until a new biennial budget is enacted or some other legislative action is taken to amend or repeal the appropriation. The biennial budget for the 2009-10 and 2010-11 fiscal years was enacted on June 29, 2009, which was prior to the start of the 2009-10 fiscal year. Prior to that, the last ten biennial budgets of the State were enacted after the start of the biennium, with the latest date of enactment being October 26<sup>th</sup> (for the 2007-09 biennium), which was nearly four months after the start of the 2007-08 fiscal year.

The Department of Administration maintains separate accounts for all appropriations, showing the amounts appropriated, the amounts allotted, the amounts encumbered, the amounts expended, and certain other data necessary to the financial management and control of all State accounts. The Department of Administration also maintains the general ledgers of the General Fund and all other funds of the State.

## **SECURITY FOR CERTIFICATES**

### **General**

The Certificates represent a proportionate interest in Lease Payments required to be made by the State under the Master Lease. The Master Lease requires the State to make Lease Payments from any source of legally available funds, subject to annual appropriation. The scheduled Lease Payments are sufficient to pay when due the semiannual principal and interest payments on all outstanding Certificates.

*The obligation of the State to make Lease Payments does not constitute an obligation for which the State is obligated to levy or pledge any form of taxation or for which the State has levied or pledged any form of taxation. The obligation of the State to make Lease Payments does not constitute debt of the State. Lease Payments are required from legally available funds, subject to annual appropriation. See "**RISK FACTORS**".*

### **Common Pool of Collateral**

Under the Master Indenture, the Lessor has assigned to the Trustee, for the benefit of all owners of Certificates, all its rights in the following:

- The funds and accounts created by the Master Indenture.
- The Lease Schedules specified in supplemental indentures.
- All Lease Payments, Leased Items, and other property and rights related to those Lease Schedules, including the security interest granted in the Master Lease.

*All Leased Items serve as a common pool of collateral, ratably securing all present and future Certificates.* All Certificates are secured by all Leased Items, regardless of their funding source or the time at which the Program finances them. If the Legislature fails to appropriate necessary funds for the continued performance of the State's obligations under any Lease Schedule or if an event of default occurs under the Master Lease, then an event of default exists with respect to all outstanding Certificates. Once a Lease Schedule is fully paid, the Leased Item covered by the Lease Schedule no longer serves as collateral.

In the opinion of Bond Counsel, the transfer of Lease Schedules by the Lessor to the Trustee constitutes a true sale and not a secured transaction. The State's obligation to make Lease Payments does not depend upon any service provided by the Lessor, and thus the transfer of Lease Schedules would be unaffected by any insolvency of the Lessor.

### **Reserve Fund**

The Master Indenture allows a reserve fund to be established for any specific series of Certificates. As of December 15, 2010, no reserve fund has been established for any series of outstanding Certificates. In the event that the Department of Administration were to establish a reserve fund under the Master Indenture, the amounts in the reserve fund would only be available to the series of Certificates for which the reserve fund was established.

### **Governmental Use**

In connection with each Lease Schedule, the State certifies that each Leased Item will be used to perform a governmental function. Many of the Leased Items will perform critical governmental functions, but the State does not certify that the Leased Items perform any "essential" functions. Examples of Leased Items currently existing in the Trust include components to the State's integrated tax collection system, expansion of the State's central mainframe computer, various information technology items that provide related technology upgrades for the State and various automated services, and energy conservation projects for state-owned buildings. See "TABLE IV-2; Outstanding Master Lease Schedules".

### **Centralized Control and Review**

The Program structure allows one division within the Department of Administration to centrally administer many Program activities. Program functions related to administration, review, and day-to-day operations occur in the Capital Finance Office. Program functions related to review and biennial budget preparation occur in the State Budget Office. Program functions related to collection of Lease Payments occur in the State Controller's Office. Each of these offices is part of the Division of Executive Budget and Finance.

### **Two-Phase Financing Structure**

The State typically uses a two-phase financing structure for the Program. In the first (or acquisition) phase, all Leased Items are initially financed with proceeds from a revolving credit facility. The revolving credit facility is a line of credit, and the State, acting on behalf of the Trustee, requests draws from the revolving credit facility to pay for the acquisition of Leased Items. Certificates have been issued to the provider of the revolving credit facility to evidence the State's repayment of balances under the facility. The provider of the facility is currently Dexia Credit Local, acting through its New York Branch, and the current scheduled termination date to make draws under the facility is September 1, 2013. The State pays interest on funds drawn from the facility based on a variable basis that is a taxable interest rate; funds drawn from the facility prior to March 2009 pay interest based on either a taxable or tax-exempt interest rate.

In the second phase, the State, acting on behalf of the Trustee, may sell additional Certificates to fund all, or a portion, of the Lease Schedules previously funded with proceeds from the revolving credit facility. Since all Lease Schedules have already been accepted by the State, the Certificates issued as part of the

second phase are not subject to nonorigination risk. The State issued fixed-rate Certificates for this purpose in August 2010, with the previous issuance of fixed-rate Certificates occurring in August 2006.

All sources of financing for the Program are issued under the Master Indenture. See “**SECURITY FOR CERTIFICATES; Common Pool of Collateral**”.

### **Appropriation Process**

The central control of the Program provides the State Budget Office with knowledge of all past, current, and pending scheduled Lease Payments due under the Master Lease. Lease Payments due under the Master Lease are not included in the State budget as a separate budget line item. Rather, Lease Payments due under the Master Lease are included with other expenditures in one or more of the existing budget line items for the participating agencies. The Secretary of Administration, under the direction of the Governor and with assistance from the State Budget Office, compiles all budget information and prepares an executive budget consisting of the planned operating expenditures and revenues of all State agencies.

State law establishes procedures for establishing and enacting a State budget. State law also provides that in the event a budget is not in effect at the start of a fiscal year, the prior year’s budget serves as the budget until such time a new budget is enacted.

The Secretary of Administration has statutory power to order reductions in the appropriations of state agencies (which represent less than one-third of the General Fund budget). See “**BUDGETING PROCESS AND FISCAL CONTROLS**” in Part II of this 2010 Annual Report for additional information on the State’s budget process.

#### *Priority of Claims*

The Master Lease includes representations that, if an emergency arises that requires the Department of Administration to draw vouchers for payment that will be in excess of available moneys, then the Secretary of Administration will establish a priority schedule for payments that gives a high priority to Lease Payments due under the Master Lease, but not higher than the priority given to payments on outstanding general obligations, operating notes, and State employee payroll. See “**GENERAL FUND INFORMATION; General Fund Cash Flow**” in Part II of this 2010 Annual Report.

## **RISK FACTORS**

### **Nonappropriation**

The State’s obligation to make Lease Payments is subject to appropriation of the necessary funds by the Legislature. No assurance is given that sufficient funds will be appropriated or otherwise available to make the Lease Payments. **Nonappropriation** is defined in the Master Lease as a determination by the Lessee that the State Legislature has failed to appropriate necessary funds for the continued performance of the obligations of the Lessee under the Master Lease. A failure by the State to make a Lease Payment with respect to any Leased Item would cause the Master Lease to terminate with respect to all Leased Items. The State’s obligation to make Lease Payments is not a general obligation of the State, and moreover, the obligation does not involve the State of Wisconsin Building Commission. Rather, the Master Lease is a contract entered into by the Department of Administration under separate statutory authority.

The Master Lease does not include a nonsubstitution clause. If the Legislature fails to appropriate necessary funds for the continued performance of the State’s obligations under the Master Lease, the State is allowed to acquire and use similar items for the same function as the Leased Item for which no appropriation was made.

While it is possible that failure to make the Lease Payments might hinder the State’s subsequent access to the capital markets, it should not be assumed that the Legislature would regard that possible consequence to be a compelling reason to appropriate the money needed for Lease Payments. See “**SUMMARY OF THE**

**MASTER LEASE**” and **“SUMMARY OF THE MASTER INDENTURE”** for additional information about remedies available under the Master Lease and Master Indenture if no appropriation is made.

### **Essentiality of Leased Items**

Although the State has made certain representations that each Leased Item serves a governmental function, it should be assumed that the State could function without any Leased Item.

### **Collateral Value of Leased Items**

Although the State has provided a security interest in the Leased Items to the Trustee (for the benefit of the owners of Certificates), the Certificates are not offered on the basis of the collateral value of the Leased Items or the value of any other pledged asset (other than the Lease Payments). The term of the Lease Schedule is not permitted to exceed the useful life of the Leased Item; however, it should not be assumed that the value of the Leased Item at any particular time will exceed the portion of the remaining Lease Payments that will be applied to principal or that the existence of any excess would motivate the State to continue making Lease Payments. Typically it is difficult to realize the full value of collateral through sale of the collateral, and some of the Leased Items, such as service contracts, intangible property, or tangible property that is incorporated into real estate, may be impossible or difficult to sell.

Records that evidence the security interest are kept by the Department of Administration, separate and apart from the central record system of security interests kept by the State of Wisconsin Department of Financial Institutions under the Uniform Commercial Code.

### **Tax Exemption**

Should the Master Lease be terminated, no assurance can be given that subsequent payments made by the Trustee with respect to the outstanding Certificates and designated as interest would be excluded from gross income for federal income tax purposes.

### **Applicability of Securities Law**

Should the Master Lease be terminated, the transfer of a Certificate might be subject to compliance with the registration provisions of applicable federal and state securities laws, which could impair the liquidity of the Certificates.



Table IV-2

**OUTSTANDING MASTER LEASE SCHEDULES  
(As of December 15, 2010)**

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
00-031	4/28/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	\$ 569,400	\$ 223,857
00-032	4/28/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	1,450,000.00	570,059.57
00-045	5/18/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	74,600.00	29,324.89
00-068	6/30/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	32,594.00	12,398.98
00-073	7/19/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	624,000.00	244,951.52
00-074	7/19/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	1,800,000.00	706,590.96
00-081	8/7/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	501,520.00	214,305.05
00-086	8/25/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	102,562.00	39,293.91
00-095	9/29/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	312,000.00	118,961.28
00-096	9/29/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	750,000.00	285,326.27
00-097	9/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	364,820.00	146,952.83
00-108	10/16/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	413,798.00	166,930.58
00-120	11/2/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	276,714.00	111,773.36
00-121	11/2/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	292,169.21	118,018.03
00-128	11/22/2000	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	364,307.50	147,437.51
00-129	11/22/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	131,710.25	50,154.26
00-130	11/22/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	450,000.00	171,356.63
00-131	11/22/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	1,200,000.00	456,951.01
00-132	11/22/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	78,880.00	31,923.23
00-135	12/18/2000	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	182,598.00	74,051.14
00-142	12/18/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	516,614.64	209,508.92
00-144	12/18/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	391,860.00	158,915.65
00-146	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	351,434.00	142,652.70
00-147	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	216,443.15	87,857.74
00-148	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	79,455.00	32,252.08
00-149	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	85,000.00	34,502.86
00-151	12/29/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	452,800.00	172,199.83
00-152	12/29/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	350,000.00	133,105.00
01-001	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	33,274.50	13,544.34
01-007	2/1/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	794,500.00	344,651.83
01-008	2/1/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	27,812.00	10,526.64
01-009	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	140,829.20	57,324.22
01-010	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	256,062.00	104,229.50
01-011	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	85,000.00	34,599.09
01-012	2/1/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	200,000.00	75,698.53
01-013	2/1/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	350,000.00	132,472.39
01-025	3/27/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	160,584.00	70,093.04
01-029	3/27/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	256,912.00	105,317.10
01-030	3/27/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	129,036.87	52,896.69
01-031	3/27/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	93,375.00	40,779.52
01-033	3/27/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	998,500.00	380,740.94
01-034	3/27/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	73,838.75	28,155.66
01-035	3/27/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	151,040.00	57,593.49
01-036	3/27/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	92,000.00	37,713.99
01-037	4/17/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	286,000.00	91,146.72
01-039	4/17/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	53,534.00	22,006.49
01-043	5/9/2001	9/1/2013	WEI 3-Energy Perf Contract; Green Bay Correctional	14,040.00	3,987.42
01-048	5/9/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	25,000.00	9,586.31
01-049	5/9/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	250,000.00	95,863.30
01-050	5/9/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	50,477.20	20,802.76
01-051	5/9/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	24,025.89	9,901.59
01-052	5/9/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	484,510.00	212,674.14
01-053	5/9/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	277,000.00	88,544.79
01-057	5/30/2001	9/1/2013	WEI 3-Energy Perf Contract; Green Bay Correctional	20,500.00	5,849.63
01-059	5/30/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	153,466.00	67,629.18
01-065	5/30/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	88,700.00	34,155.88
01-066	5/30/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	63,011.00	24,263.77
01-067	5/30/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	235,800.00	75,717.48
01-069	5/30/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	319,552.00	140,819.73
01-071	6/28/2001	9/1/2013	WEI 3-Energy Perf Contract; Green Bay Correctional	20,500.00	5,879.82
01-073	6/28/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	13,500.00	5,973.68
01-077	6/28/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	45,208.00	17,486.53
01-078	6/28/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	40,300.00	15,588.10

**Table IV-2—Continued**  
**OUTSTANDING MASTER LEASE SCHEDULES**  
**(As of December 15, 2010)**

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
01-079	6/28/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	\$ 240,550.00	\$ 77,699.05
01-080	6/28/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	36,145.20	15,021.30
01-081	6/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	442,300.00	195,715.63
01-092	8/2/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	138,000.00	61,523.82
01-093	8/2/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	165,450.00	53,845.66
01-094	8/2/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 1	307,262.00	136,985.03
01-095	8/2/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	22,150.00	8,636.20
01-104	8/31/2001	9/1/2013	WEI 3-Energy Perf Contract; Green Bay Correctional	7,490.00	2,176.64
01-105	8/31/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	107,950.00	35,274.50
01-106	8/31/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	28,700.00	12,836.81
01-107	8/31/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	278,000.00	124,342.49
01-110	9/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	435,980.00	195,645.53
01-117	9/28/2001	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	20,965.00	8,840.95
01-120	9/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	45,000.00	20,193.70
01-121	9/28/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	67,000.00	21,983.18
01-122	9/28/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	62,800.00	28,181.42
01-123	9/28/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	26,650.00	10,466.56
01-125	9/28/2001	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	666,242.00	314,652.62
01-133	11/21/2001	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	487,245.20	231,506.04
01-138	11/21/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	334,050.00	150,858.39
01-147	12/28/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	51,210.00	23,231.45
01-148	12/28/2001	9/1/2013	WEI 3-Energy Perf Contract; Green Bay Correctional	7,670.00	2,271.01
01-151	12/28/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	23,675.00	9,411.33
01-152	12/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	587,298.00	266,428.07
02-005	1/31/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	1,022,343.35	430,243.71
02-013	1/31/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	1,081,226.20	455,024.02
02-014	1/31/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	81,075.00	32,431.92
02-015	1/31/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	227,500.00	91,005.34
02-019	2/21/2002	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	17,552.00	6,232.09
02-020	2/21/2002	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	21,655.60	8,218.00
02-025	2/21/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	100,000.00	40,209.23
02-027	2/21/2002	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	50,250.00	15,061.40
02-028	2/21/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	196,496.80	83,110.04
02-029	2/21/2002	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	10,083.54	3,826.55
02-043	4/26/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	225,000.00	91,928.37
02-044	4/26/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	429,034.20	184,307.71
02-048	4/26/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	85,858.00	35,079.03
02-050	4/26/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	1,307,850.00	588,306.94
02-051	4/26/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	825,640.24	371,395.70
02-052	5/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	250,000.00	113,165.03
02-055	5/24/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	142,872.90	61,790.40
02-056	5/24/2002	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	32,340.00	13,304.81
02-059	5/31/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	696,128.00	315,516.91
02-061	6/18/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	127,832.05	55,602.63
02-062	6/18/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	250,000.00	113,770.95
02-063	6/18/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	206,800.00	94,111.32
02-064	6/18/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 2	31,000.00	12,828.79
02-071	6/18/2002	3/1/2016	WEI 3-Energy Perf Contract; Kings Veterans' Home	185,490.00	76,813.16
02-082	7/16/2002	9/1/2012	WEI 3-Energy Perf Contract; UW-Colleges Washington County	103,301.00	21,474.98
02-083	7/16/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	79,754.00	36,546.61
02-084	7/16/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	1,006,392.00	441,159.23
02-085	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	49,230.00	21,739.68
02-086	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	124,032.00	57,239.30
02-087	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	175,328.20	77,423.83
02-088	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	382,687.28	176,605.66
02-089	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	120,000.00	55,378.60
02-090	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	229,500.00	101,345.77
02-104	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	682,701.48	314,699.13
02-105	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	222,320.50	98,063.30
02-106	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	105,963.42	46,739.38
02-107	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	553,036.00	254,928.34
02-108	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	575,550.00	265,306.43
02-109	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	419,000.00	184,816.64

**Table IV-2—Continued**  
**OUTSTANDING MASTER LEASE SCHEDULES**  
**(As of December 15, 2010)**

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
02-110	9/13/2002	9/1/2012	WEI 3-Energy Perf Contract; UW-Colleges Washington County	\$ 34,200.00	\$ 7,179.00
02-111	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	96,300.00	44,390.62
02-112	9/13/2002	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	597,251.20	286,263.75
02-113	9/13/2002	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	75,777.00	21,398.41
02-126	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	30,641.00	14,091.39
02-127	10/24/2002	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	361,201.60	172,721.01
02-128	10/24/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	100,000.00	44,006.13
02-129	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	75,000.00	34,491.52
02-130	10/24/2002	9/1/2014	WEI 3-Energy Perf Contract; Kettle Moraine Correctional	127,113.00	43,708.39
02-131	10/24/2002	9/1/2013	WEI 3-Energy Perf Contract; UW-Colleges Fox Valley	143,756.00	40,500.09
02-132	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	1,077,876.00	495,700.78
02-143	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	63,250.00	29,039.54
02-144	11/19/2002	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	65,090.00	18,307.25
02-146	11/19/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	90,000.00	39,539.75
02-147	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	59,634.00	27,379.33
02-148	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	171,500.00	78,739.63
02-151	12/30/2002	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	121,100.00	34,920.55
02-152	12/30/2002	3/1/2016	WEI 3-Energy Perf Contract; Kings Veterans' Home	13,010.00	5,642.98
02-153	12/30/2002	9/1/2013	WEI 3-Energy Perf Contract; UW-Colleges Fox Valley	36,500.00	10,525.20
02-154	12/30/2002	9/1/2014	WEI 3-Energy Perf Contract; Kettle Moraine Correctional	69,200.00	24,484.43
02-155	12/30/2002	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Health	39,220.00	12,818.06
02-156	12/30/2002	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	189,187.30	94,130.81
02-157	12/30/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	120,000.00	57,335.45
02-158	12/30/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	130,075.00	59,389.45
02-159	12/30/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	103,000.00	49,212.92
02-163	12/30/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	42,633.43	19,465.49
03-001	1/24/2003	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	41,851.50	20,946.77
03-002	1/24/2003	9/1/2014	WEI 3-Energy Perf Contract; Kettle Moraine Correctional	45,000.00	16,035.21
03-003	1/24/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	51,670.00	24,837.99
03-004	1/24/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	222,760.00	102,344.27
03-005	1/24/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	82,800.00	39,802.33
03-011	2/14/2003	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	77,200.00	22,571.76
03-016	2/28/2003	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	55,150.00	24,302.96
03-017	2/28/2003	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	16,880.00	8,186.69
03-020	2/28/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	69,900.00	36,617.32
03-032	4/14/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	85,000.00	41,684.40
03-033	4/14/2003	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	38,911.40	19,857.63
03-034	4/14/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	157,664.00	77,319.16
03-035	4/14/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	35,496.15	16,646.96
03-039	4/14/2003	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	27,980.00	8,337.95
03-046	7/31/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire Phase 3	52,680.00	28,586.12
03-052	5/27/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	306,308.00	145,277.94
03-053	5/27/2003	9/1/2012	WEI 3-Energy Perf Contract; UW-Colleges Washington County	8,025.00	1,795.02
03-057	6/19/2003	9/1/2013	WEI 3-Energy Perf Contract; Oakhill Correctional	172,414.90	52,438.06
03-061	6/19/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	189,775.00	90,480.76
03-062	7/10/2003	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	27,851.81	13,350.49
03-066	7/10/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	19,432.00	9,733.84
03-076	7/31/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	250,000.00	125,926.05
03-077	7/31/2003	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	11,740.00	3,632.91
03-091	10/27/2003	9/1/2013	WEI 3-Energy Perf Contract; Oregon Correctional	52,068.10	16,609.33
03-093	10/27/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire	163,040.00	90,497.71
03-099	11/13/2003	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	130,000.00	69,629.71
03-100	12/11/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	758,482.00	379,467.73
03-101	12/11/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	254,050.00	132,612.45
03-102	12/11/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	75,617.00	39,471.58
03-105	12/11/2003	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	22,500.00	9,533.22
04-006	2/24/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	31,633.00	16,843.49
04-012	2/24/2004	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	277,000.00	141,449.58
04-013	2/24/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	278,200.00	148,132.01
04-017	4/22/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Colleges Baraboo/Sauk	163,226.00	88,305.73
04-018	4/22/2004	3/1/2012	WEI 3-Energy Perf Contract; Dodge Correctional	144,800.00	30,568.69
04-021	4/22/2004	9/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	6,165.00	2,894.42
04-032	6/10/2004	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire Phase 3	4,915.00	2,889.52

**Table IV-2—Continued**  
**OUTSTANDING MASTER LEASE SCHEDULES**  
**(As of December 15, 2010)**

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
04-042	7/20/2004	9/1/2014	WEI 3-Energy Perf Contract; Ethan Allen School	\$ 210,757.00	\$ 90,436.04
04-043	8/20/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	190,000.00	106,011.48
04-045	9/20/2004	9/1/2011	LED Sign	559,063.07	87,103.23
04-049	10/29/2004	9/1/2014	WEI 3-Energy Perf Contract; Ethan Allen School	122,991.00	52,531.25
04-050	10/29/2004	3/1/2012	WEI 3-Energy Perf Contract; Dodge Correctional	418,453.00	92,055.41
04-051	10/29/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Colleges Baraboo/Sauk	30,663.00	17,436.80
04-054	10/29/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	175,000.00	99,515.42
04-055	10/29/2004	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	28,051.00	16,520.79
04-061	11/30/2004	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire	42,765.00	26,216.26
05-004	1/31/2005	3/1/2012	WEI 3-Energy Perf Contract; Dodge Correctional	90,617.00	20,704.69
05-005	1/31/2005	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	175,000.00	72,399.10
05-009	3/17/2005	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	501,490.00	305,622.97
05-010	3/17/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	320,550.00	188,854.12
05-011	3/17/2005	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	290,000.00	164,457.41
05-022	5/5/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	547,825.00	326,381.41
05-023	5/5/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	387,180.00	230,928.38
05-043	8/17/2005	9/1/2011	LED Sign	35,000.00	6,334.72
05-046	9/7/2005	3/1/2012	ITS Phase 3-WINPAS Project	600,000.00	151,129.17
05-047	9/7/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	165,000.00	101,384.20
05-048	9/7/2005	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	319,286.00	141,892.06
05-054	11/23/2005	3/1/2012	ITS Phase 3-WINPAS Project	900,000.00	234,147.61
05-055	11/23/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	170,643.00	106,857.27
05-056	11/23/2005	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	350,000.00	159,574.31
05-058	12/21/2005	3/1/2012	WEI 3-Energy Perf Contract; Dodge Correctional	70,175.00	18,400.24
06-001	1/11/2006	3/1/2012	ITS Phase 3-WINPAS Project	450,000.00	119,082.86
06-002	1/11/2006	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 2	24,000.00	14,103.10
06-005	1/31/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	88,770.00	58,802.41
06-008	2/17/2006	3/1/2012	ITS Phase 3-WINPAS Project	2,050,000.00	550,507.82
06-010	3/3/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	110,600.00	70,810.93
06-014	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	33,231.00	21,389.99
06-015	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	42,500.00	27,356.23
06-016	3/31/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	70,442.00	43,823.10
06-017	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	170,000.00	109,424.90
06-018	3/31/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	25,544.00	16,944.28
06-019	3/31/2006	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	160,000.00	75,860.25
06-025	5/19/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	367,500.00	230,905.76
06-026	5/19/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	240,000.00	155,930.08
06-027	5/19/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	25,000.00	16,729.94
06-028	5/19/2006	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	120,000.00	57,697.13
06-029	5/19/2006	3/1/2013	Integrated Property Assessment System (IPAS)	144,187.00	56,823.02
06-035	6/16/2006	3/1/2011	Golf Course Maintenance Equipment	65,660.50	7,527.83
06-037	6/30/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	574,730.00	364,321.13
06-038	6/30/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	530,000.00	347,230.41
06-039	6/30/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	70,000.00	47,214.53
06-040	6/30/2006	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	100,000.00	48,680.31
06-041	6/30/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	50,000.00	32,757.58
06-044	6/30/2006	3/1/2012	ITS Phase 3-WINPAS Project	300,000.00	85,130.45
06-045	6/30/2006	3/1/2013	Integrated Business Information System	3,825,007.91	1,577,434.56
06-050	7/19/2006	3/1/2012	ITS Phase 3-WINPAS Project	600,000.00	171,609.11
06-051	8/2/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	170,000.00	113,167.28
06-052	8/2/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	40,000.00	26,627.60
06-054	8/2/2006	3/1/2011	Golf Course Maintenance Equipment	40,223.00	4,820.73
06-055	8/2/2006	3/1/2012	ITS Phase 3-WINPAS Project	1,000,000.00	215,087.79
06-056	8/31/2006	9/1/2014	WEI 3-Energy Perf Contract; Ethan Allen School	25,848.00	14,254.47
06-057	8/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	160,000.00	109,017.29
06-058	8/31/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	70,000.00	49,008.45
06-059	8/31/2006	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	50,000.00	25,745.76
06-060	8/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	152,000.00	103,566.42
06-064	9/29/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	180,000.00	123,340.38
06-065	9/29/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	95,000.00	66,866.34
06-066	9/29/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	28,000.00	19,186.28
06-068	10/17/2006	3/1/2012	ITS Phase 3-WINPAS Project	500,000.00	153,278.10
06-072	12/15/2006	3/1/2013	Integrated Business Information System	199,407.99	87,783.48

**Table IV-2—Continued**  
**OUTSTANDING MASTER LEASE SCHEDULES**  
**(As of December 15, 2010)**

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
06-073	12/15/2006	3/1/2012	ITS Phase 3-WINPAS Project	\$ 1,150,000.00	\$ 362,129.74
06-074	12/15/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	230,000.00	160,065.07
06-075	12/15/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	285,000.00	202,924.21
06-077	12/29/2006	3/1/2013	Integrated Business Information System	971,908.16	428,752.68
06-078	12/29/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	110,879.00	77,393.62
06-079	12/29/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	230,000.00	164,725.79
07-002	1/19/2007	3/1/2014	Intoximeters - Breath Alcohol Testing Equipment	637,500.00	342,704.50
07-004	1/19/2007	3/1/2013	Integrated Business Information System	47,396.96	21,225.94
07-008	2/2/2007	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	318,576.00	229,658.30
07-009	2/2/2007	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	60,000.00	32,405.17
07-012	2/23/2007	3/1/2013	Integrated Business Information System	359,013.99	162,736.87
07-015	2/23/2007	3/1/2012	ITS Phase 3-WINPAS Project	660,000.00	215,372.62
07-020	4/27/2007	3/1/2013	Integrated Business Information System	48,750.00	22,650.18
07-022	4/27/2007	3/1/2012	Golf Course Maintenance Equipment	14,500.00	4,880.88
07-023	5/18/2007	3/1/2013	Integrated Property Assessment System (IPAS)	111,050.00	52,074.88
07-025	7/13/2007	3/1/2014	ITS Phase 3-WINPAS Project	990,000.00	564,448.34
07-026	7/13/2007	3/1/2012	Golf Course Maintenance Equipment	83,134.00	29,006.86
07-027	7/13/2007	3/1/2014	Intoximeters - Breath Alcohol Testing Equipment	963,900.00	549,543.03
07-028	7/13/2007	3/1/2013	Integrated Business Information System	222,297.94	105,179.36
07-033	8/10/2007	9/1/2012	Delivery Vehicle	74,442.00	31,289.61
07-035	8/10/2007	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	780,000.00	575,214.76
07-036	8/31/2007	9/1/2012	Delivery Vehicle	39,194.00	16,628.34
07-037	9/14/2007	3/1/2012	Golf Course Maintenance Equipment	30,659.00	10,930.58
07-039	9/28/2007	3/1/2013	Integrated Business Information System	26,552.34	12,941.34
07-041	9/28/2007	9/1/2012	Delivery Vehicles	237,600.00	100,048.79
07-043	10/26/2007	3/1/2013	Integrated Business Information System	18,750.00	9,091.49
07-044	10/26/2007	3/1/2014	ITS Phase 3-WINPAS Project	415,000.00	241,440.58
07-047	12/7/2007	3/1/2013	Integrated Property Assessment System (IPAS)	291,973.00	146,937.05
07-048	12/7/2007	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	300,000.00	226,902.87
07-049	12/21/2007	9/1/2014	Digital Microwave Equipment Replacement	1,314,719.00	794,393.48
07-050	12/21/2007	3/1/2014	ITS Phase 3-WINPAS Project	1,235,000.00	734,020.30
08-002	1/18/2008	3/1/2013	Integrated Business Information System	26,502.94	13,634.50
08-004	2/8/2008	9/1/2014	Digital Microwave Equipment Replacement	239,214.38	152,741.48
08-005	3/7/2008	3/1/2014	ITS Phase 3-WINPAS Project	600,000.00	367,864.90
08-006	3/7/2008	3/1/2011	Personal Computer and Laptop Replacement	186,142.42	32,690.49
08-007	3/7/2008	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	150,000.00	115,884.79
08-008	3/7/2008	9/1/2014	Digital Microwave Equipment Replacement	53,754.40	34,754.84
08-010	3/27/2008	3/1/2015	Campaign Finance Information System	144,106.00	97,982.75
08-011	4/18/2008	3/1/2013	Integrated Property Assessment System (IPAS)	111,080.00	59,782.59
08-012	5/16/2008	3/1/2013	Golf Course Maintenance Equipment	20,151.00	11,027.38
08-013	4/18/2008	3/1/2013	Golf Course Maintenance Equipment	27,000.00	14,531.24
08-014	5/16/2008	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	480,000.00	304,150.32
08-016	6/6/2008	3/1/2013	Golf Course Maintenance Equipment	142,143.00	78,698.48
08-017	6/6/2008	3/1/2015	Campaign Finance Information System	144,106.00	100,901.67
08-018	6/27/2008	3/1/2015	Campaign Finance Information System	14,420.00	10,189.99
08-019	6/27/2008	3/1/2011	Personal Computer Replacement-Specialty Labs	30,170.00	5,808.29
08-020	7/18/2008	3/1/2015	Campaign Finance Information System	82,248.00	50,939.24
08-021	7/18/2008	9/1/2011	Network Hardware Replacement	40,836.32	11,672.46
08-022	8/5/2008	9/1/2015	CNC Milling Machine	39,231.00	16,862.19
08-023	8/5/2008	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	100,000.00	71,127.36
08-024	8/5/2008	3/1/2014	ITS Phase 3-WINPAS Project	375,000.00	216,191.70
08-025	9/5/2008	9/1/2013	Lawn Mower for Athletic Fields	47,333.00	26,264.39
08-026	9/5/2008	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	12,912.00	9,085.59
08-027	9/5/2008	9/1/2011	Network Hardware Replacement	11,646.00	3,510.11
08-028	9/30/2008	3/1/2014	ITS Phase 3-WINPAS Project	1,125,000.00	672,422.99
08-029	9/30/2008	9/1/2011	Software for Online Income Tax Filing	589,107.84	184,631.62
08-030	10/31/2008	3/1/2014	ITS Phase 3-WINPAS Project	320,000.00	193,870.40
08-031	10/31/2008	3/1/2015	Campaign Finance Information System	238,716.00	155,384.31
08-032	11/26/2008	3/1/2013	Integrated Property Assessment System (IPAS)	157,560.00	85,600.71
08-033	11/26/2008	9/1/2015	Digital Microwave Equipment Replacement - Phase 2	1,442,233.00	970,126.67
08-034	11/26/2008	9/1/2015	Wisconsin Integrated Correction System (WICS) - Phase 1	3,990,331.85	2,684,100.98
08-035	11/26/2008	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	230,000.00	169,362.52
08-036	11/26/2008	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	325,000.00	198,734.73

**Table IV-2—Continued**  
**OUTSTANDING MASTER LEASE SCHEDULES**  
**(As of December 15, 2010)**

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
08-037	12/23/2008	3/1/2014	ITS Phase 3-WINPAS Project	\$ 480,000.00	\$ 297,664.46
08-038	12/23/2008	3/1/2015	Campaign Finance Information System	26,704.00	17,713.33
09-001	1/21/2009	3/1/2014	Wheel Loader and Accessories	151,512.00	96,080.57
09-002	2/6/2009	3/1/2012	Medical Liquid Handling Equipment	66,420.72	30,276.57
09-003	2/6/2009	3/1/2014	ITS Phase 3-WINPAS Project	200,000.00	127,930.41
09-004	2/6/2009	3/1/2012	Software/Hardware Upgrade to DOR Data Warehouse	442,330.47	201,627.52
09-005	2/6/2009	3/1/2016	Motor Coach Buses for Prisoner Transport	873,764.00	624,140.97
09-006	3/4/2009	3/1/2014	Digital Mobile Radio Replacement	1,583,700.00	1,030,213.74
09-007	3/4/2009	3/1/2014	ITS Phase 3-WINPAS Project	600,000.00	390,303.94
09-008	3/4/2009	3/1/2014	BadgerChoice Suite of Tools	825,000.00	536,667.93
09-011	4/10/2009	3/1/2012	Network Switch Replacement	362,387.15	176,360.99
09-012	4/10/2009	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	99,440.00	76,964.30
09-013	4/10/2009	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	106,146.00	70,520.97
09-014	4/30/2009	3/1/2012	Network Switch Replacement	21,649.65	10,485.57
09-015	4/30/2009	3/1/2016	ITS Phase 3-WINPAS Project	180,000.00	133,130.90
09-016	5/28/2009	3/1/2012	Personal Computer and Laptop Replacement	182,153.75	93,059.42
09-017	5/28/2009	3/1/2014	BadgerChoice Suite of Tools	925,000.00	631,581.10
09-018	5/28/2009	3/1/2012	Tractor	45,800.00	16,246.10
09-019	6/16/2009	3/1/2016	ITS Phase 3-WINPAS Project	270,000.00	203,570.98
09-020	6/16/2009	3/1/2014	Golf Course Maintenance Equipment	130,203.50	89,945.39
09-021	6/30/2009	3/1/2016	ITS Phase 3-WINPAS Project	112,500.00	85,375.48
09-022	6/30/2009	3/1/2014	LANDesk Management Suite	463,590.00	323,207.72
09-023	7/16/2009	9/1/2014	Mass Spectrometer	399,501.05	222,805.32
09-024	7/31/2009	3/1/2016	ITS Phase 3-WINPAS Project	737,500.00	568,686.52
09-025	7/31/2009	3/1/2014	BadgerChoice Suite of Tools	750,000.00	534,503.33
09-026	8/14/2009	9/1/2012	Mass Spectrometer	600,000.00	220,632.59
09-027	8/31/2009	3/1/2014	LANDesk Management Suite	182,555.00	132,747.15
09-028	8/31/2009	9/1/2015	Digital Radio Replacement	365,750.00	281,013.23
09-029	9/18/2009	3/1/2014	LANDesk Management Suite	196,166.60	144,144.96
09-030	10/23/2009	3/1/2014	LANDesk Management Suite	253,589.52	190,998.84
09-031	10/23/2009	3/1/2016	ITS Phase 3-WINPAS Project	600,000.00	480,790.00
09-032	11/16/2009	3/1/2016	Campus Vehicles (Truck-Grounds and SUV-Law Enforcement)	50,516.00	40,942.40
09-033	12/16/2009	3/1/2016	Campus Vehicles (Snowplow for truck)	4,597.45	3,783.76
09-034	12/16/2009	3/1/2014	LANDesk Management Suite	461,068.22	360,810.79
09-035	12/16/2009	9/1/2012	Video Bronchoscope	55,253.85	29,881.94
10-001	1/15/2010	3/1/2013	Integrated Property Assessment System (IPAS)	182,530.00	139,763.63
10-002	1/15/2010	3/1/2016	ITS Phase 3-WINPAS Project	250,000.00	209,157.84
10-003	1/15/2010	3/1/2014	BadgerChoice Suite of Tools	500,000.00	400,411.23
10-004	1/15/2010	3/1/2016	Statewide Vital Records Information System	119,079.90	99,625.98
10-005	1/15/2010	9/1/2015	Mobile Radio Replacement	707,548.40	503,201.63
10-006	2/16/2010	3/1/2016	ITS Phase 3-WINPAS Project	900,000.00	764,120.22
10-007	2/16/2010	3/1/2014	LANDesk Management Suite	513,947.36	420,576.46
10-008	2/16/2010	3/1/2015	Scheduling Software	61,250.00	51,087.74
10-009	3/12/2010	3/1/2016	ITS Phase 3-WINPAS Project	1,000,000.00	860,922.27
10-010	3/12/2010	3/1/2015	High Speed Printer / Scanner	30,352.20	25,737.10
10-011	3/12/2010	3/1/2015	Automated Functional Screen Software	180,000.00	152,630.67
10-012	3/12/2010	3/1/2013	Forage Harvester	167,100.00	135,230.25
10-013	3/12/2010	3/1/2014	LANDesk Management Suite	240,403.25	200,772.64
10-014	3/12/2010	3/1/2015	Automated Clinical Chemistry Analyzer	110,700.00	93,867.86
10-015	4/9/2010	3/1/2014	LANDesk Management Suite	291,399.73	248,469.85
10-016	4/9/2010	3/1/2015	Integrated Property Assessment System (IPAS)	717,272.00	618,506.41
10-017	4/9/2010	3/1/2015	Automated Functional Screen Software	220,000.00	189,706.85
10-018	4/30/2010	3/1/2015	Scheduling Software	85,806.00	74,982.89
10-019	4/30/2010	3/1/2016	ITS Phase 3-WINPAS Project	650,000.00	573,990.13
10-021	5/21/2010	3/1/2014	LANDesk Management Suite	349,003.39	307,699.14
10-022	5/21/2010	3/1/2016	Statewide Vital Records Information System	38,894.50	34,744.26
10-023	5/21/2010	3/1/2015	Orchard Sprayer - Peninsular Ag Research Station	19,399.10	17,185.23
10-024	5/21/2010	3/1/2015	Golf Course Maintenance Equipment	65,178.00	57,739.73
10-025	5/21/2010	3/1/2013	Personal Computer and Laptop Replacement	152,672.91	132,772.65
10-026	5/21/2010	3/1/2015	Tractor - Seed Potato Farm	79,440.00	70,374.12
10-027	6/18/2010	3/1/2017	Pneumatic Granular Fertilizer Applicator	59,349.45	54,314.27
10-028	6/18/2010	3/1/2015	Scheduling Software	10,000.00	9,011.99
10-029	6/18/2010	3/1/2015	Golf Course Maintenance Equipment	45,314.00	40,836.95

**Table IV-2—Continued**  
**OUTSTANDING MASTER LEASE SCHEDULES**  
**(As of December 15, 2010)**

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
10-030	6/18/2010	3/1/2014	LANDesk Management Suite	\$ 221,355.46	\$ 199,389.82
10-031	6/18/2010	3/1/2013	Personal Computer and Monitor Replacement	36,340.00	32,530.44
10-032	6/30/2010	3/1/2015	Avionic Radio Replacement	279,530.35	163,034.45
10-033	6/30/2010	3/1/2015	Scheduling Software	140,850.00	127,908.19
10-035	7/12/2010	3/1/2014	LANDesk Management Suite	265,740.05	265,740.05
10-036	7/26/2010	9/1/2015	Milk Carton Filling Machine	188,131.50	188,131.50
10-037	7/26/2010	3/1/2016	ITS Phase 3-WINPAS Project	900,000.00	730,000.00
10-038	7/26/2010	3/1/2015	Automated Functional Screen Software	550,000.00	550,000.00
10-039	7/26/2010	3/1/2015	Golf Course Maintenance Equipment	17,610.00	17,610.00
10-040	8/16/2010	3/1/2014	LANDesk Management Suite	132,155.27	132,155.27
10-041	8/16/2010	3/1/2016	Statewide Vital Records Information System	216,957.00	216,957.00
10-042	8/16/2010	9/1/2015	IT Infrastructure FY10	215,019.00	215,019.00
10-043	8/16/2010	3/1/2015	Campaign Finance Information System	82,600.00	82,600.00
10-044	8/16/2010	3/1/2015	Integrated Property Assessment System (IPAS)	434,002.00	434,002.00
10-045	8/31/2010	3/1/2014	LANDesk Management Suite	92,101.21	92,101.21
10-046	8/31/2010	3/1/2013	Lake Michigan Research Vessel - R/V Coregonus	299,325.00	173,425.00
10-047	9/15/2010	9/1/2015	IT Infrastructure FY10	900,349.43	900,349.43
10-048	9/15/2010	3/1/2015	Scheduling Software	79,857.00	79,857.00
10-049	9/15/2010	3/1/2016	ITS Phase 3-WINPAS Project	375,000.00	375,000.00
10-050	9/15/2010	3/1/2015	Campaign Finance Information System	82,600.00	82,600.00
10-051	9/30/2010	3/1/2013	Lake Michigan Research Vessel - R/V Coregonus	199,550.00	199,550.00
10-052	9/30/2010	9/1/2015	IT Infrastructure FY11	94,790.94	94,790.94
10-053	9/30/2010	9/1/2013	Industrial Floor Sweeper/Scrubber	61,580.38	61,580.38
10-054	9/30/2010	3/1/2016	Statewide Vital Records Information System	8,188.00	8,188.00
10-055	10/15/2010	9/1/2017	Wisconsin Integrated Correction System (WICS) - Phase 2	1,643,868.00	1,643,868.00
10-056	10/15/2010	3/1/2014	LANDesk Management Suite	114,681.15	114,681.15
10-057	10/29/2010	3/1/2013	Lake Michigan Research Vessel - R/V Coregonus	299,325.00	299,325.00
10-058	10/29/2010	3/1/2016	ITS Phase 3-WINPAS Project	1,125,000.00	1,125,000.00
10-059	10/29/2010	9/1/2015	Milk Carton Filling Machine	94,065.75	94,065.75
10-060	10/29/2010	9/1/2015	IT Infrastructure FY11	120,998.79	120,998.79
10-061	11/15/2010	3/1/2014	LANDesk Management Suite	84,203.41	84,203.41
10-062	11/15/2010	3/1/2015	Automated Functional Screen	410,000.00	410,000.00
10-063	11/15/2010	3/1/2015	Scheduling Software	10,000.00	10,000.00
10-064	11/15/2010	3/1/2016	Statewide Vital Records Information System	65,692.00	65,692.00
10-065	11/15/2010	9/1/2015	Milk Carton Filling Machine	56,439.45	56,439.45
10-066	11/15/2010	3/1/2015	Integrated Property Assessment System (IPAS)	796,995.00	796,995.00
10-067	11/15/2010	9/1/2015	IT Infrastructure FY11	1,002,370.34	1,002,370.34
10-068	11/15/2010	9/1/2014	Workstation Refresh	236,060.98	236,060.98
10-069	11/30/2010	9/1/2013	PCs, Monitors and Laptops (WICS)	142,315.65	142,315.65
10-070	11/30/2010	9/1/2015	IT Infrastructure FY11	316,054.04	316,054.04
10-071	11/30/2010	9/1/2013	Base Station Radios	1,366,000.00	1,366,000.00
10-072	11/30/2010	9/1/2015	IT Infrastructure FY10	19,499.50	19,499.50
10-073	11/30/2010	3/1/2015	Scheduling Software	36,965.90	36,965.90
10-074	12/15/2010	9/1/2015	Milk Carton Filling Machine	37,626.30	37,626.30
10-075	12/15/2010	3/1/2016	ITS Phase 3-WINPAS Project	450,000.00	450,000.00
10-076	12/15/2010	3/1/2013	Lake Michigan Research Vessel - R/V Coregonus	217,575.85	217,575.85
10-077	12/15/2010	3/1/2014	LANDesk Management Suite	77,782.33	77,782.33
10-078	12/15/2010	9/1/2013	Network Storage Hardware and Software	3,675,090.00	3,675,090.00
10-079	12/15/2010	9/1/2017	Highly Integrated Adaptive Radiotherapy (Hi-Art) System	1,740,330.00	1,740,330.00
10-080	12/15/2010	9/1/2014	Workstation Refresh	10,035.10	10,035.10
				<b>\$ 75,224,039.31</b>	

Note: The principal balance of each Lease Schedule reflects amortization at an assumed fixed interest rate; during the period that a Lease Schedule is funded with proceeds from a revolving credit facility, interest accrues and is based on a variable interest rate. As a result, the principal balances included in this table may change slightly when reconciled to reflect actual accrued interest. During a period of low interest rates, the principal balance of each Lease Schedule may actually be slightly less than shown in the table.

## SUMMARY OF THE MASTER LEASE

The following is a summary of certain provisions of the Master Lease.

### Acquisition, Delivery, and Lease of Leased Items

The Master Lease establishes the process for acquiring property items and service items. It requires the State to provide written notice to the Lessor, identifying:

- The items it desires to lease
- The anticipated schedule for making Lease Payments
- The anticipated date or dates on which payments to acquire the Leased Item are due and payable

The notice must also confirm that the State expects that sufficient moneys will be available to pay the acquisition costs, as arranged solely by the State. The State (or the Lessor at the State's request) orders each Leased Item from the contractor selected by the State.

The State is responsible for selecting Leased Items, reviewing the terms of purchase, and arranging for the delivery, installation, testing, servicing, and maintenance of the Leased Items.

Upon delivery and any required installation of any Leased Item that is a property item, the State is required to inspect such item, and if it meets the State's specifications, then the State, before the end of the acceptance period agreed to by the contractor, must provide the Lessor with a certificate of acceptance. At the time the property item is accepted, the State will perfect a security interest therein in favor of the Lessor or any party to which such security interest is assigned with the State's consent. Before the commencement of service for a Leased Item that is a service contract, the State must provide the Lessor with a certificate of acceptance. Any Leased Items thus acquired become subject to the Master Lease, and upon acceptance, the State becomes obligated to make the Lease Payments.

### Lease Term and Lease Termination

The Master Lease is in effect until all Lease Payments have been paid, unless the Master Lease is either extended or terminated earlier, as provided in the Master Lease. With respect to any Leased Item, the obligation to make Lease Payments begins:

- On the date of execution of the related Lease Schedule and the certificate of acceptance, or
- On the date that sufficient moneys are received in a particular fund from which the costs of Leased Items are to be paid.

*Subject to appropriation, the State presently intends to keep the Master Lease in effect for its entire term and to make all Lease Payments. The State agrees that the appropriate budget requests for each fiscal year will include all Lease Payments coming due in the fiscal year. In the event an emergency arises that requires the State to draw vouchers for payments that will be in excess of available moneys and the Secretary of Administration establishes a priority schedule for payments under the Wisconsin Statutes (Statutes), the Secretary will give a high priority to Lease Payments due under the Master Lease.*

In accordance with the Statutes, the continuance of the Master Lease beyond the limits of funds already available to the State is contingent upon appropriation of the necessary funds. Upon the occurrence in any fiscal year of a Nonappropriation (**Event of Nonappropriation**), the State has the right to terminate the Master Lease. Termination would affect all Leased Items and would be effective as of the last day of a fiscal year (that is, June 30<sup>th</sup>).

The State would still be obligated to make any Lease Payments due by the end of the fiscal year but would not be responsible for the payment of any Lease Payments scheduled to come due in any succeeding fiscal year. In the event of termination of the Master Lease based on an Event of



Nonappropriation, if the Lessor requests, the State is required to deliver possession of all Lease Items to the Lessor and must convey to the Lessor, or release, its interest in all Leased Items.

With respect to any Leased Item, the respective Lease Schedule terminates when all Lease Payments relating to it are paid under the Lease Schedule or when the State terminates the Lease Schedule by paying the applicable purchase price for the Leased Item.

The Master Lease will terminate in its entirety (which will affect all Leased Items) if an Event of Nonappropriation occurs, or if the State defaults and the Lessor elects to terminate the Master Lease.

### **Insurance Requirements; Loss or Damage to Leased Items**

The State is required to provide insurance coverage against certain risks, through its self-funded liability and property programs, for which sum-sufficient appropriations are made under the Statutes. Insured risks include:

- Damage to or destruction of Leased Items
- Liability for injuries to or death of any person or damage to or loss of property related to use of the Leased Items
- The employer's costs for worker's compensation relating to use of the Leased Items

The State assumes all risks and liabilities for loss or damage to any Leased Item and for injury to or death of any person or damage to any other property arising from use of the property items or arising with respect to service items, to the extent such loss, damage, injury, death, or damage to other property is caused by acts committed by an officer or employee of the State while acting within the scope of employment or any agent of the State while acting within the scope of the agency.

If any Leased Item delivered to the State is lost, then the State is required to replace the item or pay the applicable purchase price for that Leased Item.

When the State pays the purchase price for any Leased Item, the Master Lease terminates with respect to such Leased Item and the State becomes entitled to such Leased Item, *as is, where is, and without any warranty*, except for any warranty from the contractor that provided the Leased Item.

### **Other Obligations**

The Lessor has no responsibility for the use or maintenance of the Leased Items. The State is required to use all Leased Items carefully, properly, and lawfully. The State is required to maintain all Leased Items. The State is required to pay any charges assessed against Leased Items.

### **Rights in Leased Items; Security Interest**

The Lessor does not have legal title to Leased Items that are property items. Legal title to all property items rests in the State. Should the Master Lease terminate due to an Event of Nonappropriation or an event of default under the Master Lease, the State is required to transfer to the Lessor its interest in all Leased Items.

The State has granted to the Lessor a first priority purchase-money security interest in Leased Items to secure the State's payment of all Lease Payments.

The Lessor has no responsibility in connection with the selection of the Leased Items or the contractors providing the Leased Items. The Leased Items and contractors will be selected solely by the State.

The Lessor has no responsibility for the condition or usefulness of the Leased Items. The Leased Items are leased *as is, where is, and without any warranty*. The Lessor also is not responsible for any damages in connection with the use of the Leased Items.

### **Assignment, Mortgaging, and Selling**

The Lessor may not, without the prior written consent of the State, assign its obligations under the Master Lease or its interest in the Leased Items or grant a security interest in or lien upon the Leased Items or enter into any financing for the Leased Items.

### **Option to Terminate Lease Schedule**

Depending on the source of funding for the Lease Schedule, the State may have the option to terminate the Lease Schedule by depositing an amount equal to the applicable purchase price. The amount shall either be:

- An amount equal to the outstanding principal amount of the Lease Schedule, interest to the date of redemption of the source of funding, and any redemption premium, or
- If permitted, an amount sufficient to purchase investments maturing on such dates and in such amounts to pay the Lease Payments when due (or until the source of funding may be redeemed).

### **Events of Default and Remedies**

Each of the following shall be an event of default under the Master Lease:

- Failure by the State to pay when due any Lease Payments and the continuation of such failure for five business days.
- Failure by the State to observe any covenant with respect to any Leased Item (other than a failure to make Lease Payments) for a period of thirty days after notice, unless the Lessor and the Trustee agree to an extension.
- Any representation or warranty by the State in the Master Lease was untrue in any material respect.
- An event of default shall have occurred and be continuing under the Indenture.

If by reason of force majeure the State is unable to carry out its obligations under the Master Lease with respect to any Leased Item (other than its obligation to make Lease Payments, which must still be paid when due), then the State shall not be deemed in default during the period of inability.

Whenever any event of default occurs, the Lessor has the right to take one or more of the following steps:

- The Lessor, with or without terminating the Master Lease, may declare all Lease Payments due or to become due during the fiscal year to be immediately due and payable.
- The Lessor, with or without terminating the Master Lease, may give the State written notice requiring the State to deliver all the Leased Items to the Lessor. If the State were to fail to return them within 30 days, then the Lessor may exercise all its legal rights to take possession of the Leased Items and to receive damages resulting from the State's failure. Even if the Lessor were to take possession of the Leased Items, the State would continue to be responsible for Lease Payments during the fiscal year. If the event of default were cured and the Master Lease had not been terminated with respect to such Leased Items, then the Lessor would be required to return the Leased Items to the State at the State's expense.
- If the Lessor were to terminate the Master Lease and take possession of Leased Items, then the Lessor would be required to attempt to sell the Leased Items in a commercially reasonable manner. The Lessor would be required to apply any proceeds of the sale in the following order: (1) all expenses incurred in securing possession of the Leased Items, (2) all expenses incurred in completing the sale, (3) any amounts payable to any party having a security interest in or lien against the Leased Items, (4) the applicable purchase price for the

Leased Items, and (5) the balance of any Lease Payments due with respect to such Leased Items for such Fiscal Year. Any remaining proceeds of the sale would be paid to the State.

- The Lessor would be permitted to use any other remedy available at law or in equity with respect to such event of default.

If the Master Lease were terminated before all Lease Payments had been paid, then the Lessor may require the State to return the Leased Items.

## **SUMMARY OF THE MASTER INDENTURE**

The following is a summary of certain provisions of the Master Indenture.

### **General**

Pursuant to the Master Indenture, the Lessor has transferred to the Trustee without recourse (but also without limitation on its obligations under the Master Lease) all its right in the funds and accounts established under the Master Indenture, the Lease Schedules specified in supplemental indentures, and all Lease Payments, Leased Items, and other property and rights related to those Lease Schedules, including the security interest granted in the Master Lease. Except as provided in the Master Indenture, all properties and rights received by, and moneys and investments held by, the Trustee under the provisions of the Master Indenture shall be held in trust for the benefit of the owners of the Certificates.

### **Funds and Accounts; Payments to be Deposited**

The Master Indenture creates the following funds and accounts to be held and administered by the Trustee for each series of Certificates: a Certificate Payment Fund (within which is an Interest Account, a Principal Account, and an Additional Rent Account), a Project Fund (within which is a Project Account and an Earnings Account), a Lease Payment Fund (within which is an Interest Account, a Principal Account, and an Additional Rent Account), a Lease Payment Reserve Fund, an Administrative Expense Payment Fund, and an Insurance Fund.

The Trustee will deposit the proceeds from the issuance of Certificates, net of the underwriters' discount:

- If specified in the supplemental indenture, then the Trustee will deposit in the Principal Account and the Interest Account of the Certificate Payment Fund an amount to be used for the partial or complete redemption of one or more series of outstanding Certificates, and the Leased Items related with the redeemed Certificates will thereafter relate to the newly issued Certificates.
- If specified in the supplemental indenture, then the Trustee will pay to the Lessor the costs of acquiring Leased Items that have not been reimbursed.
- If specified in the supplemental indenture, then the Trustee will deposit in the Principal Account in the Lease Payment Fund the amount specified for payment or reimbursement of cost of issuance.
- If specified in the supplemental indenture, then the Trustee will deposit an amount in the Lease Payment Reserve Fund.
- The Trustee will deposit into the Project Account of the Project Fund the amount specified in the supplemental indenture.
- The Trustee will deposit the balance of the proceeds, if any, in the Lease Payment Fund.

Earnings on the Project Account of the Project Fund are transferred as received to the Earnings Account of the Project Fund. Moneys in the Earnings Account are transferred and used for payment of amounts due or coming due within 30 days, in the following order: (1) to the Interest Account of the Lease

Payment Fund for retransfer to the Interest Account of the Certificate Payment Fund and (2) to the Administrative Expense Payment Fund.

To the extent moneys in the Earnings Account of the Project Fund exceed amounts payable as described above, the excess is deposited in the Project Account of the Project Fund.

Subject to the requirement that the Trustee shall not invest or reinvest moneys in any Fund or Account in a manner that would cause any of the Certificates to become "arbitrage bonds", money available in the Project Account of the Project Fund will be disbursed to pay for the acquisition of additional Leased Items, as directed by the State.

Except as provided in the Master Indenture, any money remaining in the Project Account of the Project Fund on the Disbursement Period Expiration Date will be transferred by the Trustee to the Principal Account of the Lease Payment Fund, to be applied as a credit against the Lease Payments required to be paid by the State.

Upon any Event of Nonappropriation or upon an event of default under the Master Lease requiring the surrender of Leased Items, or upon any other termination of a Lease Schedule other than pursuant to the payment of all Lease Payments, or the exercise by the State of its option to pay the purchase price, the Trustee is required immediately to transfer all amounts on deposit in the Project Account of the Project Fund to the Principal Account of the Lease Payment Fund.

On any day in which Certificates are to be paid or redeemed, the Trustee is required to transfer the aggregate amount on deposit in the Principal Account of the Lease Payment Fund for deposit into the Principal Account of the Certificate Payment Fund. On the date Certificates are to be redeemed in accordance with the Master Indenture as a result of deposit of moneys into the Principal Account of the Lease Payment Fund, the Trustee is required then to transfer the money for deposit into the Principal Account of the Certificate Payment Fund. On the date that Certificates are to be redeemed due to the termination of a Lease Schedule as a result of an Event of Nonappropriation, and if funds have been transferred to the Lease Payment Fund, the Trustee is required to transfer all amounts on deposit in such Principal Account for deposit into the Principal Account of the Certificate Payment Fund. On the next succeeding Interest Payment Date after the date of transfer of moneys to the Principal Account of the Lease Payment Fund, the Trustee shall deposit such moneys into the Principal Account of the Certificate Payment Fund.

On each Interest Payment Date with respect to Certificates, the Trustee is required to transfer from the Interest Account of the Lease Payment Fund (and, if necessary, from the Earnings Account of the Project Fund) for deposit into the Interest Account of the Certificate Payment Fund, an amount equal to the interest then due on the Certificates.

On each Interest Payment Date with respect to Certificates, the Trustee is required to transfer from the Lease Payment Reserve Fund to the Interest Account or the Principal Account of the Lease Payment Fund for a particular series of Certificates to the extent amounts on deposit in the Interest Account are insufficient to pay interest due on the Certificates of such series, or amounts on deposit in the Principal Account are insufficient to pay that portion of the principal of the Certificates of such series to be paid or redeemed. If at any time amounts on deposit in the Lease Payment Reserve Fund are less than the required amount, as adjusted from time to time as provided for in the Indenture, then the State upon receiving notice of such deficiency from the Trustee shall immediately pay the Trustee an amount equal to the deficiency.

The Trustee is enabled to bill the State semi-annually for all administrative expenses. If at any time the Trustee determines that payments deposited, or to be deposited, in the Administrative Expense Fund will be more or less than the expenses for the current Fiscal Year, then the Trustee is enabled to adjust the semi-annual billing. The Trustee shall disburse amounts from the Administrative Expense Fund to pay invoices rendered in accordance with the Indenture.

Except as provided in the Master Indenture, the Trustee is required to pay to the State any amount remaining in any Fund or Account after full payment (or redemption) of all Certificates outstanding and payment of any fees, expenses or costs owing with respect to the Certificates or the Lease Schedules.

The Trustee is required to invest moneys it holds under the Master Indenture in **Qualified Investments** to be selected at the direction of the State giving consideration, however, to the times at which moneys are required to be disbursed under the Master Indenture and, in that connection, may place moneys in demand or time deposits with any bank or trust company authorized to accept deposits of public funds.

The following are Qualified Investments:

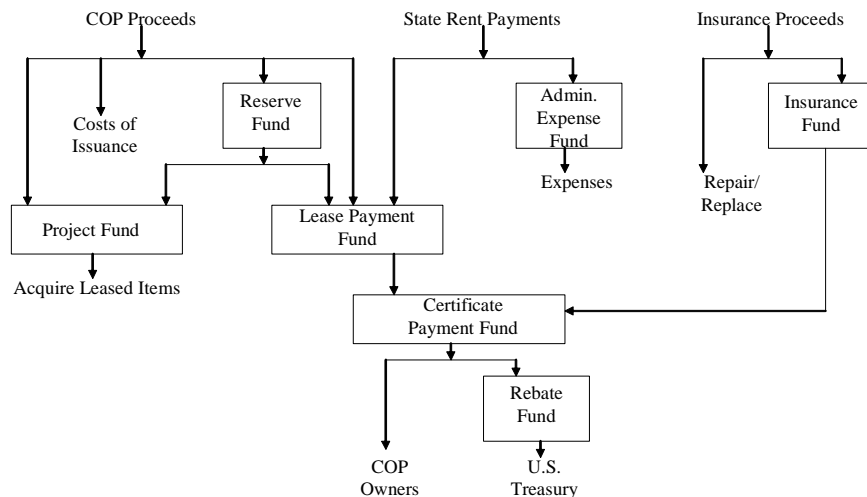
- Obligations of, or obligations guaranteed as to interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States.
- Federal Housing Administration debentures.
- Federal Home Loan Mortgage Corporation participation certificates.
- Farm Credit System consolidated system wide bonds and notes.
- Federal Home Loan Banks consolidated debt obligations.
- Federal National Mortgage Association senior debt obligations and mortgage-backed issues.
- Student Loan Marketing Association senior debt obligations and letter-of-credit-backed issues.
- Resolution Funding Corporation debt obligations.
- Unsecured certificates of deposit, time deposits, and banker's acceptances (having maturities of not more than 365 days) of any bank, the short-term obligations of which are rated the highest classification (without regard to any suffix or numerical order) by each of those agencies selected by the State to assign a credit rating to the Certificates or the Program (**Rating Agencies**).
- Certificates of deposit or time deposits constituting direct obligations of any bank, the full amount of which is insured by the Federal Deposit Insurance Corporation.
- Debt obligations, including pre-refunded municipals, rated in either of the two highest classifications (without regard to any suffix or numerical order) by each of the Rating Agencies.
- Commercial paper rated the highest classification (without regard to any suffix or numerical order) by each of the Rating Agencies.
- Securities issued by those investment companies registered under the Investment Company Act of 1940 commonly known as "money market funds" rated in the highest classification by each of the Rating Agencies that invest solely in securities which are otherwise Qualified Investments.
- Investments made through repurchase agreements with any transferor with debt or commercial paper rated in the highest classification (without regard to any suffix or numerical order) by each of the Rating Agencies *provided* that each repurchase agreement (1) is acceptable in form and substance to the State and the Trustee, (2) provides for the registration of title to certificated government obligations in the name of the Trustee or any agent of the Trustee and the physical transfer of certificated government obligations to the Trustee or to a custodial account in the name of the Trustee at a Federal Reserve Bank and for the registration of title to "book entry" government obligations in the name of the Trustee, (3) provides that the government obligations acquired pursuant to such repurchase agreement shall be valued at least monthly at the lower of the then current fair market value or the repurchase price in the applicable repurchase agreement (except that the Lease Payment Reserve Fund shall always be valued at the then current fair market value), and

(4) is with any state or national bank or foreign bank with a United States branch or agency with short-term obligations rated in the highest classification (without regard to any suffix or numerical order) by each of the Rating Agencies.

- Any stripped securities rated in the highest classification by each of the Rating Agencies, including, but not limited to, U.S. Treasury STRIPS and REFCORP STRIPS.
- Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating from each of the Rating Agencies which is equal to or higher than the rating assigned to the Certificates by the Rating Agencies and the rating is in either of the two highest classifications (without regard to any suffix or numerical order) of each of the Rating Agencies.

The following chart depicts the sources and uses of the various funds.

**State of Wisconsin Master Lease Program  
Master Indenture - Sources and Uses of Funds**



**Servicing of Lease Schedules**

The Lessor has agreed to service the Lease Schedules, and should the Lessor fail to do so, the Trustee has agreed to do so and enforce their terms. At the time the State entered into the Master Lease and the Master Indenture, the Lessor and the Trustee were separate (but related) entities; now, as a result of successive corporate mergers, the Lessor and the Trustee are the same entity, serving in different capacities.

**Events of Default and Remedies**

The following shall constitute Events of Default under the Master Indenture:

- Any Event of Nonappropriation or event of default under the Master Lease or any Lease Schedule.
- Failure by the Lessor or the State to observe any covenant, under the Master Indenture (other than an event specified above) for a period of 30 days after notice from the Trustee, the Lessor, or the owners of not less than 5% in aggregate principal amount of Certificates then outstanding; *provided, however*, if the failure cannot be corrected within the applicable

period, then those parties may not unreasonably withhold their consent to an extension of such time if corrective action is instituted and diligently pursued.

- Any additional event designated as an event of default under any Supplemental Indenture.

If an Event of Nonappropriation or an event of default under the Master Lease were to occur and be continuing, then the Trustee would be required to cause the Certificates of all series to be redeemed pursuant to the Master Indenture, *pro rata*, to the extent money is available in the Lease Payment Fund. In addition, if an Event of Nonappropriation or an event of default had occurred and were continuing, the Trustee may proceed, and upon written request of owners of not less than a majority in aggregate principal amount of Certificates then outstanding shall proceed, to take any of the remedial steps available under the Master Lease (including acceleration, if applicable) or whatever action at law or in equity may be necessary or appropriate to enforce its rights as assignee under the Master Indenture. All payments received by the Trustee with respect to the Trust upon an event of default, whether from the sale of Leased Items, damages or otherwise, shall be applied by the Trustee, *first*, to its reasonable fees and expenses and, *second*, to the Lease Payment Fund.

In the event that no action is taken to eliminate an event of default under the Master Lease, the owners of a majority in aggregate principal amount of the Certificates then outstanding may institute any suit, action, or other proceeding at law or in equity for the protection or enforcement of any right under the Master Lease or the Master Indenture, but only if such owners have first requested in writing that action be taken, have given a reasonable opportunity for such suit, action, or other proceeding to be instituted, and have offered reasonable indemnity against the costs, expenses, and liabilities to be incurred thereby.

#### **Amendment**

The Master Indenture, the Master Lease, or any Lease Schedule (**Operative Documents**) may be amended, or a supplemental indenture created, without the consent of any owners of Certificates, in order to provide for the issuance of a series of Certificates, to cure any ambiguity, to correct or supplement any provision in any of the Operative Documents that may be inconsistent with any provision in any other Operative Document, or to add any other provision with respect to matters or questions arising under any Operative Document if it is not inconsistent with the provisions of any Operative Document *provided* that such action does not, as evidenced by an opinion of counsel, adversely affect in any material respect the interests of any owner of Certificates.

Any of the Operative Documents may also be amended from time to time with the consent of the owners of not less than 51% of the aggregate outstanding principal amount of Certificates of any series affected thereby for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Operative Documents, or of modifying in any manner the rights of the owners of not less than 51% of the aggregate outstanding principal amount of Certificates; *provided, however*, that no amendment shall without the consent of the owners of all Certificates:

- Increase or reduce the amount of, or delay the timing of, or otherwise adversely affect, collections of payments under any Lease Schedule or required to be made on any Certificate
- Release any Lease Schedule or all or substantially all collateral securing a Lease Schedule, or
- Reduce the percentage required for consent to any amendment

#### **Limitation on Rights of Certificate Owners**

No owner of a Certificate has any right to vote (except as provided in the Master Indenture) or in any manner otherwise control the operation and management of the Trust, or the obligations of the parties to any of the Operative Documents; nor shall anything set forth in the Master Indenture, or contained in the terms of the Certificates, be construed so as to constitute the owners of Certificate as partners or members

of an association; nor shall any owner of Certificate be under any liability to any third person by reason of any action taken by the parties to the Master Indenture pursuant to any provision of the Master Indenture.

No owners of Certificate shall have any right by virtue of any provision of the Master Indenture to institute any suit, action, or proceeding at law or in equity under or with respect to the Master Indenture, unless:

- Such owner of a Certificate has previously given to the Trustee a written notice of an event of default and of the continuance thereof, as provided in the Master Indenture.
- The owners of not less than 25% of the aggregate outstanding principal amount of Certificates have made written request of the Trustee to institute such action, suit, or proceeding in its own name as Trustee under the Master Indenture and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses, and liabilities to be incurred therein or thereby.
- The Trustee, for 30 days after its receipt of such notice, request, and offer of indemnity, shall have neglected or refused to institute any such action, suit, or proceeding.