

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

TOMMY G. THOMPSON
GOVERNOR
JAMES R. KLAUSER
SECRETARY



J
Mailing Address:
Capital Finance
101 E. Wilson St., 10th Fl.
Madison, WI 53707-7864

October 23, 1996

The Honorable Brian B. Burke, Co-Chair
The Honorable Ben Brancel, Co-Chair
Joint Committee on Finance
115 South, State Capitol
Madison, WI 53702

Dear Senator Burke, Representative Brancel and Members:

This report is required by subsection (7) of 18.16 of the Wisconsin Statutes and specifies the reason for not complying with subsections (2) to (5) of the same section for a specific issue of debt. On October 16, 1996 the Building Commission awarded the sale of \$30,000,000 State of Wisconsin General Obligation Bonds of 1996, Series D. This was a public sale conducted pursuant to Subchapter I of Chapter 18. The Official Notice of Sale dated October 2, 1996, attached, set the terms and conditions of the sale and was available to all potential bidders. The State received four bids for the bonds.

The award was based on the lowest true interest cost rate to the State. The successful underwriters were a syndicate managed by Prudential Securities Incorporated. A list of the syndicate members is attached. The syndicate does not include any firms which have been certified by the Department of Commerce as minority owned.

Underwriting participation by minority owned firms is encouraged. There is a section "Minority Participation" in the Official Notice of Sale and a list of the certified firms including address, phone number and contact person was included in the bidding materials sent to each prospective bidder.

Sincerely,

A handwritten signature in black ink that reads "James R. Klauser".

James R. Klauser
Secretary

Enc.

**\$30,000,000 State of Wisconsin
General Obligation Bonds of 1996, Series D
Underwriting Syndicate**

Underwriters:

Book Running Manager:
Prudential Securities Incorporated

Co-Manager:
Morgan Keegan & Co., Inc.

Members:
PaineWebber Incorporated
William E. Simon & Sons Municipal Securities, Inc.

OFFICIAL NOTICE OF SALE

\$30,000,000

STATE OF WISCONSIN

GENERAL OBLIGATION BONDS OF 1996, SERIES D

Subject to Alternative Minimum Tax (AMT)

SEALED PROPOSALS will be received by the State of Wisconsin Building Commission (the "Commission") at the Reception Area - 10th Floor, Administration Building, 101 East Wilson Street, Madison, Wisconsin, until 10:00 A.M. (CDT) on October 16, 1996, when they will be publicly opened and read, for the purchase of \$30,000,000 State of Wisconsin General Obligation Bonds of 1996, Series D (the "Bonds") on the terms and conditions stated below.

Terms of Bonds. The Bonds will be dated October 15, 1996, and will be payable as to principal either through serial maturities or redemption from mandatory sinking fund payments (as specified by the successful bidder) on May 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount*</u>
1997		2013	\$ 950,000
1998		2014	1,005,000
1999		2015	
2000		2016	
2001		2017	1,450,000
2002		2018	1,560,000
2003		2019	1,645,000
2004		2020	1,750,000
2005		2021	
2006		2022	1,955,000
2007	\$ 4,500,000	2023	2,085,000
2008	2,250,000	2024	2,200,000
2009	1,800,000	2025	
2010		2026	2,470,000
2011	850,000	2027	2,635,000
2012	895,000		

*Each bid must specify whether the principal amount of the Bonds of each series payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond. The mandatory sinking fund payments of each term bond shall be on one or more consecutive annual payment dates immediately preceding the maturity date of such term bond. The mandatory sinking fund payment (if any) so specified for any year must be equal to the full principal amount of Bonds listed in the table above as payable in that year. The same interest rate specified for the nominal maturity of a term bond must also be specified for all mandatory sinking fund payments of such term bond.

The Bonds will bear interest, payable on May 1, 1997 and semiannually thereafter on the first day of May and November, at such rate or rates per annum as designated by the successful bidder in its official bid. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

Optional Redemption. The Bonds are subject to redemption at the option of the Commission on November 1, 2006 or any date thereafter, in whole or in part, in integral multiples of \$5,000. In the event of partial redemption, the Commission shall direct the maturity or maturities and the amount thereof so to be redeemed. Bonds redeemed prior to their stated dates of maturity shall be redeemable at 100% of principal amount plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption. The Bonds of certain maturities will be subject to mandatory redemption prior to their respective stated maturity dates, in part, from mandatory sinking fund payments, to the extent the successful bidder specifies, in its bid, that the principal amount of the Bonds payable on certain dates shall constitute mandatory sinking fund payments of term bonds.

Special Redemption. All Bonds are subject to special redemption at the direction of the Commission, in whole or in part, on any date, at a redemption price of par plus accrued interest from (i) unexpended proceeds of the Bonds, (ii) payments on veterans housing loans, or interest or income on investments in certain accounts, including money available from the Insurance Reserve Account in excess of amounts required to meet the scheduled debt service on general obligation bonds issued for the purposes of funding veterans housing loans ("Veterans Mortgage Bonds"), and costs associated with the veterans housing loan program and (iii) prepayments of veterans housing loans funded from or attributed to any series of Veterans Mortgage Bonds.

Book-Entry. The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. A single Bond certificate for each separate maturity will be issued to DTC and immobilized in its custody. Individual purchases will be made in book-entry-only form pursuant to the rules and procedures established between DTC and its participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Bonds purchased. The Bond certificates will be deposited with DTC as a condition of the closing. The State of Wisconsin (the "State") will make payments of principal and interest on the Bonds on the dates set forth above, to DTC or its nominee as registered owner of the Bonds in same-day funds. Transfer of said payments to participants of DTC will be the responsibility of DTC; transfer of said payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by rules and procedures of DTC and the participants. No assurance can be given by the State that DTC, its participants and other nominees of beneficial owners will make prompt transfer of said payments. The State assumes no liability for failures of DTC, its participants or other nominees to promptly transfer said payments to beneficial owners of the Bonds.

Notice to Securities Depository. Notices, if any, given by the State to the securities depository are redistributed in the same manner as are payments. The State assumes no liability for the failure of the securities depository, its participants or other nominees to promptly transfer said notices to the beneficial owners of the Bonds. The State is not responsible for supervising the activities or reviewing the records of the securities depository or its direct and indirect participants.

Successor to Securities Depository. In the event that the securities depository relationship with the securities depository is terminated and the Commission does not appoint a successor securities depository, the Commission will prepare, authenticate and deliver, at its expense, fully registered certificated Bonds in the denominations of \$5,000 or any integral multiple thereof in the aggregate principal amount of Bonds of the same maturities and interest rates then outstanding to the beneficial owners of the Bonds as identified to the Commission by the securities depository and its participants.

Purpose and Pledge. The Bonds will be issued, to make funds available for veterans housing loans, pursuant to Chapter 18 of the Wisconsin Statutes, as amended (the "Act") and an authorizing resolution adopted by the Commission on September 11, 1996, as amended and supplemented on October 16, 1996 (the "Authorizing Resolution"). The Bonds will be direct and general obligations of the State. The full faith, credit and taxing power of the State will be irrevocably pledged to the payment of the principal of and interest on the Bonds, and there will be irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for the payment of the principal of and interest on the Bonds.

Minority Participation. It is the policy of the Commission to endeavor to ensure that 6% of the Bonds are underwritten by firms that are certified by the State as being minority owned. The Commission urges prospective bidders to obtain from the Commission a list of firms so certified and to include such firms in their bidding group. The Commission further encourages certified minority-owned firms to submit bids directly and to assemble bidding groups for the submission of bids. Minority-owned firms which are not yet certified by the State and wish to be, may contact the Wisconsin Department of Commerce, Bureau of Minority Business Development (608) 267-9550.

No Bond Insurance. The award of the Bonds will be made with the understanding that no bond insurance will be used in connection with the primary offering of the Bonds. The successful bidder shall certify to the Commission, prior to the delivery of the Bonds, that no bond insurance policy has been obtained by or on behalf of it or any other member of its underwriting group (whether or not a member of the bidding group) during the "primary offering" of the Bonds (as such term is defined in paragraph (f)(7) of Securities and Exchange Commission Rule 15c2-12). This requirement does not prohibit insuring the Bonds in secondary market transactions or with portfolio insurance.

Official Bid Form and Award. Proposals must be made using the Official Bid Form. The Bonds will be awarded at the lowest true interest cost rate to the State. The true interest cost rate for each bid will be determined on the basis of present value by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments to October 15, 1996 and to the price bid. In the event two or more bids specify the same lowest true interest cost rate, then the award will be made to the bidder with the lowest true interest cost rate and the largest minority-owned firm participation, or, if such bidders have an equal amount of minority-owned participation, then selection for award will be made among such bidders by the Secretary of the Commission by lot.

Each bid shall indicate an interest rate for each maturity and a purchase price for the Bonds. Each interest rate bid must be a multiple of 0.05%. A bid must be for all of the Bonds and may be for any purchase price not less than 98% of the par amount of the Bonds (\$29,400,000.00) nor greater than 101% of the par amount of the Bonds (\$30,300,000.00). There shall be only one interest rate per maturity. Bonds may not have an initial offering price less than 98% of par. No later than one-half hour after verbal notification of being the apparent high bidder, the "when, as and if issued" offering prices of all the Bonds must be communicated to the Capital Finance Office. The Commission reserves the right to waive any informality or irregularity in any bid or condition of this Official Notice of Sale and to reject any or all bids.

Bid Deposit. A certified, official or cashier's check must be provided, or a financial surety bond submitted, for each bid, payable to the order of the State of Wisconsin, in the amount of \$600,000. If a check is provided it must accompany the bid. If a financial surety bond is submitted, it must be from an insurance company licensed to issue such a bond in the State of Wisconsin and acceptable to the Commission, and such bond must be submitted to the Capital Finance Office prior to the opening of the bids. The financial surety bond must identify each bidder whose deposit is guaranteed by such bond. Each bidder submitting a financial surety bond should determine for itself that the financial surety bond is submitted prior to the bidding deadline. If the bid is awarded to a bidder that has submitted a financial surety bond, the bidder is required to provide the good-faith deposit in immediately available funds not later than 1:30 p.m. CDT on October 17, 1996. If the good-faith deposit is not timely, the Commission may draw on the financial surety bond. Bids shall be enclosed in a sealed envelope marked on the outside, in substance, *Bid for State of Wisconsin General Obligation Bonds of 1996, Series D.*

Good-Faith Deposit. The good-faith deposit of the successful bidder will be cashed. All checks of unsuccessful bidders will be returned immediately upon award of the Bonds. No interest will be allowed on the amount of the good-faith deposit. The proceeds of the good-faith deposit of the successful bidder will be applied to the purchase price of the Bonds, or in the event of the failure of the successful bidder to take up and pay for the Bonds in compliance with the terms of the bid, at the option of the Commission, its good-faith deposit may be retained as liquidated damages or, at the further option of the Commission, may be retained as partial payment of actual damages or as security for any other remedy available to the Commission. The amount of the good-faith deposit is to be returned to the successful bidder on the failure of the Commission to perform in accordance with the terms of this Official Notice of Sale and the bid. All bids shall remain firm for six hours after the time specified for the opening of bids and an award of the Bonds, or rejection of all bids, will be made by the Commission within said period of time.

Certification of Price. The successful bidder shall certify to the Commission, prior to delivery of the Bonds, the initial offering price to the public of the Bonds awarded to the bidder, together with such other information as may be required by the Commission to enable it to determine the "issue price" of the Bonds awarded to such bidder as defined in Section 1274 of the Internal Revenue Code of 1986, as amended.

Closing and Delivery. The Bonds will be delivered to DTC no later than November 6, 1996. The closing will be at State Street Bank and Trust Company, N.A., 65 Broadway, New York, New York, at or about 9:30 A.M. (EDT), or at another mutually agreeable location, on or about November 7, 1996. Payment for the Bonds must be made by wire in immediately available funds for credit at Firstar Bank Milwaukee, N.A. at said date and time. Should delivery be delayed beyond 45 days from date of sale for any reason beyond the control of the State except failure of performance by the successful bidder, the State may cancel the award or the successful bidder may demand return of its good-faith deposit and thereafter its interest in and liability for the Bonds will cease.

Bond Opinion. The legality of the Bonds will be approved by Foley & Lardner, bond counsel, whose unqualified approving opinion will be furnished to the successful bidder without cost upon the delivery of the Bonds. There will also be furnished upon the delivery of the Bonds the usual closing papers, including a certificate stating that there is no litigation pending or threatened affecting the validity of or security for the Bonds, and a certificate to the effect that the Official Statement prepared in connection with the sale of the Bonds, as of the date of the Official Statement and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Tax Exemption. Under existing law interest on the Bonds is excluded from gross income for federal income tax purposes. Under existing law interest on the Bonds is an item of tax preference for purposes of the federal alternative minimum tax.

Continuing Disclosure. In order to assist bidders in complying with Section (b)(5) of Securities and Exchange Commission Rule 15c2-12, as amended, the State has executed a Master Agreement on Continuing Disclosure and a Supplemental Agreement specifically for the Bonds (the "Continuing Disclosure Documents"). The Continuing Disclosure Documents will be included in the transcript of proceedings.

CUSIP Numbers. CUSIP identification numbers will be specified on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal by the purchaser to accept delivery of and pay for the Bonds in accordance with the terms of the purchaser's bid.

Bidding Documents. The Preliminary Official Statement is in a form which the Commission "deems final" as of September 27, 1996 for purposes of Section (b)(1) of Securities and Exchange Commission Rule 15c2-12, but is subject to revision, amendment and completion in a final official statement as defined in Section (e)(3) of such rule. Copies of the Preliminary Official Statement and the Official Bid Form may be obtained from the Capital Finance Office, Department of Administration, Administration Building, 10th Floor, 101 East Wilson Street, Madison, Wisconsin 53703, (608) 266-2305, (608) 267-7399 or (608) 267-0374.

Final Official Statements. The Commission will furnish to the successful bidder, without cost, up to 1,000 copies of the final Official Statement within seven business days after the award of the Bonds.

Dated: October 2, 1996

Robert Brandherm, Secretary
State of Wisconsin Building Commission

**MINORITY-OWNED UNDERWRITING FIRMS
CERTIFIED BY THE
WISCONSIN DEPARTMENT OF COMMERCE
September 27, 1996 Continued**

Mr. Miguel Uriá
Oro Financial, Inc.
4037 Tulane Avenue, #100
New Orleans, LA 70119-6829
504-482-4116

Mr. Malcolm Pryor
Pryor, McClendon, Counts & Co.
1515 Market St., Ste. 819
Philadelphia, PA 19102
215-569-0274

Mr. Matthew Deane
Reinoso & Company, Inc.
30 Broad Street, 39th Floor
New York, NY 10004
212-344-5100

Mr. Eric L. Small
SBK-Brooks Investment Corp.
824 Terminal Tower, 50 Public Square
Cleveland, OH 44113
216-861-6950

Mr. George W. Graham
Samuel A. Ramirez & Co., Inc.
61 Broadway, #2924
New York, NY 10006
212-248-0500

Mr. Albert Sturdivant
Sturdivant & Co., Inc.
223 Gibbsboro Road
Clementon, NJ 08021
609-627-4500

Mr. Earl U. Bravo, Sr.
The Chapman Co.
401 East Pratt St., 28th flr
Baltimore, MD 21202
410-625-9656

Mr. Christopher Williams
The Williams Capital Group L.P.
650 Fifth Avenue 3rd Floor
New York NY 10019
212-903-2200

Ms. Leticia P. Davis
Thomas & Davis, Inc.
175 W. Jackson Blvd., #A1859
Chicago, IL 60604
312-461-0120

Mr. Lehong Tran
Tran Financial Network
5618 Independence Rd.
Racine, WI 53406
414-390-4368

Ms. Phyllis M. Hollis
Utendahl Capital Partners, L.P.
30 Broad Street 31st Flr
New York, NY 10004
212-797-2660

Mr. Vernon A. Reid, Jr.
V. A. Reid & Associates, Inc.
2 East Read Street Floor 5
Baltimore, MD 21202-2232
410-332-0893

Ms. Betty Lazard
W. R. Lazard & Co., Inc.
14 Wall Street
New York, NY 10005-1705
212-406-2700

Mr. Al Yee
Yee, Desmond, Schroeder & Allen
3443 N. Central Ave., So. Ro.
Phoenix, AZ 85012-0000
602-230-9372

**MINORITY-OWNED UNDERWRITING FIRMS
CERTIFIED BY THE
WISCONSIN DEPARTMENT OF COMMERCE**

September 27, 1996

Note: The following list of minority-owned underwriting firms is provided for the information of potential bidders on the Bonds and does not constitute a part of the Official Notice of Sale. Minority participation in bids is strongly encouraged by the State but is not a requirement for submitting a bid.

Mr. Wifredo Gort
AIBC Investment Services Corp
80 S W 8th St Ste 2120
Miami, FL 33130-0000
305-372-8000

Mr. Alfred Salazar
Alden Capital Markets, Inc.
1700 Lincoln St., #4850
Denver, CO 80203-0000
303-861-2700

Mr. Elton Johnson, Jr.
Amerivet Dymally Securities Inc
9111 S LaCienega Blvd. 201
Inglewood CA 90301
310-641-6284

Mr. Manuel P. Asensio
Asensio & Company, Inc.
100 Wall Street, #1400
New York, NY 10005-0000
212-504-5500

Mr. Sano Shimoda
Bio Science Securities, Inc.
2 Theatre Square, #210
Orinda, CA 94563
510-253-9520

Ms. Benita Pierce
B. Pierce & Co. Inc.
12 Greene Street #3
New York, NY 10013-0000
212-219-1114

Mr. William Zelaya
Capital International Securities
One S.E. Third Ave., #2250
Miami, FL 33131
305-373-6500

Mr. Rafael Carmona
Carmona Motley & Co., Inc.
19 West 44th Street #1510
New York, NY 10036
212-827-0610

Mr. Stephen R. Goodwin
Cartwright & Goodwin, Inc.
425 E. 86th St., Fl. 8
New York, NY 10028-6449
212-809-0877

Mr. Bernard Joel
Cathay Financial Corp.
450 Park Avenue #1100
New York, NY 10022-0000
212-371-6700

Mr. Michael T. Long
Clark Melvin Securities Corp.
170 Jennifer Rd. #270
Annapolis, MD 21401-0000
410-266-5250

Ms. Baunita Greer
Cromwell, Miller & Greer, Inc.
301 Cathedral Pkwy, #6S
New York, NY 10026
212-866-5520

Mr. Samuel D. Ewing, Jr.
Ewing Capital, Inc.
727 15th Street NW, Ste 700
Washington, DC 20005
202-737-1500

Mr. Claude Gregory
Financial & Realty Services, LLC
14505 Greenview Dr., #210
Laurel, MD 20708-0000
301-490-5778

Ms. Sherlin Lee
First Honolulu Securities, Inc.
900 Fort Street #950
Honolulu, HI 96813
808-523-9422

Mr. Christopher Gardner
Gardner Rich & Company
311 S. Wacker Dr., Ste 6060
Chicago, IL 60606
312-922-3333

Ms. Monique Georges
Grigsby, Brandford & Co. Inc.
101 California Street, Ste. 2000
San Francisco, CA 94111
800-392-4877

Mr. Leopoldo E. Guzman
Guzman & Company
701 Brickell Avenue 11th Flr
Miami, FL 33131
305-374-3600

Mr. Brian C. Harris
Harris Capital Corp.
15 Lewis St. #401
Hartford, CT 06103
203-522-6700

Ms. Catherine Lavery
HCM Investments, Inc.
35 West Wacker Drive #3260
Chicago, IL 60601
312-553-1000

Mr. Kishor M. Parekh
Howard Gary & Company
3050 Biscayne Blvd, #603
Miami, FL 33137-4163
305-571-1380

Ms. Marjorie Kelly
Innova Securities, Inc.
200 State St., 11th Flr
Boston, MA 02109
617-261-1639

Mr. Ronald Jackson
Jackson Partners & Assoc., Inc.
381 Park Avenue South, #621
New York, NY 10016
800-932-9863

Mr. Steven A. Michael
Jackson Securities, Inc.
100 Peachtree St. N.W., #2250
Atlanta, GA 30303-1912
404-522-5766

Mr. John Hsu
John Hsu Capital Group, Inc.
767 Third Avenue 11th Flr
New York, NY 10017-2023
212-223-7515

Mr. John Small
J.S. Securities & Co., Inc
1110 North Old World 3rd
Milwaukee, WI 53203
414-283-2049

Mr. Daniel Lamaute
Lamaute Capital, Inc.
8383 Wilshire Blvd., #840
Beverly Hills, CA 90211
213-655-5013

Mr. Harold G. Ognelodh
M R Beal & Company
565 Fifth Ave, Flr 8
New York, NY 10017
212-983-3900

Mr. Donald R. Davidson, Jr.
Metro Equities Corporation
220 S. State St., Ste 1202
Chicago, IL 60604-2199
312-939-5155

Mr. Philip Y. Leung
Montrose Securities International
One California Street, #1945
San Francisco, CA 94111
415-399-9955

Mr. Randolph T. Myricks
North Milwaukee Bancshares, Inc.
5630 West Fond du Lac Ave.
Milwaukee, WI 53216
414-466-2344

Mr. Randolph T. Myricks
North Milwaukee State Bank
5630 West Fond du Lac Ave.
Milwaukee, WI 53216
414-466-2344

Mr. David Ormes
Ormes Capital Markets, Inc.
1 Liberty Plaza, 31st Flr
New York, NY 10006
212-346-5334