

TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY

April 30, 1999

The Honorable Donald J. Schneider
Senate Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53707

The Honorable Charles Sanders
Assembly Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53708



Dear Chief Clerk Schneider and Chief Clerk Sanders:

This report is transmitted as required by sec. 20.002(11)(f) of the Wisconsin Statutes, (for distribution to the appropriate standing committees under sec. 13.172(3) Stats.), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative balances during the month of March 1999.

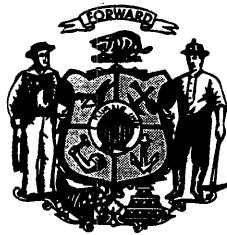
On March 16, 1999 the **Wisconsin Health Education Loan Repayment Fund** balance was -\$2 thousand. This shortfall increased to -\$3 thousand on March 25, 1999 and continued into the month of April 1999. This shortfall was due to the timing of revenues.

The Wisconsin Health Education Loan Repayment Fund shortfall was not in excess of the statutory interfund borrowing limitation and did not exceed the balances of the Funds available for interfund borrowing.

The distribution of interest earnings to investment pool participants is based on the average daily balance in the pool and each fund's share. Therefore, the monthly calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority.

Sincerely,


Mark D. Bugher
Secretary



TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY

May 12, 1999

The Honorable Donald J. Schneider
Senate Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53707

The Honorable Charles Sanders
Assembly Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53708



Dear Chief Clerk Schneider and Chief Clerk Sanders:

This report is transmitted as required by sec. 20.002(11)(f) of the Wisconsin Statutes, (for distribution to the appropriate standing committees under sec. 13.172(3) Stats.), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative balances during the month of April 1999.

On April 1, 1999 the **Wisconsin Health Education Loan Repayment Fund** balance was -\$3 thousand. As of the date of this letter, this shortfall has not been resolved. This shortfall was due to the timing of revenues.

On April 12, 1999 the **Support Collection Trust Fund** balance was -\$450 thousand. This shortfall continued until April 13, 1999 when the balance reached \$2.14 million. This shortfall was due to the timing of revenues.

On April 20, 1999 the **Wisconsin Petroleum Inspection Fund** balance was -\$4.22 million. This shortfall continued until April 21, 1999 when the balance reached \$3.68 million. This shortfall was due to the timing of revenues.

On April 22, 1999 the **Wisconsin Health Insurance Risk Sharing Plan Fund** was -\$1 thousand and it increased to -\$2 thousand on April 23, 1999. As of the date of this letter, this shortfall has not been resolved. This shortfall was due to the timing of revenues.

The Wisconsin Health Education Loan Repayment Fund, Support Collection Trust Fund, Wisconsin Petroleum Inspection Fund, and Wisconsin Health Insurance Risk Sharing Plan Fund shortfalls were not in excess of the statutory interfund borrowing limitation and did not exceed the balances of the Funds available for interfund borrowing.

The Honorable Brian Burke
The Honorable John Gard
Members of the Joint Committee on Finance
May 12, 1999
Page 2

The distribution of interest earnings to investment pool participants is based on the average daily balance in the pool and each fund's share. Therefore, the monthly calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority.

Sincerely,



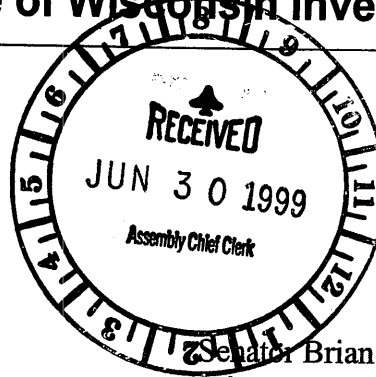
Mark D. Bughner
Secretary



State of Wisconsin Investment Board

MAILING ADDRESS
PO BOX 7842
MADISON, WI 53707-7842

121 EAST WILSON ST
MADISON, WI 53702
(608) 266-2381



June 21, 1999

Representative John Gard, Co-Chair
Joint Committee on Finance
PO Box 8952
Madison, WI 53708-8952

Senator Brian Burke, Co-Chair
Joint Committee on Finance
PO Box 7882
Madison, WI 53708-7882

Representative Carol Kelso, Co-Chair
Joint Committee on Audit
PO Box 8952
Madison, WI 53708-8952

Senator Gary George, Co-Chair
Joint Committee on Audit
PO Box 7882
Madison, WI 53708-7882

Mr. Donald Schneider
Mr. Charles Sanders

Members of the Legislature:

Section 25.17(14r) of the Statutes requires that the State of Wisconsin Investment Board (SWIB) submit a report to the Joint Committee on Audit, Joint Committee on Finance and the Chief Clerks of each House summarizing any change in the Board's investment policies, upon adoption of the change.

On June 9, 1999 the Board approved modifications to the Investment Policy Guidelines for the Wisconsin Retirement System (WRS) Trust Funds. Attached are the modified guidelines. Additions to the previous guidelines are shaded and deletions are the stricken material.

Formation of Alternative Investments Committee

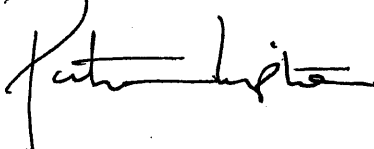
SWIB currently has four portfolios with mandates designed to include private investment programs: the non traditional portfolio, the private placements core portfolio, the leveraged buy-out portfolio and the venture capital portfolio.

Previously, private investment transactions were brought to the full Board for review and approval. In order to address inefficiencies in this process, the Board adopted policy changes that created an Alternative Investments Committee. The purpose of this Committee is to develop, administer and monitor policies and procedures for our private investment programs. The Committee will function as a panel of review for all private investment proposals and will report all private transaction activity to the full Board. We have used a similar model for real estate investments and it has been effective.

The attached guideline changes reflect the creation of this committee, detailing its function with respect to the alternative investment portfolios. It is not anticipated that these changes will have any effect on the investment structure of the underlying portfolios.

Please contact me if you have any questions about this report.

Sincerely,



Patricia Lipton
Executive Director

cc: Members, Joint Committee on Audit
Members, Joint Committee on Finance
Legislative Audit Bureau
Legislative Fiscal Bureau

NON-TRADITIONAL INVESTMENTS

Description: The Non-Traditional Portfolio represents a broadly diversified portfolio, invested in a wide variety of "non-traditional" investments which may not fall within current parameters or traditional SWIB asset classes. The portfolio is intended to be global in nature and focus on unconventional investment instruments which have been undervalued due to complex or novel structuring, indeterminate risk exposures and other factors creating market inefficiencies. It is anticipated that the portfolios will be invested in both public and private equities and fixed income investments, partnership and other fund investments and a variety of structured and derivative investments.

Portfolio Purpose and Objective: The portfolio is expected to improve SWIB overall performance through enhanced returns and diminished volatility for SWIB funds. The Non-Traditional asset class will be limited to a small percentage of the total Fixed Retirement Investment Trust assets.

A. SPECIAL OPPORTUNITIES PORTFOLIO - "EQUITY" (SOE)

CRITERIA APPROVED FOR INVESTMENTS

Investments in the Special Opportunities Portfolio will be managed within the following guidelines:

1. Any investment purchased for the portfolio may be sold.
2. The portfolio shall have an EQUITY investment focus.
3. Subject to the limitations below, purchase any legal, U.S. or non-U.S., public or privately traded, equity security (including, common stock, preferred stock, preference stock, convertible issues, warrants, derivative equivalent equity securities, ADR's); sovereign, agency or supra-national bonds of any sovereign state or territory listed as "free" or "partly free" in the most recent version of the Freedom House Index (including the U.S.); corporate bonds, or other credit/fixed income obligations denominated in the currency of any country; or any publicly traded investment "fund" which invests in the above investments.
4. When aggregated with any other SWIB portfolios, up to 10% of the issued and outstanding shares of any class of publicly traded equity of a company may be purchased provided that the market value of the holding at the time of the last purchase does not exceed 10% of the sum of (1) the market value of all investments owned by the non-traditional portfolios, and (2) any dollars allocated to the non-traditional portfolios but not yet invested.
5. Purchase units of limited partnerships or other investment funds which trade on an exchange or over-the-counter.
6. ~~Subject to review and approval of the SWIB Risk Management Committee,~~ purchase and sell any futures or options contract, on a fully margined basis, provided that the underlying

stock, bond, currency, or other commodity equivalent value of the future plus any option premium at risk will not exceed 20% of the value of the special opportunities portfolio investments plus allocated but uninvested dollars. Futures investments may be used on a non-fully margined basis for arbitrage purposes and hedging transactions.

7. Use of interest rate, index, currency or other SWAPS to create a synthetic security or otherwise replicate or hedge the return on of a security or particular group of securities. Such transactions shall be entered into with banks or other recognized SWAP dealers (swap counterparties) which are rated at least "B/C" by Thompson Bankwatch (Keefe); or "A-1"/"A" by S&P; or "P-1"/"A" by Moody's. All dealers must be recognized by and report to the Federal Reserve Bank.
8. At least 50% of the market value of the special opportunities portfolio must be in readily marketable investments at the time any investment is made. Readily marketable shall be defined as either publicly tradable; readily tradable to other institutional investors under an exemption from registration; or other legal transfers permitted by the securities regulations of the relevant jurisdiction.
9. Concentration of investments within a single issuer shall be limited to no more than 10% of the market value of any special opportunities portfolio, provided however that non-G7* sovereign and supra-national issuers shall be limited to 25%. There shall be no limit on G7* sovereign issues.
10. Except as provided in this paragraph below, the Investment Director must obtain Trustee ~~Alternative Investments Committee~~ approval for privately placed investment funds, direct loans to private companies, any "leveraged" investments or investments which exceed the limits specified above. Rule 144A private placements may be purchased in an amount of up to 25% of the portfolio value without Trustee ~~Committee~~ approval.
11. No more than 33% of the market value of the portfolio may be invested in public or private investments in emerging markets as defined by the International Finance Corporation (IFC). Investment funds which anticipate investing more than 50% of the fund's capital in emerging markets shall be included in the above limit.
12. Make any other legal investment that is specifically approved by the Board.

PRIVATE PLACEMENTS

A. PRIVATE PLACEMENT PORTFOLIO

DESCRIPTION. The Private Placement Core Portfolio consists primarily of fixed income investments generally made outside the public securities markets to public and private entities. The investments are negotiated either directly between the borrower and SWIB, or between the borrower and SWIB as a member of a lending group. The investments are intermediate to long-term in maturity, may be secured or unsecured depending on the underlying credit, and may be made where the credit is based upon a guarantor or lessee of real or personal property, or other forms of credit enhancement.

Where the credit or transaction structure does not meet the criteria to place the investment under the approved securities, or the transaction would move the portfolio outside policy parameters, a recommendation for action is prepared by designated Division staff. The recommendation is subject to established procedures for review and approval by the Board of Trustees ~~Alternative~~

Throughout these investment policies, "investment grade" means BBB- or better. "Non-investment grade" means BB or less.

PORTFOLIO PURPOSE AND OBJECTIVES. The Private Placement Core Portfolio invests Fixed Trust Funds in fixed rate intermediate term corporate debt instruments. These investments have specifically negotiated repayment terms of mutual benefit to the lender and borrower. The investments are significantly less liquid than comparable public instruments but are consistent with SWIB's long-term investment strategy. They generally carry a higher rate of return due to reduced liquidity, complex structuring and/or national credit stature and history. The loans generally provide for the repayment of principal over the life of the loan rather than entirely at maturity. This helps to reduce interest rate risk. Risk and return of the portfolio are compared regularly with the benchmark comprised of both passive indices and peer group components as established by the SWIB Benchmark Committee.

CRITERIA APPROVED FOR INVESTMENTS

Investments in the Private Placements Portfolio will be managed within the following guidelines:

1. Any investment purchased for the portfolio may be sold.
2. Purchase investments previously approved by the Board ~~Alternative Investments Committee~~ or investments which comply with the following criteria:
 - a. Bonds, Debentures, Notes, Investment Trust Certificates, Mortgages, or similar credit instruments must be payable in U.S. dollars and:

- i. Each issue purchased must be from an issuer whose bonds or private placements have been rated by a national rating agency and the most recent rating shall apply. Instruments of the United States, its departments, agencies and corporations created by and regulated under an Act of Congress are exempt from rating and may be purchased up to the limits imposed by cash allocation or any statutory constraints.
- ii. No more than the applicable percentage of the sum of aggregate holdings of the public bond and private placement portfolios, measured at par value, plus cash at any point in time may be purchased:

In any U.S. or Canadian Company:

<u>Rating</u>	<u>Percent</u>
AAA	3%
AA	2%
A	1%
BAA or BBB	0.5%

- iii. Any individual issue of debt securities, the principal and interest of which is guaranteed by the full faith and credit of the United States Government, shall not exceed 5% (measured by par value) of the fund's total cash and invested assets. All other single issues of debt securities shall not exceed 1% of total cash and invested assets.
 - iv. Aggregate holdings (measured by par value) of debt securities of issuers in any single industry shall not exceed 15% of the Fund's total cash and invested assets.
 - v. No more than ten percent (10%) of the portfolio may be invested in non-U.S./non-Canadian issues. Such issues must be U.S. dollar denominated and be rated at least investment grade by a national rating agency.
 - vi. There shall be no limit on the aggregate amount of debt securities where the principal and interest is payable by or guaranteed by the full faith and credit of the United States government.
- b. Approved investments must be reported to the Board at the next following Board meeting.
3. Prior to funding an investment where real property is a material component, the property shall be evaluated for the presence of environmental or code compliance problems. Where

material problems are present, funding shall not occur until an assessment has been conducted and the noncompliance has been corrected, and an adequate remediation program is in place or other provisions have been made to address the liability.

4. Make any other legal investment that is specifically approved by the Board.

B. LEVERAGED BUY-OUT PORTFOLIO

The Leveraged Buy-out Portfolio consists of interests in leveraged buy-out funds. LBO funds can be limited to debt, equity or both of the companies in which the fund invests. Typically, these constitute limited partnership interests, though the corporate form of ownership may also be utilized. The limited partnership interests may be under a master limited partnership which does the actual leveraged buy-outs, or under limited partnerships set up for each buy-out with a separate commitment agreement providing for the funding.

CRITERIA APPROVED FOR INVESTMENTS

Investments in the Leveraged Buy-Out Portfolio will be managed within the following guidelines:

1. No more than 20% of the combined value of the Leveraged Buy-out Portfolio and the Venture Capital Partnerships Portfolio may be invested in non-U.S. investments. Only such investment funds which anticipate investing less than 50% of such fund's capital in emerging markets as defined by the International Finance Corporation (IFC) may be purchased.
2. All proposed leveraged buy-out funds and direct private investments must be submitted to the Board Alternative Investments Committee for approval prior to commitment.
3. Make any other legal investment that is specifically approved by the Board.

C. VENTURE CAPITAL PARTNERSHIPS AND CORPORATIONS PORTFOLIO

The Venture Capital Portfolio consists of an allocation for investment in venture capital partnerships and corporations. The venture capital partnerships and corporations, in turn, invest in various stages of a new company's development, generally prior to a public offering of the company's stock. The portfolio is expected to have a higher number of failed investments in the partnerships or corporations, while being offset by a higher number of companies with major successes than would be found in companies whose stock is publicly traded.

CRITERIA APPROVED FOR INVESTMENTS

Investments in the Venture/Capital Portfolio will be managed within the following guidelines:

1. No more than 20% of the combined value of the Leveraged Buy-out Portfolio and the Venture Capital Partnerships Portfolio may be invested in non-U.S. investments. Only such investment funds, which anticipate investing less than 50% of such fund's capital in emerging markets as defined by the International Finance Corporation (IFC), may be purchased.
2. All proposed investments in venture capital partnerships and corporations and direct private investments must be submitted to the Board Alternative Investments Committee for approval.
3. Make any other legal investment that is specifically approved by the Board.

D. SMALL INVESTMENT POOL

The Small Investment Pool was established as a limited pool to facilitate prompt turnaround on investment decisions involving certain small investments in portfolio funds, in existing Wisconsin portfolio companies or in new funds. Potential investment returns must reflect the level of risk involved and investments must meet the same standards applied to other private placement loans, investments or funds of the type being made. Approved investments must be reported to the Board at the next following meeting.

CRITERIA APPROVED FOR INVESTMENTS

Investments in the Small Investment Pool will be managed within the following guidelines:

1. Any investment purchased for the Small Investment Pool may be sold.
2. Make debt or equity investments in portfolio funds, in Wisconsin-related portfolio companies or in new funds within the following parameters:
 - a. Size: minimum of \$100,000 and maximum of \$3,000,000 per investment.
 - b. Type of investments:
 - i. Seed capital funds with a stated policy of investing at least 80% of funds in Wisconsin-based companies.
 - ii. Venture capital funds which seek out companies that have growth potential or invest in troubled companies in turnaround situations or post-bankruptcy restructuring.
 - iii. Leveraged buy-out funds that have a stated policy of investing in non-hostile transactions where there is a minimum of 25% equity.

- iv. Companies in which SWIB has an outstanding private placement loan and which rank in the Board's highest category of credit quality compared to other outstanding private placements.
3. Direct investments in new companies may not be made from the pool.
4. Each pending investment must be reported to the Board in the Monthly Pipeline Report or otherwise in writing prior to its approval.
5. Make any other legal investment that is specifically approved by the Board.

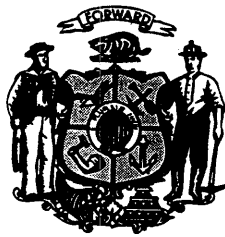
E. DERIVATIVES AUTHORITY

All derivative strategies must be reviewed and recommended by the Risk/Derivatives Committee and approved by the Trustees ~~Alternative Investments Committee~~.

F. MATERIAL CHANGES

The Private Placement Investment Director or Assistant Investment Director, with the concurrence of the Executive Director or Assistant Executive Director, may modify or waive provisions in existing investment agreements, provided that material changes to investment terms originally approved by or reported to the Board may not be voluntarily made without prior approval of the Board ~~Alternative Investments Committee~~. A material change shall be interpreted to include the following, whenever the action involves the lesser of \$1 million or 10% of SWIB's original investment:

1. Forgiveness of debt;
2. Extension of a maturity or payment date by more than two years, or an extension of 6 months if interest does not accrue on the full amount during the deferral;
3. Conversion of debt to equity;
4. Release of co-obligors or guarantors;
5. Reduction of an interest rate;
6. Release of collateral; or
7. Subordination or other lowering of SWIB's position in the capital structure.



TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY

June 25, 1999

The Honorable Donald J. Schneider
Senate Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53707

The Honorable Charles Sanders
Assembly Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53708



Dear Chief Clerk Schneider and Chief Clerk Sanders:

This report is transmitted as required by sec. 20.002(11)(f) of the Wisconsin Statutes, (for distribution to the appropriate standing committees under sec. 13.172(3) Stats.), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative balances during the month of May 1999.

On May 1, 1999 the **Wisconsin Health Education Loan Repayment Fund** balance was -\$3 thousand. This shortfall increased to -\$5 thousand on May 11, 1999. This shortfall continued into June but is expected to be resolved before the end of the month. This shortfall is due to the timing of revenues.

On May 19, 1999 the **Wisconsin Petroleum Inspection Fund** balance was -\$4.63 million. This shortfall increased to -\$4.95 million on May 20, 1999 and continued until May 21, 1999 when the balance reached \$3.66 million. This shortfall was due to the timing of revenues.

On May 1, 1999 the **Wisconsin Health Insurance Risk Sharing Plan Fund** was -\$2 thousand. This shortfall increased to -\$19 thousand on May 17, 1999 and to -\$20 thousand on May 20, 1999. This shortfall continued until June 8, 1999 when the balance reached \$18 thousand. This shortfall was due to the timing of revenues.

The Wisconsin Health Education Loan Repayment Fund, Wisconsin Petroleum Inspection Fund, and Wisconsin Health Insurance Risk Sharing Plan Fund shortfalls were not in excess of the statutory interfund borrowing limitation and did not exceed the balances of the Funds available for interfund borrowing.

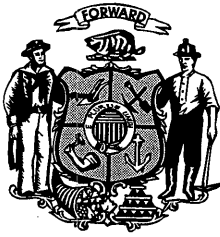
The Honorable Donald J. Schneider
The Honorable Charles Sanders
June 25, 1999
Page 2

The distribution of interest earnings to investment pool participants is based on the average daily balance in the pool and each fund's share. Therefore, the monthly calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority.

Sincerely,



Mark D. Bugher
Secretary



July 30, 1999

The Honorable Donald J. Schneider
Senate Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53707

The Honorable Charles Sanders
Assembly Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53708

Dear Chief Clerk Schneider and Chief Clerk Sanders:

This report is transmitted as required by sec. 20.002(11)(f), Wis. Stats. (for distribution to the appropriate standing committees under sec. 13.172(3), Wis. Stats.), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative balances during the month of June 1999.

On June 1, 1999 the **Wisconsin Health Education Loan Repayment Fund** balance was -\$5 thousand. This shortfall continued until June 30, 1999 when the balance reached \$39 thousand. This shortfall was due to the timing of revenues.

On June 1, 1999 the **Wisconsin Health Insurance Risk Sharing Plan Fund** balance was -\$20 thousand. This shortfall continued until June 8, 1999 when the balance reached \$18 thousand. This shortfall was due to the timing of revenues.

On June 1, 1999 the **Support Collection Trust Fund** balance was -\$1.03 million. This shortfall continued until June 2, 1999 when the balance reached \$1.1 million. On June 11, 1999 the balance was -\$702 thousand. This shortfall increased to -\$801 thousand on June 14, 1999 and continued until June 15, 1999 when the balance reached \$2.02 million. These shortfalls were due to the timing of revenues.

On June 25, 1999 the **University Trust-Principal Fund** balance was -\$204 thousand. This shortfall continued until July 6, 1999 when the balance reached \$187 thousand. This shortfall was due to the timing of revenues.

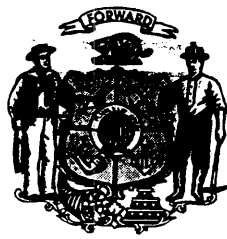
The Honorable Donald J. Schneider
The Honorable Charles Sanders
July 16, 1999
Page 2

The Wisconsin Health Education Loan Repayment Fund, Wisconsin Health Insurance Risk Sharing Plan Fund, Support Collection Trust Fund, and University Trust-Principal Fund shortfalls were not in excess of the statutory interfund borrowing limitation and did not exceed the balances of the Funds available for interfund borrowing.

The distribution of interest earnings to investment pool participants is based on the average daily balance in the pool and each fund's share. Therefore, the monthly calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority.

Sincerely,

Mark D. Bugher
Secretary



August 13, 1999

The Honorable Donald J. Schneider
Senate Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53707

The Honorable Charles Sanders
Assembly Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53708



Dear Chief Clerk Schneider and Chief Clerk Sanders:

This report is transmitted as required by sec. 20.002(11)(f), Wis. Stats. (for distribution to the appropriate standing committees under sec. 13.172(3), Wis. Stats.), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative balances during the month of July 1999.

On July 1, 1999 the **University Trust-Principal Fund** balance was -\$204 thousand. This shortfall continued until July 6, 1999 when the balance reached \$187 thousand. This shortfall was due to the timing of revenues.

On July 6, 1999 the **Support Collection Trust Fund** balance was -\$5.50 million. This shortfall continued until July 7, 1999 when the balance reached \$837 thousand. On July 8, 1999 the balance was -\$2.30 million. This shortfall continued until July 9, 1999 when the balance reached \$1.03 million. On July 14, 1999 the balance was -\$1.36 million. This shortfall continued until July 15, 1999 when the balance reached \$1.51 million. These shortfalls were due to the timing of revenues.

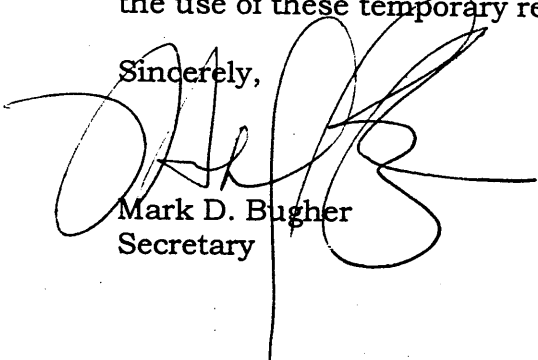
On July 14, 1999 the **Wisconsin Health Insurance Risk Sharing Plan Fund** balance was -\$15 thousand. This shortfall continued until July 26, 1999 when the balance reached \$27 thousand. This shortfall was due to the timing of revenues.

The University Trust-Principal Fund, Support Collection Trust Fund, and Wisconsin Health Insurance Risk Sharing Plan Fund shortfalls were not in excess of the statutory interfund borrowing limitation and did not exceed the balances of the Funds available for interfund borrowing.

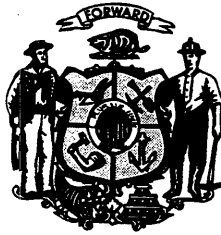
The Honorable Donald J. Schneider
The Honorable Charles Sanders
August 13, 1999
Page 2

The distribution of interest earnings to investment pool participants is based on the average daily balance in the pool and each fund's share. Therefore, the monthly calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority.

Sincerely,



Mark D. Bugher
Secretary



TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY

September 10, 1999

The Honorable Donald J. Schneider
Senate Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53707

The Honorable Charles Sanders
Assembly Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53708



Dear Chief Clerk Schneider and Chief Clerk Sanders:

This report is transmitted as required by sec. 20.002(11)(f), Wis. Stats. (for distribution to the appropriate standing committees under sec. 13.172(3), Wis. Stats.), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative balances during the month of August 1999.

On August 4, 1999 the **Support Collection Trust Fund** balance was -\$9.54 million. This shortfall continued until August 5, 1999 when the balance reached \$295 thousand. This shortfall were due to the timing of revenues.

On August 19, 1999 the **Wisconsin Petroleum Inspection Fund** balance was -\$4.82 million. This shortfall decreased to -\$4.79 million on August 20, 1999 and continued until August 23, 1999 when the balance reached \$3.98 million. This shortfall was due to the timing of revenues.

The Support Collection Trust Fund and Wisconsin Petroleum Inspection Fund shortfalls were not in excess of the statutory interfund borrowing limitation and did not exceed the balances of the Funds available for interfund borrowing.

The distribution of interest earnings to investment pool participants is based on the average daily balance in the pool and each fund's share. Therefore, the monthly calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority.

Sincerely,

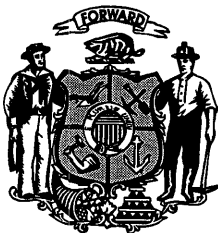
A handwritten signature in black ink, appearing to read "Mark D. Bugher".

Mark D. Bugher
Secretary

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
ACTING SECRETARY



Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

October 22, 1999

The Honorable Donald J. Schneider
Senate Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53707

The Honorable Charles Sanders
Assembly Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53708

Dear Chief Clerk Schneider and Chief Clerk Sanders:

This report is transmitted as required by sec. 20.002(11)(f), Wis. Stats. (for distribution to the appropriate standing committees under sec. 13.172(3), Wis. Stats.), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative balances during the month of September 1999.

On September 21, 1999 the **Wisconsin Health Education Loan Repayment Fund** balance was -\$1 thousand. This shortfall increased to -\$2 thousand on September 29, 1999 and continued into the month of October. As of the date of this letter, it is expected to be resolved before the end of November. This shortfall is due to the timing of revenues.

On September 3, 1999 the **Support Collection Trust Fund** balance was -\$39 thousand. This shortfall continued until September 7, 1999 when the balance reached \$246 thousand. On September 17, 1999 the balance was -\$1.15 million. This shortfall continued until September 20, 1999 when the balance reached \$1.67 million. These shortfalls were due to delays in the processing of daily receipts.

The Wisconsin Health Education Loan Repayment Fund and the Support Collection Trust Fund shortfalls were not in excess of the statutory interfund borrowing limitation and did not exceed the balances of the Funds available for interfund borrowing.

The distribution of interest earnings to investment pool participants is based on the average daily balance in the pool and each fund's share. Therefore, the monthly

The Honorable Donald J. Schneider
The Honorable Charles Sanders
October 22, 1999
Page 2 of 2

calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority.

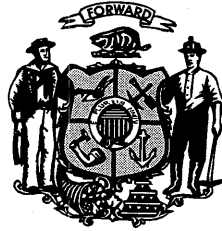
Sincerely,

George Lightbourn
Acting Secretary

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
ACTING SECRETARY



Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

November 29, 1999

The Honorable Donald J. Schneider
Senate Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53707

The Honorable Charles Sanders
Assembly Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53708



Dear Chief Clerk Schneider and Chief Clerk Sanders:

This report is transmitted as required by sec. 20.002(11)(f), Wis. Stats. (for distribution to the appropriate standing committees under sec. 13.172(3), Wis. Stats.), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative balances during the month of October 1999.

On October 1, 1999 the **Wisconsin Health Education Loan Repayment Fund** balance was -\$2 thousand. This shortfall increased to -\$3 thousand on October 28, 1999 and continued into the month of November. As of the date of this letter, it is expected to be resolved very soon. This shortfall is due to the timing of revenues.

On October 19, 1999 the **Wisconsin Petroleum Inspection Fund** balance was -\$6.6 million. This shortfall continued until October 20, 1999 when the balance reached \$3.0 million. This shortfall was due to the timing of revenues.

On October 26, 1999 the **Wisconsin Health Insurance Risk Sharing Plan Fund** balance was -\$49 thousand. This shortfall increased to -\$50 thousand on October 29, 1999 and continued into the month of November. As of the date of this letter, it is expected to be resolved very soon. This shortfall is due to the timing of revenues.

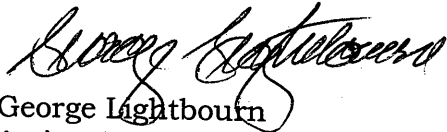
The Wisconsin Health Education Loan Repayment Fund, Wisconsin Petroleum Inspection Fund, and Wisconsin Health Insurance Risk Sharing Plan Fund shortfalls were not in excess of the statutory interfund borrowing limitation and did not exceed the balances of the Funds available for interfund borrowing.

The distribution of interest earnings to investment pool participants is based on the average daily balance in the pool and each fund's share. Therefore, the monthly

The Honorable Donald J. Schneider
The Honorable Charles Sanders
November 29, 1999
Page 2 of 2

calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority.

Sincerely,

A handwritten signature in cursive script, appearing to read "George Lightbourn".

George Lightbourn
Acting Secretary

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY



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March 29, 2000

The Honorable Donald J. Schneider
Senate Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53707

The Honorable Charles Sanders
Assembly Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53708

Dear Chief Clerk Schneider and Chief Clerk Sanders:

This report is transmitted as required by sec. 20.002(11)(f), Wis. Stats. (for distribution to the appropriate standing committees under sec. 13.172(3), Wis. Stats.), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative balances during the month of February 2000.

On February 1, 2000 the **Wisconsin Health Education Loan Repayment Fund** balance was -\$7 thousand. This shortfall increased to -\$12 thousand on February 22, 2000 and to -\$28 thousand on February 28, 2000. This shortfall decreased to -\$6 thousand on February 29, 2000 and continued into the month of March. As of the date of this letter, it is expected to be resolved soon. This shortfall is due to the timing of revenues.

On February 1, 2000 the **Wisconsin Health Insurance Risk Sharing Plan Fund** balance was -\$138 thousand. This shortfall increased to -\$145 thousand on February 11, 2000 and continued until February 15, 2000 when the balance reached \$5 thousand. This shortfall was due to the timing of revenues.

On February 2, 2000 the **University Trust-Income Fund** balance was -\$26 thousand. This shortfall increased to -\$50 thousand on February 3, 2000 and continued until February 4, 2000 when the balance reached \$1.96 million. This shortfall was due to the timing of revenues.

The Wisconsin Health Education Loan Repayment Fund, Wisconsin Health Insurance Risk Sharing Plan Fund, and University Trust-Income Fund shortfalls were not in excess of the statutory interfund borrowing limitation and did not exceed the balances of the Funds available for interfund borrowing.

The distribution of interest earnings to investment pool participants is based on the

The Honorable Donald J. Schneider

The Honorable Charles Sanders

March 29, 2000

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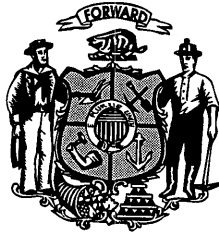
average daily balance in the pool and each fund's share. Therefore, the monthly calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority.

Sincerely,

George Lightbourn
Secretary

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY



Office of the Secretary
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May 22, 2000

The Honorable Donald J. Schneider
Senate Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53707

The Honorable Charles Sanders
Assembly Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53708

Dear Chief Clerk Schneider and Chief Clerk Sanders:

This report is transmitted as required by sec. 20.002(11)(f), Wis. Stats. (for distribution to the appropriate standing committees under sec. 13.172(3), Wis. Stats.), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative balances during the month of April 2000.

On April 1, 2000 the **Wisconsin Health Education Loan Repayment Fund** balance was -\$12 thousand. This shortfall increased to -\$13 thousand on April 19, 2000 and continued into the month of May. As of the date of this letter, it is expected to be resolved soon. This shortfall is due to the timing of revenues.

On April 1, 2000 the **Wisconsin Health Insurance Risk Sharing Plan Fund** balance was -\$11 thousand. This shortfall continued until April 6, 2000 when the balance reached \$49 thousand. This shortfall was due to the timing of revenues.

On April 1, 2000 the **Wisconsin Petroleum Inspection Fund** balance was -\$1.15 million. This shortfall continued until April 3, 2000 when the balance reached \$13.42 million. On April 4, 2000 the balance was -\$2.43 million. This shortfall increased to -\$29.27 million on April 7, 2000, and decreased to -\$3.12 million on April 10, 2000. This shortfall continued until April 11, 2000 when the balance reached \$2.88 million. These shortfalls were due to the timing of revenues.

On April 1, 2000 the **Wisconsin Lottery Fund** balance was -\$63.95 million. This shortfall decreased to -\$34.63 million on April 10, 2000, to -\$29.00 million on April 14, 2000, and to -\$24.79 million on April 28, 2000. The Department of Revenue estimates that the balance will be positive again in mid-June. This shortfall is due to a timing difference between the distribution of property tax credits and the receipt of Lottery revenues.

The Honorable Donald J. Schneider
The Honorable Charles Sanders
May 22, 2000
Page 2 of 2

The Wisconsin Health Education Loan Repayment Fund, Wisconsin Health Insurance Risk Sharing Plan Fund, Wisconsin Petroleum Inspection Fund, and Wisconsin Lottery Fund shortfalls were not in excess of the statutory interfund borrowing limitation and did not exceed the balances of the Funds available for interfund borrowing.

The distribution of interest earnings to investment pool participants is based on the average daily balance in the pool and each fund's share. Therefore, the monthly calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority.

Sincerely,

George Lightbourn
Secretary

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY



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July 31, 2000

The Honorable Brian Burke, Co-Chair
The Honorable John Gard, Co-Chair
Members of the Joint Committee on Finance
113 South, State Capitol
Madison, Wisconsin 53702

Dear Senator Burke, Representative Gard, and Members:

In accordance with sec. 16.531(3), Wis. Stats., we are submitting this report on the completed calendar quarter ended June 30, 2000, with an assessment of the condition of the General Fund for the period July 1, 2000 to December 31, 2000.

The cash position of the General Fund at June 30 was \$671.6 million, which is lower than the \$742.9 million projected in our report to you on June 15, 2000. This difference is due to higher than expected General Fund disbursements. The cash activity for the quarter was as follows:

General Fund Cash Activity
for the Quarter Ended June 30, 2000

(\$ in millions)

Month	Beginning Balance	Receipts	Disbursements
April	\$ 525.6	\$1,812.8	\$1,174.1
May	1,164.3	1,580.9	1,172.5
June	1,572.7	1,910.2	2,811.3
July	671.6		

At no time during the quarter was it necessary to exercise the authority under sec. 16.53(10)(a), Wis. Stats., pertaining to the delay of payments. However, at various times during the quarter it was necessary to exercise the reallocation authority under sec. 20.002(11)(a), Wis. Stats., for the Wisconsin Health Education Loan Repayment Fund, the Wisconsin Petroleum Inspection Fund, the University Trust-Income Fund, the Wisconsin Lottery Fund, and the Wisconsin Health Insurance Risk Sharing Plan Fund.

The following cash forecasts are based on the General Fund condition statement as estimated by the Legislative Fiscal Bureau in its January 24, 2000 letter adjusted for legislation subsequently enacted into law.

The Honorable Brian Burke
The Honorable John Gard
Members of the Joint Committee on Finance
July 31, 2000
Page 2 of 2

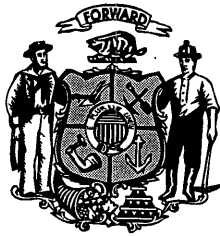
General Fund Cash Forecast
July 2000 - December 2000
(\$ in Millions)

Month	Beginning Balance	Receipts	Disbursements
July	\$ 671.6	\$1,403.9	\$1,674.8
August	400.7	1,260.7	972.6
September	688.8	1,732.4	1,493.1
October	928.1	1,442.7	1,004.8
November	1,366.0	1,405.5	1,961.0
December	810.5	1,429.6	2,001.3
January	238.8		

The General Fund will show a positive balance throughout the six month period, with the possible exception of the period between December 4th and December 26th. During this period, it may become necessary to exercise the authority granted under sec. 20.002(11)(a), Wis. Stats., pertaining to the reallocation of certain eligible surplus moneys. It is not anticipated that the authority to delay payments granted under sec. 16.53(10)(a), Wis. Stats. will be utilized.

Sincerely,

George Lightbourn
Secretary



TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

Office of the Secretary
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July 31, 2000

The Honorable Donald J. Schneider
Senate Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53707

The Honorable Charles Sanders
Assembly Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53708

Dear Chief Clerk Schneider and Chief Clerk Sanders:

This report is transmitted as required by sec. 20.002(11)(f), Wis. Stats. (for distribution to the appropriate standing committees under sec. 13.172(3), Wis. Stats.), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative balances during the month of June 2000.

On June 1, 2000 the **Wisconsin Health Education Loan Repayment Fund** balance was -\$8 thousand. This shortfall increased to -\$10 thousand on June 13, 2000, to -\$11 thousand on June 27, 2000, and continued until July 25, 2000 when the balance reached \$9 thousand. This shortfall was due to the timing of revenues.

On June 1, 2000 the **Wisconsin Lottery Fund** balance was -\$7.71 million. This shortfall decreased to -\$3.82 million on June 8, 2000, to -\$1.98 million on June 15, 2000, and continued until June 16, 2000 when the balance reached \$1.36 million. This shortfall was due to a timing difference between the distribution of property tax credits and the receipt of Lottery revenues.

On June 1, 2000 the **University Trust - Income Fund** balance was -\$183 thousand. This shortfall increased to -\$204 thousand on June 5, 2000, to -\$359 thousand on June 7, 2000, and continued until June 8, 2000 when the balance reached \$581 thousand. This shortfall was due to the timing of revenues.

The Wisconsin Health Education Loan Repayment Fund, Wisconsin Lottery Fund, and University Trust - Income Fund shortfalls were not in excess of the statutory interfund borrowing limitation and did not exceed the balances of the Funds available for interfund borrowing.

The distribution of interest earnings to investment pool participants is based on the

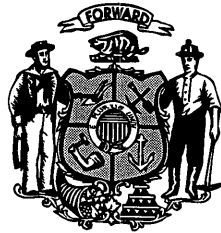
The Honorable Donald J. Schneider
The Honorable Charles Sanders
July 31, 2000
Page 2 of 2

average daily balance in the pool and each fund's share. Therefore, the monthly calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority.

Sincerely,

George Lightbourn
Secretary

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin



TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

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August 11, 2000

The Honorable Donald J. Schneider
Senate Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53707

The Honorable Charles Sanders
Assembly Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53708

Dear Chief Clerk Schneider and Chief Clerk Sanders:

This report is transmitted as required by sec. 20.002(11)(f), Wis. Stats. (for distribution to the appropriate standing committees under sec. 13.172(3), Wis. Stats.), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative balances during the month of July 2000.

On July 1, 2000 the **Wisconsin Health Education Loan Repayment Fund** balance was -\$11 thousand. This shortfall increased to -\$12 thousand on July 7, 2000, to -\$13 thousand on July 12, 2000, and continued until July 25, 2000 when the balance reached \$9 thousand. This shortfall was due to the timing of revenues.

The Wisconsin Health Education Loan Repayment Fund shortfall was not in excess of the statutory interfund borrowing limitation and did not exceed the balances of the Funds available for interfund borrowing.

The distribution of interest earnings to investment pool participants is based on the average daily balance in the pool and each fund's share. Therefore, the monthly calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority.

Sincerely,

George Lightbourn
Secretary