



## Order of the State Investment Board

The State of Wisconsin Investment Board hereby issues an order to create IB 2.04, relating to Investment Board title holding companies.

Statutory authority: s. 25.156(1), Stats.

Statutes interpreted: s. 25.17(3)(a) and (7), 25.18(1)(e), (f), (m) and (2) and 620.22, Stats.

### Analysis

The rule allows the Investment Board to purchase and hold title to investments through limited liability companies, a common and prudent practice among institutional investors. This is intended to help protect funds managed by the Board from liabilities arising out of the ownership of real property or other investments and to provide greater flexibility in structuring investment transactions.

Limited liability companies have become the title holding vehicle of choice for institutional ownership of assets with significant liability risks. They provide a degree of protection from uninsured liabilities that is similar to corporations, yet allow pass-through tax status. In addition, limited liability companies are subject to fewer formalities and reporting requirements than corporations and may be operated by either the owners or a separate manager. Under the rule, management independent from the Investment Board must be used to operate each title holding company.

### Text of Rule

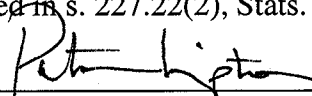
SECTION I. IB 2.04 is created to read:

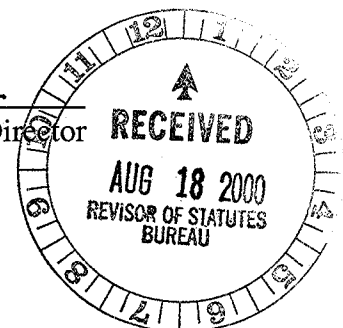
**IB 2.04 Title Holding Companies.** The investment board may create and own limited liability companies through which it holds title to investments made with funds under its control as investments made in the name of the board. Primary operational responsibilities at such companies shall be vested in one or more independent managers, though investment board employees, members, agents or other representatives may serve as officers or directors upon advance approval by the investment board.

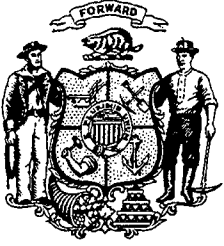
### Effective Date

This rule shall take effect on the first day of the month following publication in the Wisconsin Administrative Register as provided in s. 227.22(2), Stats.

Dated 8.16.00

  
Patricia Lipton, Executive Director  
State Investment Board





## State of Wisconsin Investment Board

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16 August 2000

Gary L. Poulson, Deputy Revisor  
Revisor of Statutes Bureau  
131 W. Wilson Street, Room 800  
Madison, WI 53703-3233

Re: **Publication of Final Rulemaking Order**

Dear Mr. Poulson:

Pursuant to s. 227.20 and 227.21 of the Statutes, I am sending a final copy of the Order of the State Investment Board promulgating rules relating to title holding companies, for publication.

A copy of the Order was also sent to the Secretary of State for filing.

Feel free to contact me at 266-8824, if you have any questions.

Sincerely,

Keith Johnson  
Chief Legal Counsel

Enclosure

