AN ACT CONCERNING CONNECTICUT INNOVATIONS, INCORPORATED AND PRIVATE EQUITY INVESTMENT

SUMMARY: This act makes Connecticut Innovations (CI) the successor agency of the Connecticut Brownfields Redevelopment Authority (CBRA), assuming all of CBRA’s powers, rights, interests, and obligations (see BACKGROUND). It deems CBRA, which was previously a subsidiary of CI, dissolved without needing any notice or filing, consent of any third party, instrument of assignment or assumption, or any other action. It makes various conforming changes related to dissolving CBRA.

The act also changes certain requirements in CI’s investment policies for equity investment funds and funds of funds (i.e., pooled investment funds that invest in other types of funds), including requiring that the fund manager for any such investment have a Connecticut office.

EFFECTIVE DATE: Upon passage

CI INVESTMENTS

The law allows CI to invest in private equity investment funds, or funds of funds, and enter into related limited partnership agreements or other contractual arrangements regarding these funds. The funds may be organized and managed, and invest in businesses located, within or outside Connecticut, but their investment objectives and criteria must be consistent with policies adopted by the CI board of directors. The act (1) requires that these policies include a requirement that the fund manager have or establish a Connecticut office and (2) specifies that the policies also cover the funds’ characteristics.

The act also modifies the requirements for the funds’ use of CI’s investment. Under prior law, the policies adopted by CI’s board had to require that at least the amount invested by CI, net of reasonable management fees and closing costs, be invested to support (1) the growth of business operations of companies in the state’s technology, bioscience, or precision manufacturing sectors or (2) relocating these companies to Connecticut.

Under the act, the policies must instead require that the fund manager agree to make diligent and good faith efforts to source deals and make investments, for the above purposes, in an amount at least equal to the amount CI invested and not otherwise returned, net of customary fees, expenses, and closing costs borne ratably by fund investors.

BACKGROUND
CBRA was a quasi-public, wholly-owned subsidiary of the Connecticut Development Authority (CDA) until 2012, when CDA was merged into CI (PA 12-1, June Special Session). The law required CBRA to remediate and develop contaminated properties and give technical and financial assistance to towns and other entities doing so.