



The Office Of State Treasurer  
Denise L. Nappier

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## News

FOR IMMEDIATE RELEASE

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### **IN-STATE INVESTMENTS BY STATE PENSION FUND CONTRIBUTE TOWARD SOLID INVESTMENT RETURNS, WHILE BOOSTING CONNECTICUT ECONOMY**

HARTFORD, CT – State Treasurer Denise L. Nappier said today that in-state investments by the Connecticut Retirement Plans and Trust Funds (“CRPTF”) totaling more than \$400 million are generating solid investment returns while contributing to the rebound of the State’s economy.

Treasurer Nappier said, “CRPTF investments in our own backyard are a win-win proposition – both in terms of the likelihood for solid returns for the fund’s assets, as well as the economic activity that will be leveraged for our state as a result.”

“This is by no means an altruistic policy; it’s about making prudent investment decisions. The value of investing in Connecticut has been of interest to the Treasury from the start of my administration, and is now codified in the CRPTF’s Investment Policy Statement<sup>1</sup> and endorsed by the independent Investment Advisory Council. Two recent acquisitions, one by RFE Investment Partners of Newington-based PCX Aerostructures LLC and one by Hart Realty Advisers of the Storrs Center in Mansfield, highlight the success of this policy,” Treasurer Nappier said.

“RFE Investment Partners and Hart Realty Advisers -- both headquartered here in Connecticut -- are great examples of pro-active managers with the acumen to identify and structure in-state investments,” she said.

Overall, the CRPTF has invested \$432.6 million in private equity and real estate in Connecticut over the past 15 years.

The CRPTF’s private equity managers have invested approximately \$235 million in Connecticut-based companies or funds since 1999. In addition, the CRPTF has invested \$1.3 billion with Connecticut-based private equity managers over the past decade. The funds managed by these state-based managers have returned \$1.60 for every \$1 invested by the CRPTF.

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For the same time period, the CRPTF, through its Real Estate Fund, has invested approximately \$197.6 million in Connecticut. The Connecticut real estate investments have returned \$1.40 for every \$1 invested, on average.

Overall, for the twelve months that ended June 30, 2014, the Private Investment Fund returned 16.1 percent and the Real Estate Fund posted a 10.7 percent investment return.

### ***PCX Aerostructures Acquisition to Save Jobs, Lead to Capital Investment***

In the spring, RFE Investment Partners, a private equity general partner of the CRPTF, completed a \$62 million acquisition of PCX Aerostructures LLC. RFE Investment Partners is a 30-year-old firm based in New Canaan, CT.

The CRPTF has committed \$110 million to RFE Investment Partners.<sup>ii</sup> This investment has generated a combined 12.8 percent net internal rate of return for the CRPTF, on an unaudited basis, as of June 30, 2014.

PCX Aerostructures was founded in 1900 in Hartford as the Fenn Manufacturing Company, and manufactures intricate structural components for military and commercial aircraft use. The company employs 238 people, including 150 at its Newington headquarters.

The acquisition by RFE Investment Partners will result in \$3 million of new capital expenditures for equipment modernization. It preserves the jobs at the company, and PCX Aerostructures expects to add about 30 jobs at its Newington headquarters over the next one to two years.

RFE Investment Partners also has invested in two other state-based companies: Brook & Whittle of North Branford and ShelterLogic Corp. of Watertown.

At Brook & Whittle, Connecticut-based employment has grown from 132 people at the time of RFE's acquisition of the company in 2009 to 215 people today. In addition, during the period of RFE's ownership, Brook & Whittle has invested \$21.9 million in capital expenditures at its two Connecticut manufacturing facilities.

At ShelterLogic, Connecticut-based employment has grown from 135 people at the time of RFE's acquisition of the company in 2011 to 160 people today.

### ***Storrs Center to Boost Mansfield Tax Base, Create Jobs***

Hart Realty Advisers, Inc., a Simsbury-based real estate investment manager for the CRPTF, is completing a \$45.8 million acquisition of the retail and office component of the Storrs Center on behalf of the CRPTF. Hart Realty, a 32-year-old firm, specializes in the acquisition and management of domestic real estate properties on behalf of institutional investors.

The CRPTF's investment will provide an immediate and significant economic impact, making it the largest taxpayer in Mansfield and generating over \$1.2 million annually in tax revenue. The Storrs Center project is generating more than 200 new jobs in Connecticut.

Hired in 2011 as a core manager in the Real Estate Fund, Hart Realty targets income-producing properties in primary markets that provide stable current income for the CRPTF and generate market rate investment returns, commensurate with lower levels of risk. The time-weighted 1-year net return for the Hart portfolio as of June 30, 2014 was 6.53 percent.

The Storrs Center is an important addition to the Town of Mansfield. It has 125,000 square feet of commercial space, 400 new residential units, a puppet museum, and regularly scheduled civic events. The project, a public-private partnership over 10 years in the making, received \$25 million in Federal and State funding through a combination of transportation and economic development grants, and is a national showcase of new urbanist design.

LeylandAlliance LLC is the developer of the project. To receive the public funds, Leyland had to commit to a timetable for completion of the project. The CRPTF's acquisition of the center is occurring in four phases as construction of each phase finishes. Already completed and acquired are the first three phases -- a portion of the retail space, a bookstore, office space, and a grocery store. The final phase -- the remaining retail space -- is scheduled to be completed and purchased by the end of the year.

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<sup>i</sup> [Investment Policy Statement](#)

Part I, Treasurer Overview

Article VIII. Guidelines for the Selection and Termination of Providers of Investment-Related Services

*"Encourage investment within the State of Connecticut that, as a matter of policy, seeks risk-adjusted, rates of return and adheres to investment evaluation standards as set forth in this statement and State Statutes."*

Article XIV. Other Policy Considerations

*"While maintaining the principles of prudent investment standards and seeking market returns, the CRPTF may, as a matter of policy, channel a portion of its investments (as agreed to by the Treasurer in consultation with the IAC) into under-served urban and rural markets with a special interest in investment opportunity targeted in Connecticut; at the same time achieving necessary geographical diversification."*

Appendix A, Section II – Combined Investment Funds

Structure/Guidelines – Real Estate Fund

*"Including up to 5% of the REF for investments targeting underserved geographical areas and populations, with a focus on Connecticut"*

Structure/Guidelines – Private Investment Fund

*"Including up to 3% for partnerships or investments targeting underserved geographical areas and populations, with a focus on Connecticut"*

<sup>ii</sup> In 2012, the CRPTF committed \$40 million to the fund investing in PCX Aerostructures, RFE Investment Partners VIII, which made a \$24 million equity investment as part of the acquisition. Previously, the CRPTF committed \$30 million to RFE Investment Partners VI in 1998 and \$40 million to RFE Investment Partners VII in 2008.