

OPERATING AGREEMENT

OF

CTNEXT LLC

Dated as of July 1, 2016

TABLE OF CONTENTS

1. Definitions	1
2. Name	1
3. Formation	1
4. Member	2
5. Term	2
6. Purposes	2
7. Offices and Statutory Agent	2
8. Management of CTNext	2
9. Board of Directors	2
10. Executive Director	5
11. Conflict of Interest	6
12. Powers and Authority of CTNext	6
13. Board Procedures	10
14. Liability Limitation and Indemnification	10
15. Tax Status	11
16. Successors and Assigns	11
17. Severability	11
18. Amendments	11

OPERATING AGREEMENT

OF

CTNEXT LLC

(A Connecticut Limited Liability Company)

The undersigned is executing this Operating Agreement (the “Agreement”) as of the date set forth below for the purpose of forming a limited liability company pursuant to the provisions of the Connecticut Limited Liability Company Act (the “LLC Act”) and in accordance with Section 1 of Public Act No. 16-3, May 2016 Special Session (the “Enabling Act”) and Section 32-11e of Chapter 579 of the Connecticut General Statutes (the “CI Subsidiary Statute”).

WHEREAS, Section 1 of the Enabling Act provides that Connecticut Innovations, Incorporated (“CI”) shall establish a subsidiary to be known as CTNext. The Enabling Act provides that CTNext shall be established pursuant to the provisions of the CI Subsidiary Statute, to the extent it is not inconsistent with the Enabling Act. The CI Subsidiary Statute permits CI to establish CTNext as a limited liability company under the LLC Act;

WHEREAS, as required by the Enabling Act, and in accordance with the CI Subsidiary Statute, CTNext shall be a subsidiary of CI;

WHEREAS, in accordance with the CI Subsidiary Statute, CTNext is deemed a quasi-public agency for purposes of Chapter 12 of the Connecticut General Statutes, and shall have all of the privileges, immunities, tax exemptions, and other exemptions of CI; and

WHEREAS, to the extent the CI Subsidiary Statute, the LLC Act and/or this Agreement are inconsistent with the Enabling Act, the Enabling Act shall govern.

NOW, THEREFORE, the undersigned does hereby certify and agree as follows:

1. **Definitions**. In addition to terms otherwise defined herein, definitions are found in Exhibit A.

2. **Name**. The name of the limited liability company is CTNext LLC (“CTNext”). All business of the limited liability company will be conducted under the name CTNext.

3. **Formation**. On July 1, 2016, CTNext was organized as a Connecticut limited liability company by the delivery of its Articles of Organization (the “Articles”) to the Connecticut Secretary of the State.

4. **Member.** CI is the sole member (the “Member”) of CTNext. CTNext has been organized as a subsidiary of the Member in accordance with the CI Subsidiary Statute.

5. **Term.** Pursuant to Section 1(i) of the Enabling Act, the existence of CTNext shall continue as long as it has obligations outstanding and until its existence is terminated by law, provided no such termination shall affect any outstanding contractual obligations of CTNext under any contract. Upon the termination of the existence of CTNext, its Articles shall be cancelled with the Secretary of the State in accordance with the LLC Act, and all of its rights and properties shall pass to and be vested in the Member.

6. **Purposes.** Pursuant to Section 1(a) of the Enabling Act, the purposes of CTNext shall be to foster innovation, start-up and growth stage businesses and entrepreneur community building; to serve as a catalyst to protect and enhance the innovation ecosystem; to connect start-up and growth stage entrepreneurs with other start-up and growth stage entrepreneurs and with state, federal and private resources; to facilitate the establishment of innovation places; to facilitate mentorship for start-up and growth stage entrepreneurs; to provide technical training and resources to start-up and growth stage businesses and entrepreneurs; and to facilitate innovation and entrepreneurship at institutions of higher education. CTNext shall have such powers and authority as provided in the Enabling Act. See Section 12 of this Agreement for a description of such powers and authority.

7. **Offices and Statutory Agent.**

(a) The principal place of business and office of CTNext shall be located at 865 Brook Street, Rocky Hill, Connecticut 06067, or at any other place that the Board may select.

(b) The name and address of the statutory agent of CTNext for service of process on it in the State of Connecticut shall be Winship Service Corporation, whose business address is in care of Shipman & Goodwin LLP, One Constitution Plaza, Hartford, Connecticut 06103-1919. The Board may designate a new statutory agent at any time or from time to time, and the appropriate Change of Agent form shall be filed with the Connecticut Secretary of the State to evidence any new statutory agent so designated.

8. **Management of the CTNext.** In accordance with Section 1(b) of the Enabling Act, CTNext shall be overseen by a Board of Directors (the “Board”) consisting of the eleven (11) members identified in the Enabling Act. In accordance with Section (c) of the CI Subsidiary Statute, CTNext shall act through its Board. For purposes of the LLC Act, CTNext shall be considered to be a “manager-managed” limited liability company and that the members of the Board shall, collectively and individually, constitute the managers of CTNext for purposes of the Section 34-101(15) of the LLC Act.

9. **Board of Directors.** The Board shall consist of eleven (11) directors, two (2) of whom shall be *ex officio* directors (the “Ex Officio Directors”) and nine (9) of whom shall be appointed directors (the “Appointed Directors”). At all times, a majority of the eleven (11)

member Board shall be Serial Entrepreneurs representing a diverse range of growth sectors of the Connecticut economy. By education or experience, such directors shall be qualified in one or more of the following: start-up business development, growth stage business development, investment, innovation place development, urban planning and technology commercialization in higher education.

(a) **Ex Officio Directors.** In accordance with Section 1(b) of the Enabling Act, the Chief Executive Officer of the Member and the Commissioner of Economic and Community Development shall serve, *ex officio*, as members of the Board. The Ex Officio Directors shall be counted for quorum purposes, and shall be entitled to vote on matters coming before the Board. Ex Officio Directors may not designate a representative to perform in their absence their respective duties under this Agreement or under the Enabling Act.

(b) **Appointed Directors.** In accordance with Section 1(b) of the Enabling Act, the initial Appointed Directors shall consist of the following directors:

- one (1) director appointed by the Governor for an initial term of two (2) years;
- one (1) director appointed by the speaker of the House of Representatives for an initial term of two (2) years;
- one (1) director appointed by the president pro tempore of the Senate for an initial term of two (2) years;
- one (1) director appointed by the majority leader of the House of Representatives for an initial term of one (1) year;
- one (1) director appointed by the majority leader of the Senate for an initial term of one (1) year;
- one (1) director appointed by the minority leader of the House of Representatives for an initial term of one (1) year;
- one (1) director appointed by the minority leader of the Senate for an initial term of one (1) year; and
- two (2) directors jointly appointed by the chairpersons of the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding, each for an initial term of two (2) years.

Thereafter, in accordance with Section 1(b) of the Enabling Act, all Appointed Directors shall be appointed by the original appointing authority set forth above for two-year terms. Any Appointed Director shall be eligible for reappointment at the end of such two-year term. In accordance with Section 1(d) of the Enabling Act, Appointed Directors may not designate a representative to perform in their absence their respective duties under this Agreement or under the Act.

(c) **Chairperson of the Board.** In accordance with Section 1(c) of the Enabling Act, the Chief Executive Officer of CI shall be the Chairperson of the Board (the "Chairperson"). The Chairperson shall preside at meetings of the Board and shall have such powers and duties as, from time to time, may be determined by the Board or the Member to

the extent such powers and duties or not inconsistent with the Enabling Act, the CI Subsidiary Statute or the LLC Act.

(d) **Board Vacancies.** In accordance with Section 1(b) of the Enabling Act, any vacancy on the Board occurring other than by expiration of term shall be filled in the same manner as the original appointment for the balance of the unexpired term.

(e) **Removal of Directors.** In accordance with Section 1(b) of the Enabling Act, the appointing authority for any Appointed Director may remove such director for misfeasance, malfeasance, willful neglect of duty or failure to attend three (3) consecutive Board meetings.

(f) **Director Rights.** In accordance with Section 1(f) of the Enabling Act, each director shall serve without compensation but shall be entitled to reimbursement for such director's actual and necessary expenses incurred in the performance of such director's official duties. In accordance with Section 1(g) of the Enabling Act, directors may engage in private employment, or in a profession or business, subject to any applicable laws, rules and regulations of the State of Connecticut regarding official ethics or conflict of interest.

(g) **Board Meetings.** In accordance with Section 1(c) of the Enabling Act, the Board shall meet at least quarterly, and at such other times as the Chairperson deems necessary.

(h) **Quorum and Voting for Transacting Business.** In accordance with Section 1(h) of the Enabling Act, a majority of the directors then seated shall constitute a quorum for the transaction of business or for the exercise of any power of CTNext and the Board may act by a majority of the directors present at any meeting at which a quorum is in attendance.

(i) **Higher Education Entrepreneurship Committee.** In accordance with Section 28(a) of the Enabling Act, the Board shall establish a Higher Education Entrepreneurship Advisory Committee. The composition and governance of the committee and the rights and obligations of the committee and its members shall be as set forth in Section 28 of the Enabling Act.

(j) **Other Committees.** In accordance with Section 2(a)(6) of the Enabling Act and Section 2 of the CI Subsidiary Statute, the Board may establish such other committees as it deems necessary or desirable to assist in accomplishing CTNext's duties under the Enabling Act. Such other committees may include members of the Board or persons other than members of Board. Such other committees shall be advisory in nature, and no such committee shall have any power or authority of the Board or prohibited by law. Such committees shall keep records of their proceedings and shall report to the Board as requested. Members of such other committees may be appointed at any meeting of the Board and shall serve at the pleasure of the Board or until their successors are appointed. The term of office of such a committee

member shall be determined by the Board, subject to removal with or without cause at any time by the Board.

(k) **Board Powers.**

(1) Pursuant to Section (b)(2) of the CI Subsidiary Statute, the Board shall have the right to manage the business of CTNext and shall have all powers and rights necessary, appropriate or advisable to effectuate and carry out its purposes and day-to-day business and, in general, all powers permitted to be exercised by the Board under the Enabling Act and the CI Subsidiary Statute.

(2) Pursuant to Section 4(f) of the Enabling Act, the Board shall have the right to approve all expenditures from the CTNext Fund. Any such approval shall be specific to an individual expenditure to be made or for budgeted expenditures with such variations as the Board may authorize at the time of budget approval.

(3) Pursuant to Section 4(h) of the Enabling Act, the Board shall have the right to review and approve, each fiscal year, a plan of operations and an operating and capital budget for the CTNext Fund prepared by the Member.

(4) Pursuant to Section 4(i) of the Enabling Act, not later than April 15, 2017, and annually thereafter, the Member shall provide a report of the activities of the CTNext Fund to the Board for its review and approval. Upon its approval of such report, the Board shall provide such report, in accordance with the provisions of Section 11-4a of the Connecticut General Statutes, to the joint standing committees of the General Assembly having cognizance of matters relating to commerce and finance, revenue and bonding. Such report shall contain available information on the status and progress of the operations and funding of the CTNext Fund and the types, amounts and recipients of grants awarded.

(5) The Board shall be responsible for administering the programs established under the Act, with the power to review and approve grants-in-aid applications, subject to any criteria and procedures established pursuant to the Act. The Board shall have such reporting responsibilities associated with the CTNext Fund and such programs as are set forth in the Act.

10. Executive Director. Pursuant to Section 1(e) of the Enabling Act, the Chairperson shall, with the approval of the Board, appoint an executive director of CTNext (the "Executive Director"). The Executive Director shall be an employee of CTNext and shall be paid a salary prescribed by the Board. The Executive Director shall supervise the administrative affairs and technical activities of CTNext in accordance with the directives of the Board. The Executive Director shall have such additional responsibilities as are set forth in the Enabling Act relating to the programs and initiatives of CTNext.

11. **Conflict of Interest.** In accordance with Section 1(j) of the Enabling Act, it shall not constitute a conflict of interest for a trustee, director, partner or officer of any Person, or any individual having a financial interest in a Person, to serve as a director on the Board, provided such trustee, director, partner, officer or individual complies with all applicable provisions of Chapter 10 of the Connecticut General Statutes, except as provided in this Agreement or in the Enabling Act. All directors shall be deemed public officials and shall adhere to the code of ethics for public officials set forth in Chapter 10 of the Connecticut General Statutes, except that no director shall be required to file a statement of financial interest as described in Section 1-83 of the Connecticut General Statutes.

12. **Powers and Authority of CTNext.**

(a) Pursuant to Section 2 of the Enabling Act, CTNext is authorized and empowered to:

(1) (A) employ such assistants, agents and other employees as may be necessary or desirable who shall not be employees, as defined in subsection (b) of Section 5-270 of the Connecticut General Statutes; (B) establish all necessary or appropriate personnel practices and policies, including personnel practices and policies relating to hiring, promotion, compensation, retirement and collective bargaining, which need not be in accordance with Chapter 68 of the Connecticut General Statutes but may be in accordance with the personnel practices and policies of the Member; and (C) engage consultants, attorneys and appraisers as may be necessary or desirable to carry out its purposes in accordance with the Enabling Act;

(2) receive and accept grants or contributions from any source of money, property, labor or other things of value, to be held, used and applied to carry out the purposes of the Enabling Act subject to such conditions upon which such grants and contributions may be made, including, but not limited to, grants or contributions from any department, agency or instrumentality of the United States or the State of Connecticut for any purpose consistent with the Enabling Act;

(3) make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under the Enabling Act, including contracts and agreements for such professional services as CTNext deems necessary, including, but not limited to, financial consultant and technical specialists;

(4) procure insurance against any liability or loss in connection with its property and other assets, in such amounts and from such insurers as it deems desirable, and procure insurance for employees;

(5) account for and audit funds of CTNext and funds of any recipients of funds from CTNext;

(6) consistent with Section 8(k) of this Agreement, establish advisory committees to assist in accomplishing its duties under the Enabling Act, which may include one or more directors on the Board and persons other than directors;

(7) serve as a resource to start-up and growth stage entrepreneurs in Connecticut by (A) providing counseling and technical assistance in the areas of entrepreneurial business planning and management, financing and marketing for start-up and growth stage businesses; and (B) conducting business workshops, seminars and conferences with local partners, including, but not limited to, in-state public and independent institutions of higher education, municipal governments, regional economic development districts, private industry, chambers of commerce, small business development organizations and economic development organizations;

(8) facilitate partnerships between innovative start-up and growth stage businesses, research institutions and venture capitalists or financial institutions;

(9) increase the quantity and availability of capital for start-up and growth stage businesses and entrepreneurs including, but not limited to, angel investors and venture capitalists;

(10) promote technology-based development in the state of Connecticut;

(11) encourage and promote the establishment of and, within available resources, provide financial aid to advanced technology centers;

(12) maintain an inventory of data and information concerning state and federal programs that are related to the purposes of the Enabling Act and serve as a clearinghouse and referral service for such data and information;

(13) promote and encourage and, within available resources, provide financial aid for the establishment, maintenance and operation of incubator facilities;

(14) promote and encourage the coordination of public and private resources and activities within the state of Connecticut in order to assist technology-based business entrepreneurs and business enterprises;

(15) promote science, engineering, mathematics and other disciplines that are essential to the development and application of technology;

(16) coordinate its efforts with existing business outreach centers, as described in Section 32-9qq of the Connecticut General Statutes;

(17) provide financial aid to Persons developing smart buildings, as defined in Section 32-23d of the Connecticut General Statutes, incubator facilities or other information technology intensive office and laboratory space;

(18) coordinate the development and implementation of strategies regarding technology-based talent and innovation among state and quasi-public agencies, including the creation and administration of the Connecticut Small Business Innovation Research Office to act as a centralized clearinghouse and provide technical assistance to applicants in developing small business innovation research programs in conformity with the federal program established pursuant to the Small Business Research and Development Enhancement Act of 1992, P.L. 102-564, as amended from time to time, and other proposals;

(19) encourage the retention of younger generation start-up entrepreneurs in the state of Connecticut;

(20) promote entrepreneurship among students, faculty and alumni of institutions of higher education;

(21) make planning grants to entities seeking to apply for innovation place designation pursuant to Section 7 of the Enabling Act, provided each such entity demonstrates that its proposed innovation place meets the purposes set forth in Section 6 of the Enabling Act;

(22) encourage and promote the establishment of business accelerators, including, but not limited to, a satellite of a major national business accelerator;

(23) make higher education entrepreneurship grants-in-aid recommended by the Higher Education Entrepreneurship Advisory Committee pursuant to Section 28 of the Enabling Act; and

(24) do all acts and things necessary or convenient to carry out the purposes of the Enabling Act and the powers expressly granted by the Enabling Act.

(b) In furtherance of the powers and authority set forth above in Section 12(a) of this Agreement, CTNext shall:

(1) develop a plan to facilitate stronger relationships between Connecticut businesses and institutions of higher education in order to support entrepreneurial research and entrepreneurial talent development;

(2) create an informational Internet web site that (A) lists services, programs or events offered to entrepreneurs; (B) serves as an online community for entrepreneurs; (C) lists current research projects related to entrepreneurship and

innovation being conducted by professors at institutions of higher education; (D) provides information concerning innovation and entrepreneurial programming available at institutions of higher education, including, but not limited to, engineering, computer science and bioscience; and (E) connects businesses seeking to buy Connecticut-made products for their business inputs;

(3) publicize such informational Internet web site and any workshops, seminars and conferences facilitated by CTNext;

(4) advise the Governor, the General Assembly, the Commissioner of Economic and Community Development, the president of The University of Connecticut and the president of the Board of Regents for Higher Education on matters relating to science, engineering and technology that may have an impact on state policies, programs, employers and residents, and on job creation and retention;

(5) designate innovation places pursuant to Sections 5 to 8, inclusive, of the Enabling Act;

(6) annually develop, update and implement a strategic state-wide innovation and entrepreneurship marketing plan for the promotion of Connecticut as an innovation and entrepreneurship hub. The Executive Director shall report, in accordance with the provisions of Section 11-4a of the Connecticut General Statutes, to the joint standing committees of the General Assembly having cognizance of matters relating to commerce and finance, revenue and bonding, on or before February 1, 2017, and annually thereafter, concerning the content of such plan;

(7) establish a program to provide growth grants-in-aid to businesses in Connecticut for the purposes of facilitating the growth of start-up businesses that have transitioned to growth stage businesses. CTNext shall establish an application process for such grants-in-aid and shall prioritize such grants-in-aid for uses most likely to facilitate the growth of such businesses, including, but not limited to, sales assistance, marketing, strategy, organizational development, technology assistance, bid assistance, beta testing of products for new purchasers and prototype development. Such grants-in-aid shall not exceed twenty-five thousand dollars (\$25,000) per applicant and shall be conditioned upon a one-third (1/3) match from the applicant;

(8) connect entrepreneurs in innovation places designated pursuant to Section 8 of the Enabling Act with existing municipal and state resources to assist such entrepreneurs with regulatory compliance; and

(9) adopt a comprehensive program evaluation and measurement process to ensure that CTNext's programs are administered appropriately and efficiently, comply with statutory requirements, are cost effective and are achieving the purposes set forth in Section 6 of this Agreement.

13. Board Procedures. In accordance with Section 3 of the Enabling Act, the Board shall adopt written procedures, in accordance with the provisions of Section 1-121 of the Connecticut General Statutes, for:

(1) adopting an annual budget and plan of operations, including a requirement of Board approval before the budget or plan may take effect;

(2) hiring, dismissing, promoting and compensating employees of CTNext, provided such procedures may be in accordance with those of the Member and shall include an affirmative action policy and a requirement of Board approval before a position may be created or a vacancy filled;

(3) acquiring personal property and personal services, including a requirement of Board approval for any nonbudgeted expenditure in excess of an amount to be determined by the Board;

(4) contracting for financial, legal and other professional services, including a requirement that CTNext solicit proposals at least once every three (3) years for each such service which it uses;

(5) awarding grants and other financial assistance, including eligibility criteria, the application process and the role played by CTNext's staff and its directors;

(6) the use of surplus funds to the extent authorized under this section or Section 2 of the Enabling Act or other provisions of the Connecticut General Statutes; and

(7) the disclosure of conflicts of interest at Board meetings pursuant to Section 11 of this Agreement.

14. Liability Limitation and Indemnification. Pursuant to Sections (c) and (e) of the CI Subsidiary Statute, the provisions of the CI Subsidiary Statute and Section 1-125 of the Connecticut General Statutes shall apply to each officer, director or employee of CTNext. Any such person shall not be personally liable for the debts, obligations or liabilities of CTNext as provided in Sections 1-125 of the Connecticut General Statutes, and CTNext shall, and, in the case of any officer, director, designee or employee of CI appointed as an officer or director of CTNext, CI may, save harmless and indemnify each such officer, director or employee.

15. Tax Status. CTNext is a single-member limited liability company and subsidiary of the Member in accordance with Section (a) of the CI Subsidiary Statute. So long as CTNext remains a single-member limited liability company, CTNext will be treated as a disregarded entity for federal and state income tax purposes unless or until the Member decides otherwise. In addition, in accordance with Section (c) of the CT Subsidiary Statute, CTNext shall have all of the privileges, immunities, tax exemptions and other exemptions of the Member.

16. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Member and its successors and assigns.

17. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

18. Amendments. This Agreement shall be subject to the provisions of the Enabling Act, the LLC Act, the CI Subsidiary Statute and any other applicable laws of the State of Connecticut, as the same may be amended from time to time, and this Agreement may be amended only with the approval of the Member and in accordance with the terms of applicable law.

[signature page follows]

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the 1st day of July, 2016.

MEMBER:

**CONNECTICUT INNOVATIONS,
INCORPORATED**

By: _____


Name: Philip Siuta

Title: Chief Operating Officer and
Chief Executive Officer

[signature page to Operating Agreement of CTNext LLC]

EXHIBIT A

DEFINITIONS

“*Act*” means Public Act No. 16-3 of the May 2016 Special Session of the General Assembly, as the same may be codified and amended from time to time.

“*Agreement*” means this Operating Agreement of CTNext, as amended from time to time.

“*Appointed Directors*” means those members of the Board appointed in accordance with Section 9(b) of this Agreement.

“*Articles*” means the Articles of Organization of CTNext as filed with the Connecticut Secretary of the State and as amended from time to time.

“*Board*” means the Board of Directors of CTNext, which shall manage the business and operations of CTNext.

“*Chairperson*” means the Chairperson of the Board of CTNext in accordance with Section 9(c) of this Agreement.

“*CI*” means Connecticut Innovations, Incorporated, a body politic and corporate constituting a public instrumentality and political subdivision of the State of Connecticut.

“*CI Subsidiary Statute*” means Section 32-11e of Chapter 579 of the Connecticut General Statutes, as amended from time to time.

“*CTNext*” means CTNext LLC, a Connecticut limited liability company and subsidiary of CI.

“*CTNext Fund*” means that certain fund, established pursuant to Section 4 of the Act, which is administered, invested and disbursed by the Member.

“*Enabling Act*” means Public Act No. 16-3, May 2016 Special Session.

“*Ex Officio Directors*” means members of the Board serving in accordance with Section 9(a) of this Agreement.

“*Executive Director*” means the executive director of CTNext pursuant to Section 10 of this Agreement.

“Growth stage business” means a business that (A) has been incorporated for ten years or less, (B) has raised private capital, and (C) whose annual gross revenue has increased by twenty per cent for each of the three previous income years of such business.

“LLC Act” means the Connecticut Limited Liability Company Act, Connecticut General Statutes §§ 34-100, *et seq.*, or any successor statutes thereto.

“Member” means CI.

“Person” means and includes an individual, corporation, partnership, association, limited liability company, trust, estate, or other entity.

“Serial Entrepreneur” means an entrepreneur having brought one or more start-up businesses to venture capital funding by an institutional investor.