Rhode Island Life Science Hub

FY 2024 Annual Report

Submitted September 30, 2024

To Governor Daniel McKee, House Speaker Joseph Shekarchi & Senate President Dominick Ruggerio:

The Rhode Island Life Science Hub (RILSH) respectfully submits our first annual report detailing our formation, financial stewardship, ongoing operations, and accomplishments achieved during fiscal year 2024. This report, along with the FY24 Audit Report to be provided in October, fulfills our requirements under R.I. Gen. Laws § 23-99-1, et seq., Section 23-99-7 entitled "Annual Reports."

Through your dedicated support, the RILSH was established by the Rhode Island General Assembly as a quasi-public corporate body in June 2023, serving as the central entity coordinating life science initiatives in our state. The RILSH officially began operations in early 2024, following the Senate confirmation of Board Chair Neil Steinberg in September of 2023 and the official appointments of fellow board members by Governor Daniel McKee earlier this year.

As part of our charge, the RILSH is responsible for administering a $45 million three-year appropriation allocated through legislation and now funded by the Pandemic Recovery Office. This funding is crucial for supporting life science initiatives aimed at bolstering the state's economy and improving health outcomes for our residents.

Our mission focuses on creating jobs in the life sciences, driving innovation and ensuring our workforce is ready to compete in the global life science industry – all for the betterment of human health and wellness.

The legislation defines key focus areas for the Hub, including:

- **Supporting medical and scientific advancements** through collaboration with companies specializing in diverse fields such as biopharmaceuticals, medical devices, biomedical technology, biomanufacturing, cell and gene therapies, health software and AI, biomedical engineering, genomics, diagnostics, and the broader life sciences to foster the development of cutting-edge medical breakthroughs.
- **Targeted investment initiatives** that provide strategic funding through grants, tax credits and incentives to support and grow Rhode Island-based life science companies. These investments are designed to enhance economic and workforce development within the state and position Rhode Island to compete in national and global life science sectors.

In our inaugural year, we have made substantial progress in advancing our mission. This report highlights our achievements during our initial six months of operation, demonstrating that we have established a strong foundation to fulfill our objectives in the years ahead.

Looking ahead, FY2025 holds great promise, beginning with a new CEO anticipated to join in January 2025. The RILSH will invest in a commercial life science incubator in Providence to support early-stage companies and expand grant programs that address the entire life sciences ecosystem – from promoting startups to attracting new companies to the state as well as investing in our workforce. These strategic initiatives will not only drive innovation and strengthen the state's economy but fulfill our commitment to positioning Rhode Island as a leader in the life sciences.

Thank you for your continued support and partnership.

Respectfully,

Neil Steinberg
Chair, RILSH Board of Directors

Patrice Milos, PhD
Interim President, RILSH

Establishing the Rhode Island Life Science Hub Operations

The Rhode Island Life Science Hub Board of Directors began operations in January 2024, with Neil Steinberg appointed by Governor McKee as Board Chair. The full Board convened for the first time in February 2024 (See Appendix A). Since then, the Board has met monthly. Supported by Commerce RI's Lilia Holt, the Board issued multiple RFPs and selected key partners for the Hub's operations. On July 1, 2024, Holt officially joined RILSH as vice president, alongside the appointment of Patrice Milos as interim president.



- **Pandemic Recovery Office (PRO):** As the funding agency, initial planning began in August 2023 through December 2023 with the PRO, which has transitioned to a monthly meeting, including updates on organizational performance and budget requests for initial operating funds and transactions.

- **Legal Services**: Commerce RI issued an RFP on January 4, 2024 for provision of legal services for the Rhode Island Life Science Hub. Locke Lord was chosen as the legal partner.

- **Communications Support:** Submission of RFP for Public Relations and Communications Support in January 2024. New Harbor Group was chosen as the vendor of choice for the Rhode Island Life Science Hub.

- **CEO Search**: Following an official RFP process initiated on January 5, 2024, Korn Ferry was selected in January to begin the search for the RILSH CEO. The search remains ongoing with initial interviews commencing in mid-September 2024.

- **Insurance**: In order to ensure both business liability coverage and directors and officer's insurance, an insurance RFP was issued on June 27, 2024. Coverage was initiated in July 2024.

- **IT Support:** RILSH IT Services RFP-04-2306 was posted on June 13, 2024, and Protocol Networks was chosen for our Information Technology support.

- **Audit:** **The official** RFP was released in July, with Marcum coming on board in early August to complete the FY24 Audit.

2) Request: Hub Receipt and Expenditures During FY24

Funds received from the Pandemic Recovery Office during FY24 are accounted for below.

RILSH FY24

Total Deposits/Credits: $2,013,276.48

Total Expenditures: $470,938.81

Deposits/Expenses	Withdrawal, Payment (-)	Deposit, Credit (+)
Commerce for Initial RILSH Deposit - Open Bank Account		$ 9,000.00
Transfer of State Funds from Pandemic Recovery Office (PRO)/RILSH Startup Costs		$ 250,000.00
RILSH Inaugural Summit (May 21, 2024) - Staffing	$ 1,250.00	
RILSH Inaugural Summit (May 21, 2024) - Venue & Food	$ 34,068.00	
RILSH Inaugural Summit (May 21, 2024) - Event AV	$ 7,732.50	
RILSH Inaugural Summit (May 21, 2024) - Photography	$ 950.00	
RILSH Inaugural Summit (May 21, 2024) - Lanyards, pens	$ 2,017.86	
RILSH Inaugural Summit (May 21, 2024) - Parking	$ 3,000.00	
Transfer of State Funds from PRO/RILSH Startup Costs		$ 1,750,000.00
Citizens Bank: RILSH Money Market Account Transfer	$ 1,000,000.00	
Communications/PR: May 2024 Client Service Fee	$ 7,500.00	
Reimburse - RILSH President & CEO Interviews/Meetings	$ 547.22	
Communications/PR: June 2024 Client Service Fee/Reimbursable Expense Items	$ 9,310.57	
Commerce: Innovation Network Matching Grants: NEMIC $99,420/RI BIO $95,000	$ 194,420.00	
Commerce: RILSH startup expenses/admin -PRO subaward agreement	$ 210,136.66	
Citizens Bank: Money Market Interest		$ 4,276.48
Citizens Bank: Service Fee - Statement Delivery	$ 6.00	

3) Request: The Hub's assets and liabilities at the end of its fiscal year

NONE TO DATE

4) Request: Status of construction of any real estate project resulting from certification, including whether construction is on time and on budget

Construction Infrastructure: The RILSH will invest in a commercial life science incubator in Providence, Rhode Island to provide entrepreneurs, founders and innovative life science start-ups with the space and resources these early-stage companies need to prove out, challenge and nurture their early ideas.

- **RFP for Incubator:** The RFP for the Incubator was issued on April 29, 2024 with three proposals received by May 15, 2024. Two were deemed responsive to the RFP and invitations were sent to both vendors for presentations to the RILSH Incubator Subcommittee for in-depth discussion following review of each proposal. The Subcommittee made a recommendation to the board and approved the Subcommittee to proceed. The RILSH is currently finalizing a Term Sheet with the selected vendor.

- **RFP for Incubator Project Manager**: The RFP for the Life Science Incubator Project Manager was issued on July 25, 2024.

5) Request: A complete list of grants awarded by the Hub and any other funding activities

Supporting the Life Science Innovation in the Rhode Island Ecosystem

- **INNOVATION NETWORK MATCHING GRANT AWARD:** While the program operates under Commerce RI, the RILSH provided the financial support for two partner grants:
    - **AI Momentum Program for Rhode Island Life Science Companies**: A joint program between RI BIO and Loft to help Rhode Island-based small businesses in the Life Science industry accelerate their capacity to innovate and unlock transformational opportunities through Data Strategy & AI technologies.
    - **New England Medical Innovation Center's (NEMIC) Activate Accelerator Program**: The Activate Accelerator Program aims to provide a structured mentoring program for entrepreneurs with continuing education and support for the further development of their entrepreneurship journey. The Accelerator provides funding support to de-risk the medical device product development roadmap and fast-track entrepreneurs to funding readiness.
- **OFFICIAL LAUNCH OF THE RILSH SMALL GRANT FUND:** The Rhode Island Life Science Hub Board approved the establishment of a fund of $250,000.00 on February 27, 2024, to be used for projects, initiatives, events, programs, and equipment ("Grants") for a maximum of $10,000.00 in a 12-month period to organizations whose projects are consistent with the purposes of the RILSH, which includes the life science fields of biopharmaceuticals,

medical devices, biomedical technology, biomanufacturing, digital health and AI, cell and gene therapies, biomedical engineering, genomics, diagnostics, and the broader life sciences.

- First Round of Awards: Awarding Small Grants occurred in August 2024

6) Request: Reports of patents or products resulting from funded activities

NONE TO DATE

7) Request: Any federal initiatives that have an impact on life science companies doing business in the state.

ARPA-H Spoke Membership: Officially submitted our application July 9, 2024. On August 14, official notice of acceptance into Membership to the ARPA-H Investor Catalyst Hub and Spoke Consortium.

The Rhode Island Life Science Hub joins a dynamic nationwide network of organizations aligned to ARPA-H's global mission of improving health outcomes through the following research focus areas: health science futures, proactive health, scalable solutions, and resilient systems. Investor Catalyst Hub spokes represent a broad spectrum of expertise, geographic diversity, and community perspectives.

As an Investor Catalyst Hub spoke, RILSH gains access to potential funding and flexible contracting for faster awards compared to traditional government contracts. Spoke membership also offers opportunities to provide input on ARPA-H challenge areas and priorities, along with access to valuable networking opportunities.

8) Community Outreach and Communications

- **RFP for Communications Firm**
  - **Submission of RFP for Public Relations and Communications Support** in January 2024. New Harbor Group was chosen as the vendor to enhance communications strategy and amplify the Hub's impact. The firm has been instrumental in securing media coverage across various platforms by creating press releases and managing media inquiries. New Harbor Group also played a crucial role in organizing and promoting the Hub's Inaugural Summit.
- **Newsletter**
  - The Rhode Island Life Science Hub introduced its monthly newsletter in March, aimed at keeping stakeholders informed and engaged on the Hub's activities. Each edition provides updates on key initiatives, significant achievements, upcoming events and industry features and opportunities. The newsletter is distributed to nearly 1,700 subscribers from across the nation.

- **Website Launch**
    - In May 2024, the Rhode Island Life Science Hub successfully launched its official website. The website is a comprehensive resource for stakeholders, featuring detailed information about the Hub's mission, initiatives and events. It includes sections dedicated to news updates, funding opportunities and partnership resources.

- **Inaugural Summit: Navigating the Future**
    - The Rhode Island Life Science Hub convened over 500 attendees at its inaugural summit on May 21, including leaders from government, industry and academia, policymakers and innovators from around the region to support the growth of Rhode Island's life sciences sector.
    - The event featured keynote addresses from Robert Coughlin and Travis McCready of JLL, who share insights on opportunities and challenges facing Rhode Island's life sciences sector. Panels covered critical topics such as technology transfer, capital access, infrastructure and artificial intelligence, complemented by networking opportunities.
    - Governor Dan McKee, House Speaker Joseph Shekarchi and Senate Finance Chairman Louis DiPalma underscored the state's commitment to advancing the life sciences sector, emphasizing Rhode Island's potential to grow as a major player in the industry.



Above: Photos from the RILSH Inaugural Summit on May 21, 2024

8) Request: Any concerns surrounding pending or threatened litigation, pending legislation both state and federal, or any other known material risks

9Below are examples of three pending pieces of legislation that are of utmost importance to our industry, gathered in partnership with RI Bio, our local BIO affiliate.

- **FEDERAL: Inflation Reduction Act Research Series—Medicare Drug Price Negotiation Program:** This program allows Medicare to negotiate prices for high-cost drugs as part of the Inflation Reduction Act, aiming to lower prescription drug costs. Its impact varies depending on perspective—pharmaceutical companies might face reduced profit margins, while Medicare patients could benefit from lower out-of-pocket costs. There is ongoing

debate over whether this will limit incentives for innovation or create a more affordable and accessible healthcare system.

- **FEDERAL: 1980 Bayh-Dole Act – Potential Changes:** The Bayh-Dole Act allows universities, non-profits, and small businesses to retain ownership of inventions developed with federal funding, promoting collaboration and innovation. Recent discussions about potential changes to this act, particularly regarding the government's "march-in rights," could significantly affect research and investment. "March-in" rights allow the government to reclaim intellectual property if inventions are not adequately commercialized. Expanding these rights may discourage private companies from investing in federally funded research, potentially slowing down the commercialization of new technologies. Conversely, these changes could ensure that publicly funded innovations benefit the public more directly.

  Most notably, the U.S. Department of Commerce's National Institute of Standards and Technology (NIST) recently released for public comment its Draft Interagency Guidance Framework for Considering the Exercise of March-In Rights. This framework seeks to clarify when and how the government should use march-in rights under the Bayh-Dole Act. The draft emphasizes that march-in rights should be used sparingly, to avoid stifling private investment, but also to ensure public access to federally funded innovations, particularly when health or safety issues arise.

  SUMMARY: These two major issues are impacting life sciences, but the potential changes to the Bayh-Dole Act and the exercise of march-in rights are particularly concerning. They represent a possible radical shift in policy that could alter the dynamics of research, innovation, and investment by increasing government control over IP from federally funded research, which may discourage private investment and slow Expanding these rights may discourage private companies from investing in federally funded research, potentially slowing down the commercialization of new technologies. On the other hand, the changes could aim to ensure that publicly funded innovations benefit the public more directly.

ADDITIONAL LEGISLATION TO CONSIDER

- **FEDERAL:** **H.R. 7085 BIOSECURE Act :** The House of Representatives passed the Biosecure Act, which seeks to prohibit federal agencies from contracting with certain biotechnology provider. The Biosecure Act, would bar U.S. federal agencies from contracting with companies like China's BGI, Wuxi AppTec and other Chinese biotech firms due to potential national security concerns.

APPENDIX A.

The Board of Director of the Rhode Island Life Science Hub as of June 30, 2024.

Neil Steinberg, Chair
Former President and CEO, Rhode Island Foundation

Secretary Liz Tanner, Esq.
Rhode Island Secretary of Commerce

Ernie Almonte, CPA
Executive Director, Rhode Island League of Cities and Towns

Ted Carr
Director of Economic Development, City of Providence

Kerry Evers, Ph.D.
Co-President and Chief Executive Officer, ProChange Behavior Solutions

Brian Britson
Vice President of Operations, Amgen

John Fernandez
President and Chief Executive Officer, Lifespan

Chris Thanos, Ph.D.
Vice President of Engineering Sciences and Providence Site Research Head,
Vertex Pharmaceuticals

Armand Sabitoni
Former General Secretary-Treasurer of the Laborers' International Union of North America

Jack Warner, Ed. D.
President, Rhode Island College

Marc Parlange, Ph.D.
President, University of Rhode Island

Christina Paxson, Ph.D.
President, Brown University

Mukesh Jain, M.D.
Dean of Medicine and Biological Sciences Senior Vice President for Health Affairs & Senior Vice President for Health Affairs, Brown University

Michael Wagner, M.D., FACP
President and Chief Executive Officer, Care New England