

**MEETING OF THE
RHODE ISLAND COMMERCE CORPORATION**

AGENDA

MONDAY, JUNE 23, 2014

PUBLIC SESSION

Call to Order: The Chairman Lincoln D. Chafee

1. Welcome by Chairman Lincoln D. Chafee.
2. To consider for approval the Public and Executive Session Minutes for the meeting held on May 19, 2014 (See **Tab 1**).
3. To consider, as may be appropriate, matters covered in the Executive Director's Report: Marcel Valois.
4. To receive a presentation on manufacturing facilities trends from Ninigret Partners: Kevin Hively.
5. To receive a status update regarding RhodeMap RI: Kevin Flynn.
6. To review and discuss the draft fiscal year 2015 budget for the Corporation: Marcel Valois.
7. To consider for approval a solar project inspector vendor for the Renewable Energy Fund: Hannah Morini.
8. To consider authorization of the Small Business Loan Fund Corporation as the administrative entity for the American Recovery and Reinvestment Act loan fund (See **Tab 2**): Marcel Valois.
9. To consider issues related to the litigation pending before the Providence Superior Court known as Rhode Island Economic Development Corporation v. Wells Fargo Securities, LLC, et al.: Max Wistow.*
10. Vote to Adjourn.

* Board members may seek to convene in Executive Session pursuant to R.I. Gen. Laws §§ 42-46-5(a)(2) or (4) to discuss this Agenda item.

TAB 1

VOTE OF THE BOARD OF DIRECTORS
OF THE RHODE ISLAND COMMERCE CORPORATION

PUBLIC AND EXECUTIVE SESSION MINUTES
OF THE MEETING HELD ON
MAY 19, 2014

APPROVED

VOTED: To approve the Public and Executive Session Minutes of the meeting of
May 19, 2014, as submitted to the Board of Directors.

Dated: June 23, 2014

RHODE ISLAND COMMERCE CORPORATION

MEETING OF DIRECTORS PUBLIC SESSION MAY 19, 2014

The Board of Directors of the Rhode Island Commerce Corporation (the "Corporation") met on Monday, May 19, 2014, in Public Session, beginning at 5:00 p.m. at the offices of the Corporation, located at 315 Iron Horse Way, Suite 101, Providence, RI 02908, pursuant to the notice of meeting to all Directors, and the public notice of meeting, a copy of which is attached hereto as **Exhibit A**, as required by the By-Laws of the Corporation and applicable to Rhode Island law.

The following Directors were present and participated throughout the meeting as indicated: Governor Lincoln D. Chafee, Mr. Jerauld Adams, Ms. Maeve Donohue, Mr. Karl Wadensten, Ms. Judith Diaz, Dr. Nancy Carriuolo, Mr. Stanley Weiss, Mr. George Nee, Mr. Roland Fiore, Mr. Tim Hebert, Ms. Shannon Brawley, and Ms. Elizabeth Francis.

Directors absent were: Mr. Jason Kelly.

Also present were: Marcel Valois and Thomas Carlotto.

1. **CALL TO ORDER AND OPENING REMARKS**

Governor Chafee called the meeting to order at 5:09 p.m. indicating that a quorum was present.

2. **TO CONSIDER FOR APPROVAL THE PUBLIC SESSION MINUTES FOR THE MEETINGS HELD ON MARCH 31, 2014 AND APRIL 21, 2014**

Upon motion duly made by Mr. Adams and seconded by Mr. Wadensten, the following vote was adopted:

VOTED: To approve the Public Session Minutes of the meetings of March 31, 2014 and April 21, 2014, as submitted to the Board of Directors.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Ms. Maeve Donohue, Mr. Karl Wadensten, Ms. Judith Diaz, Dr. Nancy Carriuolo, Mr. Stanley Weiss, Mr. George Nee, Mr. Roland Fiore, Mr. Tim Hebert, Ms. Shannon Brawley, and Ms. Elizabeth Francis.

Voting against the foregoing were: None.

3. **EXECUTIVE DIRECTOR'S REPORT**

Governor Chafee introduced Marcel Valois to discuss the Executive Director's Report. See **Exhibit B**. Mr. Valois stated that a detailed report was available in the Board Member's packages for review and that he would specifically address two items from his report. Mr. Valois then introduced Dorothy Reynolds to discuss the Procurement Technical Assistance Center ("PTAC") Program. Ms. Reynolds noted that purpose of the PTAC Program is to train small businesses and inform them how to sell goods to the local, state and federal government. She noted that there are 98 specific PTAC centers throughout the United States, Puerto Rico and Guam and added that PTAC has had a presence in Rhode Island for twenty-five (25) years. During that time PTAC has served of 1,870 Rhode Island businesses resulting in over 4.6 billion dollars in contracts and subcontracts to Rhode Island PTAC clients. Ms. Reynolds concluded by noting that for the new program year, which began on May 1, 2014, PTAC has \$445,000 in funding. Mr. Valois noted that Ms. Reynolds has been involved with PTAC for eleven (11) years and will be retiring on July 1, 2014. Mr. Valois then introduced Steve Katz, and indicated that he will be managing the Rhode Island PTAC center after Ms. Reynolds' departure.

Mr. Valois then discussed a trade mission that Governor Chafee led to Italy and Ireland. He explained that the mission opened the door for new economic opportunities for Rhode Island's businesses, as well as strengthened the state's presence in international markets. Mr. Valois also noted that there are 26,000 employees in Rhode Island from foreign employers and that Rhode Island's foreign exports totaled approximately 2.2 billion dollars in revenue in 2013. Finally, he added that the infrastructure improvements to both T.F. Green Airport and to the Port at the Quonset Development Corporation serve as a means to more easily connect Rhode Island to its European trading partners.

4. **TO CONSIDER FOR APPROVAL A CONTRIBUTION TO THE NEW ENGLAND CLEAN ENERGY COUNCIL CLEANTECH NAVIGATE PROGRAM**

Governor Chafee introduced Hannah Morini to give a presentation regarding the proposed contribution to the New England Clean Energy Council Cleantech Navigate Northeast Program (the "Navigate Program"). See **Exhibit C**. Ms. Morini noted that her presentation was in follow-up to the presentation the Board Member's received regarding the Navigate Program at the April 21, 2014 meeting. Ms. Morini briefly discussed the prior presentation regarding the Navigate Program and noted that they are requesting a commitment of \$40,000 per year for three years (\$120,000 total) from the Corporation to support the launch and growth of the Navigate Program. She added that the goal of the Navigate Program is to provide access to regional resources for local entrepreneurs, and creating visibility across the region for cleantech ventures to connect into Rhode Island's cleantech strengths and resources.

Ms. Morini then introduced Alexandra Adler and Peter Rothstein to briefly address the Board Members. Ms. Adler noted that since the last meeting, the Navigate

Program conducted a regional summit in Boston on April 28, 2014 with 75 leaders in attendance. This event brought in investors and businesses in the clean energy arena and those participants indicated that the event was successful and an efficient and effective use of their time. Ms. Adler explained that there were three (3) representatives in attendance at this event from Rhode Island and noted the potential for a future event in Rhode Island in partnership with Brown University and the Slater Fund. Mr. Rothstein then briefly discussed how the Navigate Program plans to partner with various businesses and public entities throughout New England. Mr. Wadensten asked if the Navigate Program had received funding from entities other than the State of New York and National Grid, to which Ms. Adler responded that the State of Massachusetts has also committed funding to the Navigate Program. Governor Chafee then inquired where the money that the Corporation would contribute to the Navigate Program is coming from. Ms. Morini noted that the funding would come from the Renewable Energy Fund.

Upon motion duly made by Mr. Fiore and seconded by Mr. Nee, the following vote was adopted:

VOTED: To approve a contribution to New England Clean Energy Council Cleantech Navigate Northeast Program, pursuant to the Resolution submitted to the Board of Directors, with a proviso that staff annually review and reevaluate the proposed contribution and reserve the right to withhold funding for any reason.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Ms. Maeve Donohue, Mr. Karl Wadensten, Ms. Judith Diaz, Dr. Nancy Carriuolo, Mr. Stanley Weiss, Mr. George Nee, Mr. Roland Fiore, Mr. Tim Hebert, Ms. Shannon Brawley, and Ms. Elizabeth Francis.

Voting against the foregoing were: None.

A copy of the Resolution is attached hereto as Exhibit D.

5. **TO CONSIDER FOR APPROVAL THE REPORT AND RECOMMENDATION WITH RESPECT TO ECONOMIC DEVELOPMENT STRATEGY PRESENTED BY FOURTH ECONOMY**

Governor Chafee called on Mr. Valois to give the Board of Directors a presentation with regard to the Report and Recommendation with respect to Economic Development Strategy presented by Fourth Economy. See Exhibit E. Mr. Valois noted that the Board Members' participated in a lengthy meeting on May 15, 2014 and that all comments at that meeting have been incorporated into Fourth Economy's final report. The Board Member's noted their approval of the content and presentation of Fourth Economy's report. Mr. Valois noted that the report would be made available to the public on the Corporation's website on the day following the meeting and that the report would also be provided to Statewide Planning, to serve as the Corporation's contribution to the Rhode Map Economic Development Plan.

Upon motion duly made by Ms. Donohue and seconded by Ms. Brawley, the following vote was adopted:

VOTED: To approve the Report and Recommendation with respect to Economic Development Strategy presented by Fourth Economy.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Ms. Maeve Donohue, Mr. Karl Wadensten, Ms. Judith Diaz, Dr. Nancy Carriuolo, Mr. Stanley Weiss, Mr. George Nee, Mr. Roland Fiore, Mr. Tim Hebert, Ms. Shannon Brawley, and Ms. Elizabeth Francis.

Voting against the foregoing were: None.

6. **TO CONSIDER FOR APPROVAL THE RHODE ISLAND COMMERCE CORPORATION ANNUAL PERFORMANCE REPORT FOR FISCAL YEAR ENDING JUNE 30, 2013**

Governor Chafee called on Mr. Valois to give the Board of Directors a presentation with regard to the Annual Performance Report for Fiscal Year ending June 30, 2013. Mr. Valois advised the Board Members that the Corporation is statutorily obligated to prepare and submit an annual report within 11 months of the end of each fiscal year.

Upon motion duly made by Mr. Fiore and seconded by Ms. Donohue, the following vote was adopted:

VOTED: To approve the Rhode Island Commerce Corporation Annual Performance Report for Fiscal Year Ending June 30, 2013.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Ms. Maeve Donohue, Mr. Karl Wadensten, Ms. Judith Diaz, Dr. Nancy Carriuolo, Mr. Stanley Weiss, Mr. George Nee, Mr. Roland Fiore, Mr. Tim Hebert, Ms. Shannon Brawley, and Ms. Elizabeth Francis.

Voting against the foregoing were: None.

7. **TO CONSIDER FOR APPROVAL THE EXECUTIVE SESSION MINUTES FOR THE MEETING HELD ON MARCH 31, 2014**

Upon motion duly made by Mr. Nee and seconded by Ms. Donohue, the following vote was adopted:

VOTED: That, pursuant to Rhode Island General Laws Section 42-46-5(a)(2) or (4) to enter into Executive Session to consider the approval of the Executive Session minutes for the meeting held on March 31, 2014.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Ms. Maeve Donohue, Mr. Karl Wadensten, Ms. Judith Diaz, Dr. Nancy Carriuolo, Mr. Stanley Weiss, Mr. George Nee, Mr. Roland Fiore, Mr. Tim Hebert, Ms. Shannon Brawley, and Ms. Elizabeth Francis.

Voting against the foregoing were: None.

Members of the board, counsel and staff entered into closed session at 6:04 p.m.

The public session reconvened at 6:10 p.m.

Mr. Carlotto stated that during the Executive Session there was a unanimous vote of the Board taken to approve the Executive Session minutes for the meeting held on March 31, 2014 and that those minutes remain sealed.

Vote to Adjourn.

There being no further business in Public Session, the meeting was adjourned by unanimous consent at 6:12 p.m., upon motion made by Mr. Weiss and seconded by Ms. Brawley.

Thomas Carlotto, Secretary

EXHIBIT A

RHODE ISLAND COMMERCE CORPORATION
PUBLIC NOTICE OF MEETING

A meeting of the Rhode Island Commerce Corporation Board of Directors will be held at the offices of the **Rhode Island Commerce Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island**, on **Monday, May 19, 2014**, beginning at **5:00 p.m.** for the following purposes:

PUBLIC SESSION

1. To consider for approval the Public Session Minutes for the meetings held on March 31, 2014 and April 21, 2014.
2. To consider, as may be appropriate, matters covered in the Executive Director's Report.
3. To consider for approval a contribution to the New England Clean Energy Council Cleantech Navigate Northeast Program.
4. To consider for approval the Report and Recommendation with respect to Economic Development Strategy presented by Fourth Economy.
5. To consider for approval the Rhode Island Commerce Corporation Annual Performance Report for Fiscal Year Ending June 30, 2013.
6. To consider for approval the Executive Session Minutes for the meeting held on March 31, 2014.*

* Board members may seek to convene in Executive Session to approve minutes previously sealed.

This notice shall be posted no later than 5:00 p.m. on Thursday May 15, 2014, at the Office of the Rhode Island Commerce Corporation, at the State House, and by electronic filing with the Secretary of State's Office.

Shechtman Halperin Savage, LLP, Counsel to the Corporation

The location is accessible to the handicapped. Those requiring interpreter services for the hearing impaired must notify the Rhode Island Commerce Corporation at 278-9100 forty-eight (48) hours in advance of the meeting. Also for the hearing impaired, assisted listening devices are available onsite, without notice, at this location.

Dated: May 15, 2014

EXHIBIT B

EXECUTIVE DIRECTOR'S REPORT
R.I. COMMERCE CORPORATION BOARD MEETING

April 21, 2014

The following report highlights Commerce RI activities since the last board meeting on March 24, 2014.

Hot Topics:

- *Seven Teams to Share \$806K in 2014 Collaborative Research Grant Awards*
- *2014 RI State and Federal Construction Trades Networking Event*
- *Annual Always On Symposium Held in Rhode Island for First Time*

Seven Teams Share \$806K in 2014 Collaborative Research Grant Awards

On April 11, Governor Lincoln D. Chafee and the Rhode Island Science & Technology Advisory Council (STAC) at Commerce RI announced the recipients of the 2014 Rhode Island Research Alliance Collaborative Research Grants. The awards, totaling \$806,501, will fund seven diverse teams bringing together deep expertise in the natural and social sciences as well as the arts and environmental conservation to study how marine plant and animal life are responding to climate change in Narragansett Bay.

These grants are the eighth round of awards aimed at facilitating collaborative research in Rhode Island and support STAC's partnership with the National Science Foundation's (NSF) Experimental Program to Stimulate Competitive Research (EPSCoR). To date, STAC has invested \$9.3 million in collaborative research projects that have yielded a return of \$36 million back to the state in the form of grants for continued research, new federal programs, infrastructure improvements, commercialization of new products and venture funding for new companies.

2014 RI State and Federal Construction Trades Networking Event

On April 9, over 100 participants gathered at Bryant University's Bello Center for the Rhode Island Procurement and Technical Assistance Center's (RI PTAC) annual construction trades networking event. The event included 13 state and federal agencies and presented over \$2 billion in construction opportunities for small businesses over the next five years.

Participating agencies included: U.S. Army Corp of Engineers, RI National Guard, RI Housing, RI Division of Purchases, RI Airport Corporation, NAVFAC Groton, U.S. Veterans Administration- Region One, RI Department of Transportation, U.S. Coast Guard as well as several large prime contractors looking to subcontract to Rhode Island small businesses.

Presenters assisted businesses by clearly outlining requirements on where to seek out opportunities via electronic portals, how to successfully evaluate and bid on projects by thoroughly researching requests and competitive bids, presenting clear capabilities statements and being able to show relevant past performance.

Annual Always On Symposium Held in Rhode Island for First Time

On April 3, hundreds of international business leaders gathered in Providence for the 2014 AlwaysOn Symposium (AOS) at the Rhode Island Convention Center. They experienced the positive things happening in our state and saw firsthand the tremendous assets within our business community.

Commerce RI board member and Atrion Networking CEO Oscar "Tim" Hebert moved the company's annual symposium from Gillette Stadium in Foxboro, MA to Rhode Island. Atrion's AOS features some of the world's top speakers on innovation, technology and business, as well as Atrion thought leaders who present new approaches on how to move companies and organizations forward.

In a welcome message, Commerce RI Executive Director Marcel A. Valois presented the new "Spirit of Rhode Island" video and shared our message about our state's strengths and competitive advantages.

Atrion has held previous events at Gillette Stadium but Tim Hebert decided to change the game this year and move the AlwaysOn Symposium to the Rhode Island Convention Center. In doing so, he gave IT experts, C-level executives, and marketing, HR, finance, and sales professionals from around the world the chance to appreciate what Rhode Island has to offer and gave local businesses, hotels, and restaurants hundreds of customers. Atrion estimates the event generated a half a million dollars in revenue to the City of Providence.

Additional Economic Development Updates

Client Services

- **Salesforce CRM:** Staff training proceeded during April as employees continue to become acclimated with the functionality of the new system. The next phase of the project will include the creation of reports and dashboards by which senior management can effectively measure the agency's efforts. Customer satisfaction surveys will also be a focus during this second phase.
- **Made in Rhode Island Manufacturing Collaborative and Advisory Council:** The Made in Rhode Island Council met for the final time on March 27 to review the draft recommendations report. The final report will be presented to the Governor, Speaker of the House and Senate President on or before April 30. The report will also be available on Commerce RI and Secretary of State's websites. The group will continue to meet quarterly upon approval of the recommendations by the General Assembly.
- **Greater Rhode Island Real Estate Information:** The Client Services continues to assist in the effort to build and maintain a real estate site location tool on the GreaterRI.com website. This functionality will be imperative as marketing for the site ramps-up. This tool allows visitors to the site to search for available land and buildings across Rhode Island. As part of this effort, team members continue to work with local real estate brokers to ensure available properties are accurately listed on the site.
- **Client Services Business Retention Efforts:** Staff continues to outreach to Rhode Island businesses and respond to incoming requests. With each company interaction, our goal is to add value by providing information and assistance with Commerce RI programs and services, as well as those of our partner organizations.
- **Volvo Ocean Race Update:**
 - An American team headed by a Rhode Islander was recently announced. This will help in the marketing and sponsorship of the Newport Stopover.
 - Over the course of this summer at least 4 teams will be in Newport for training. Team SCA (Sweden) will be here from early May to mid-June. The US, China and Dubai teams will also be here.
 - Monthly meetings are being held with Sail Newport, various divisions of DEM, DOA and Commerce RI for status updates.
 - Commerce RI released an RFI for the safety and security coordination team. Responses are due during the week of the April 21.
 - A request for \$775,000 to fund various operational costs has been included in Commerce RI's budget request for FY 2015.
 - Sail Newport has signed a liquor sponsor for the Newport stopover. Discussions are continuing with other stopover sponsors.
 - Work continues on the site plan and the lay-out for the event at Fort Adams. Work continues with the state building inspectors' office to ensure approval for the temporary structures. As the only North American stopover, team sponsors are showing significant interest in supporting the Newport stopover with various exhibits and hospitality events.
 - The planning team is investigating the feasibility of a high-speed ferry service from Providence to Fort Adams for the duration of the event.

- Work is proceeding with the 240' fixed pier at Fort Adams with completion planned by September.
- Latino Business Leaders Roundtable: Commerce RI's Executive Director Marcel A. Valois, along with various staff members, hosted a meeting on April 16, with business leaders in the Latino community to explore ways in which Commerce RI can partner with the Latino business community to help provide resources to Latino businesses.

Business Development Activity for March 20, through April 18, 2014:

Greencore USA: From the announcement made by Governor Chafee on March 18th that Greencore USA had selected Rhode Island versus other States to construct its new 107,000 s.f. "convenience food" manufacturing facility, we continue to communicate with the company to prepare for their workforce training needs. RI Department of Labor & Training and the Governor's Workforce Board are involved in reviewing and creating a program ready for Greencore to implement when it is ready.

General Business Development

RI Manufacturing Renaissance Collaborative (MRC): The database sharing tool (database & website) is near completion and is under a demonstration with 50 RI companies. The companies are reviewing the datasets, reviewing the website tools and providing valuable input to improve the RI Supply Chain connection.

City Centre Warwick: The Marketing Steering Group met with Jan Brodie to hear her outline the 195 Commission "Tool Kit". The Group is now assessing the next steps for marketing CCW and working with property owners, existing businesses and prospective developers/financiers.

Charter Tub Project: We continue to support the Governor's Office and have identified a RI Machine Shop that will mill a large block of aluminum to be fabricated into a tray (or tub) to host the historic Rhode Island Charter issued by King Charles in 1663 to RI.

Federal Grant Opportunities:

US EDA Investing in Manufacturing Community Partnerships:

On Friday, April 11, staff submitted the Phase II proposal to the US Economic development Administration (EDA) with its RI Design & Manufacturing Center – also known as STEAMengine. We are vying to be one of twelve "Manufacturing Community" designations that will help all team members with future funding proposals to 13 federal agencies. The best analogy I can provide for everyone to understand the importance of this designation, is the EPSCOR (Experimental Program to Stimulate Competitive Research) program secured in 2007. RI winning the EPSCOR designation helped college/university and private sector researchers score additional points with their competitive grant proposals when ranked against their peers. Needless to say, this designation (although not the sole reason) helped the State double its grant research dollars over a 5-year period.

Digital Manufacturing & Design Institute (DMDI): Staff participated in a de-briefing discussion was held on April 17th with Draper Labs personnel and other partners. The group is attempting to harness the energy from its proposal for another advanced manufacturing solicitation that is scheduled to be released soon.

Real Estate and Development Projects included:

- Staff continues to work with a company and URI College of the Environment and Life Sciences (CELS) as well as DEM Agriculture division to address the construction of proposed greenhouses on URI property.
- Staff continues to work with company executives and their equity investor to support the company's growth plans in Rhode Island. A short-term lease for additional warehouse space was executed, and the company has made an offer to purchase a building.
- We continue to work a local company regarding the company's existing site issues, and supporting the company's internal review process regarding its next steps.

Initiatives and Special Projects:

- ProvPort Cranes and Barges: The Request for Proposals (RFP) for the new barge (240' x 72' x 12') approved by the American Bureau of Shipping (ABS), was released on April 4, 2014. All questions are due by Monday, April 21 at which time staff from State Purchasing, the Naval Architect and RICC will meet to address and reply to all questions. Final proposals are due on May 15, 2014.

Tourism

- Tourism director Mark Brodeur attended the International POW-WOW in Chicago, the annual meeting of the U.S. Travel Association and one of the premiere tourism conferences in the country. He met with several media and with 35 international tour operators resulting in 20 leads for potential business in Rhode Island.
- The Tourism division published the 2014 official travel guide for Rhode Island, which is 100 percent funded through partnerships.
- Star Chefs: Star Chefs magazine, the top B2B culinary publication respected by American chefs, held their top awards event in Rhode Island which recognized over a dozen local chefs. Tourism director Brodeur met with Star Chef two years ago and proposed bringing the event from Boston to Providence.
- Hudson MOD – Hudson MOD media, an online publication and video production company focusing on high-end luxury travel, sent a producer to scout for a location shoot to appear on NBC later this year in the New York and Los Angeles markets.

- *Million Dollar Critic* is a food and travel show that is being made by Temple Street which will air in the fall 2014 on W and BBC America. The show is hosted by Giles Coren, a British food writer and the Times food critic, and the premise is: Giles goes to half a dozen North American cities and samples the local cuisine, has amazing experiences and also picks up some of the local culture and visits with some famous Rhode Islanders. He visited to discuss a line-up of local features.
- Director Brodeur met with several publications on New York to pitch Rhode Island stories, including: Tastingtable.com; Hudson MOD; Travel + Leisure; Epicurious and ManAboutWorld Magazine.
- The Tourism division is preparing for Rhode Island exhibition at the Big E Eastern States Exposition in Springfield, Massachusetts in September.
- The Tourism division has experienced double-digit increases in participation through their social media channels so far this year.

Communications

The Communications Department continues media and publicity outreach on behalf of multiple Commerce RI departments and initiatives and received print and broadcast coverage in daily, statewide and national media outlets. From March 24, 2014 through April 18, 2014, Commerce RI and related programs and initiatives received coverage in 188 print, broadcast and online media reports.

Commerce RI continues to distribute two bi-weekly email newsletters to an audience of 8,500. The first is the *Moving Rhode Island Forward* e-newsletter, which highlights the latest Commerce RI news; the second is *Marcel's Memo*, an e-memo from the executive director personally. These two publications have an average open rate of 19 percent and a click rate of 8.5 percent, both of which are above the marketing industry average.

Procurement Technical Assistance Center (PTAC)

- 141 counseling sessions matching criteria (66 distinct clients); total client hours: 131
- 10 new clients
- 3 Training Events, 149 attendees

Science and Technology Advisory Council

Internal Activities

- Accept and review Innovate RI Small Business Fund internship forms from eligible bioscience and engineering companies (new applications and requests for reimbursements);
- Prepare and submit application for \$95K Federal State Partnership program grant from the SBA;
- Work with community partners (federal delegation, SBA District office) to begin strategic marketing SBIR/STTR Phase 0 Grants;
- Hold April STAC meeting and recognition of STAC Collaborative Research grant recipients;

- Administer selection process for next round of Research Alliance Collaborative Research Grant proposals;
- Develop news items and longer stories for STAC website and tweets for STAC twitter;
- Participate in Rhode Map meetings and facilitate meetings with community stakeholders and Fourth Economy.

External Activities

- Serve as a Judge for the RI Business Plan Competition;
- Make presentation at URI regarding Innovate RI Fund;
- Attend Tech Collective BioSkills Gap industry forum;
- Attend RIMA Composites Forum at Roger Williams University;
- Participate in BioScience Day at State House and provide status report on grantmaking;
- Attend Innovate Providence monthly meeting;
- Attend GPCC Congressional Breakfast and special breakfast with Speaker Mattiello;
- Attend RI Foundation Innovation Fellowship Announcement.

Broadband Rhode Island (BBRI)

- Spearheading the creation of a broadband strategy section for the economic development plan being developed by Commerce RI;
- Kicked off our new partnership with the RI Adult Education Professional Development Center with two transition meetings;
- Continuing data gathering for the RI Emergency Management Agency broadband asset management project; project review will occur before the end of April and rollout is expected in May;
- Continue supporting Aquidneck Island broadband project; helped arrange a date for the Newport Thompson Middle School to display their successful Techno Expo – focused on broadband – up at the statehouse in May; and
- Delivered digital literacy instructor training class bringing total number of instructors trained to 214.

###

EXHIBIT C

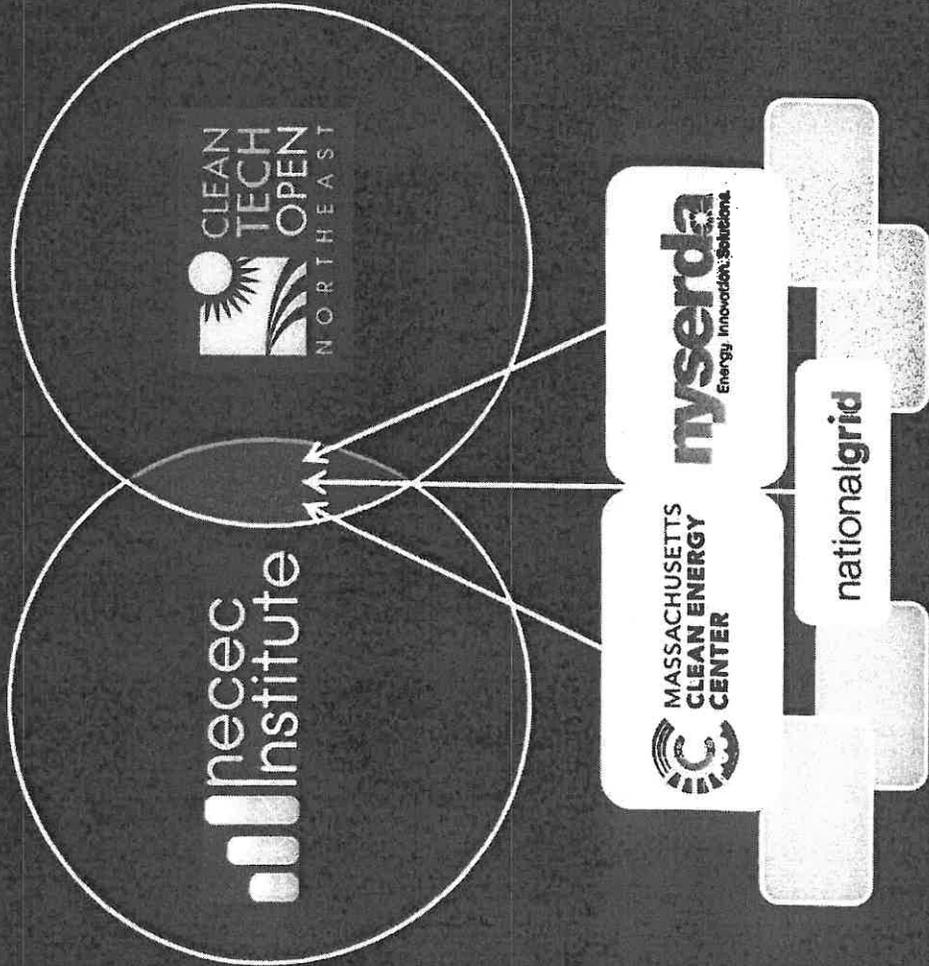
CLEANTECH NAVIGATE NORTHEAST
THE REGIONAL RESOURCE CONNECTOR

PRESENTATION FOR COMMERCE RI
PETER ROTHSTEIN AND ALEXANDRA ADLER
4/21/14

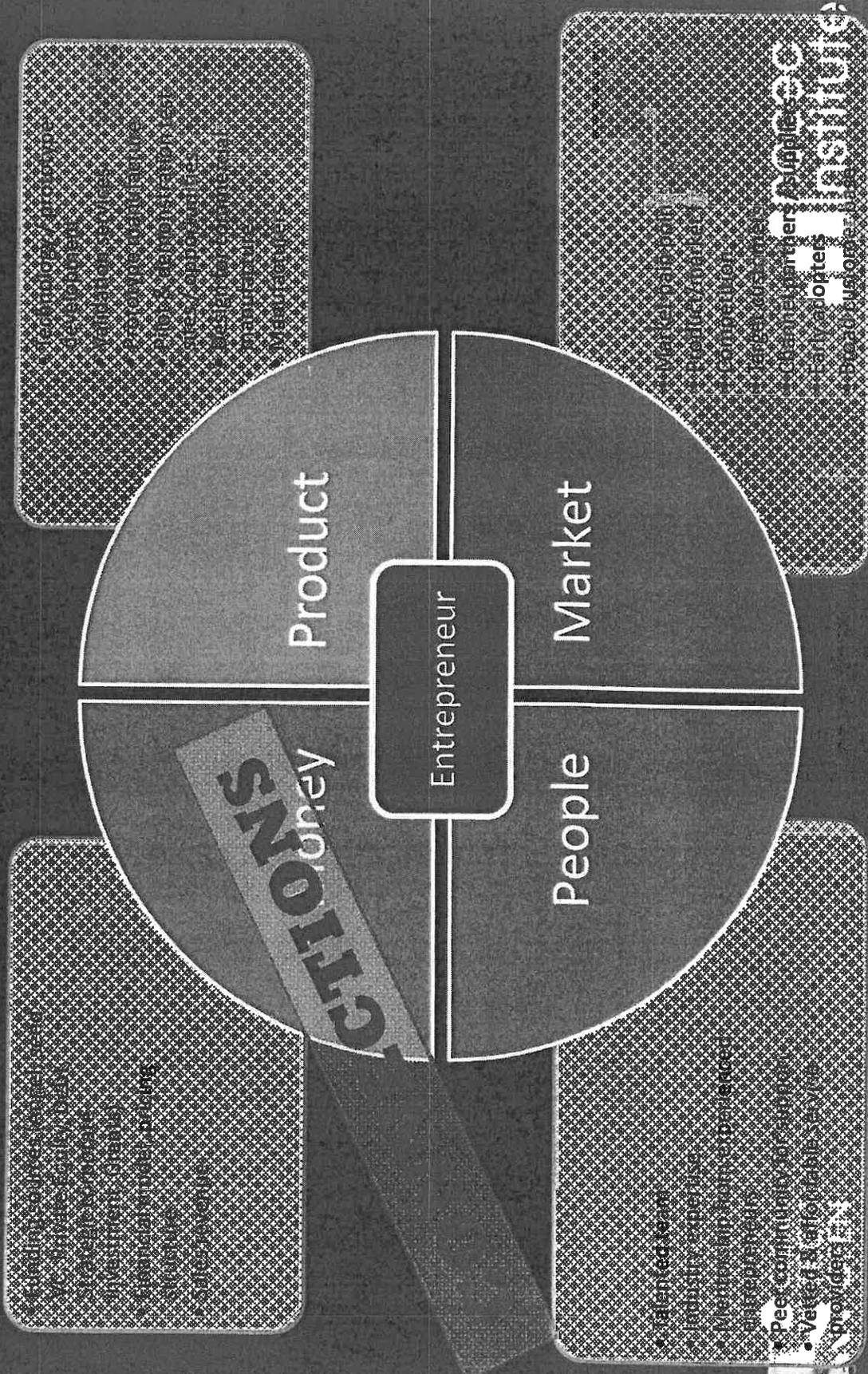


Who We Are

National business
association
representing
investors and clean
energy companies
throughout New
England and
supporting
entrepreneurs
in business
throughout
Northeast



What entrepreneurs need to survive and thrive as their companies develop



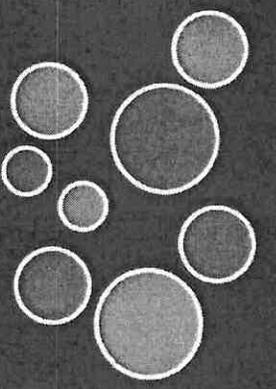
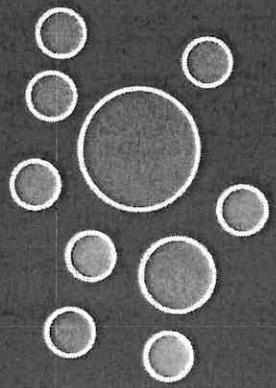
Fortunately...

The Northeast is a region bustling with available resources that entrepreneurs can leverage to accelerate their companies' successful development and growth.



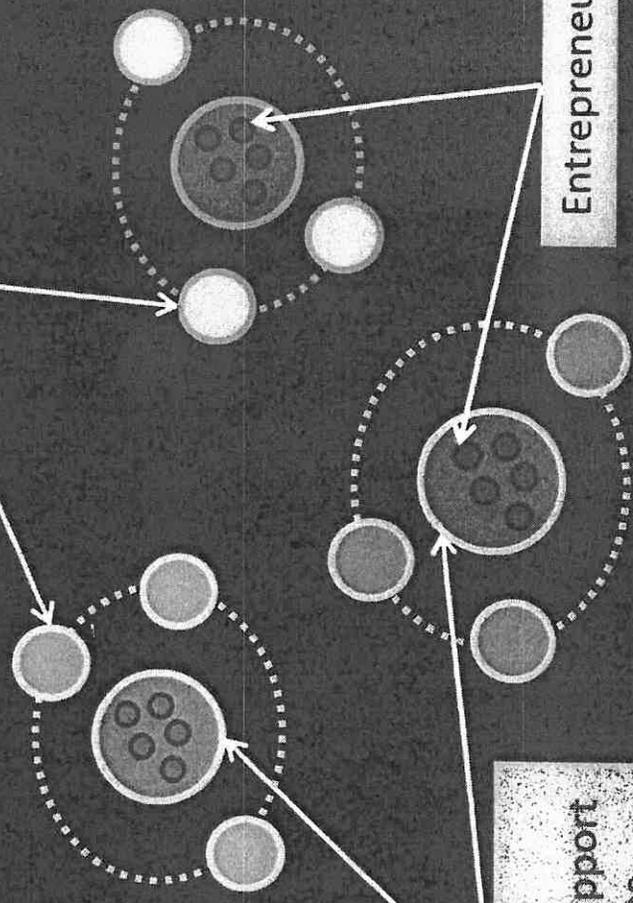
Unfortunately...

Entrepreneurs



OR

Local Resources (Mentors,
Technology Development,
Service Providers)



Local
Entrepreneur Support
Organizations

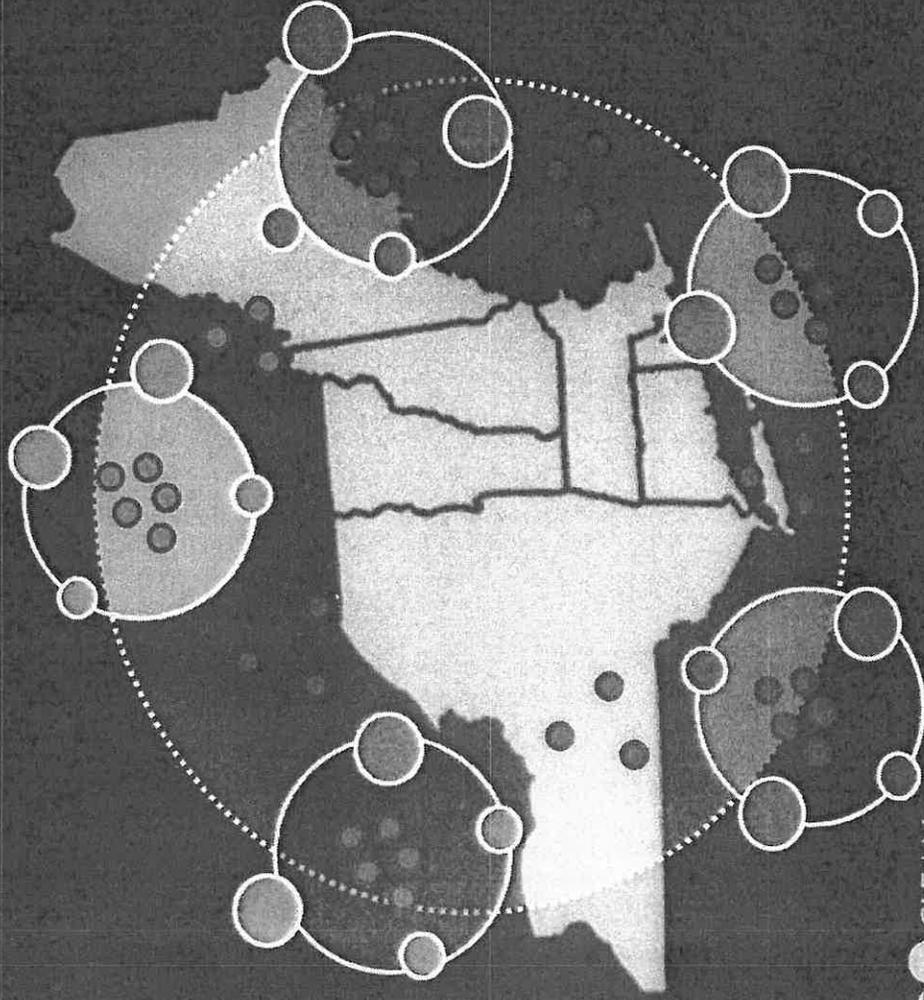
Entrepreneurs



What is needed?

Regional One-Stop-Shop

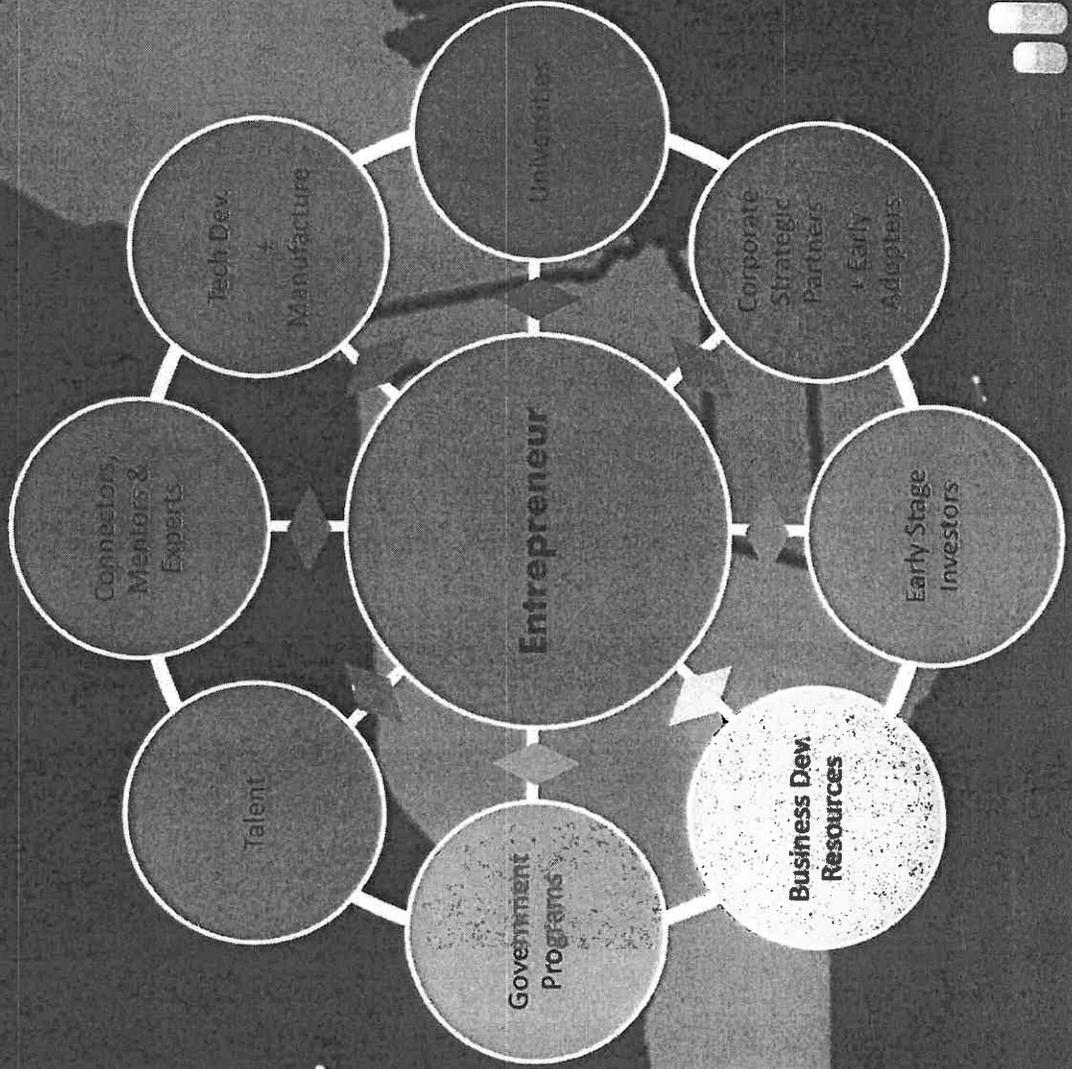
Entrepreneurs and local support organizations need a guide to the full breadth of support that our region has to offer...and a year-round connector to provide tailored access to the right regional resources at the right time during varying stages of development.



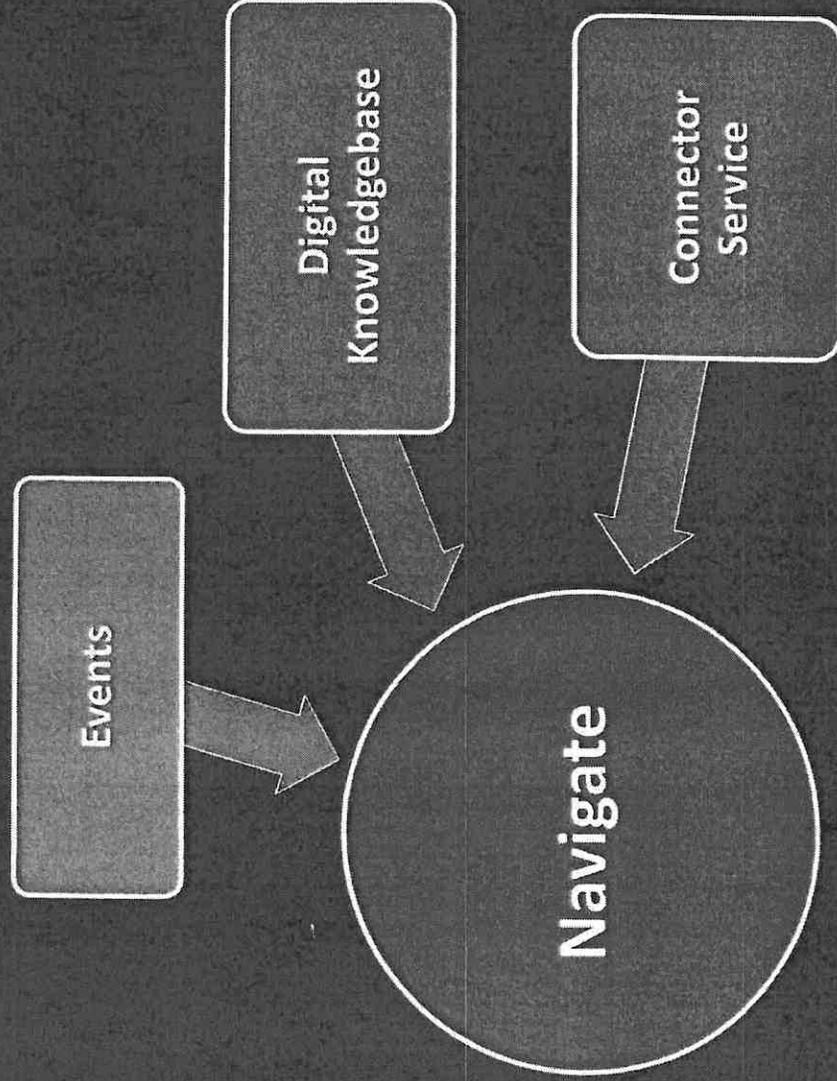
Navigate

Tailored Year-Round Connections to a Powerful Regional Resource Network of Entrepreneurs & their Supporters

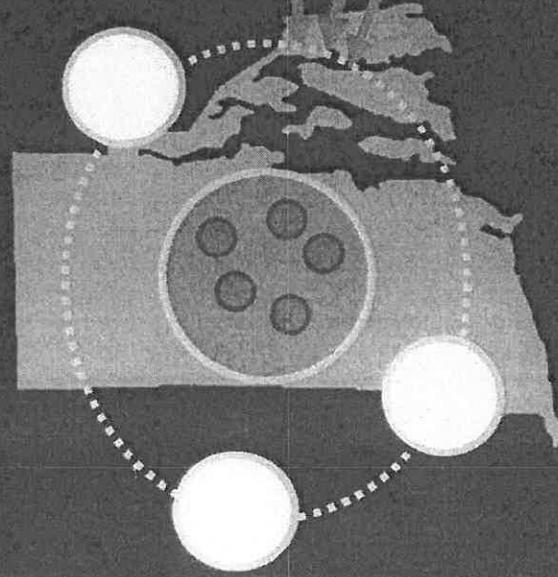
Custom.
Connected.
Collaborative.



Program Components



For Rhode Island, Navigate means...



Rhode Island entrepreneurs have a diverse set of resources. More of what they need: funders, customers and talent. Showcase local assets to the national cleantech innovation & entrepreneurship community – demonstrate the leadership of the state.

Share best practices with other cleantech entrepreneurs in the region.



CLEANTECH NAVIGATE NORTHEAST

THE REGIONAL RESOURCE CONNECTOR

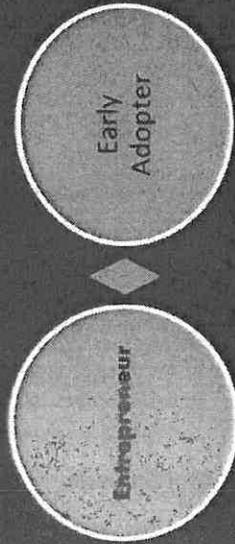
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NECEC
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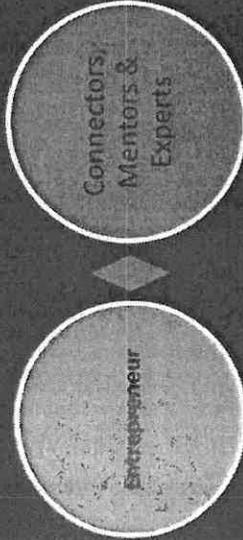


Events

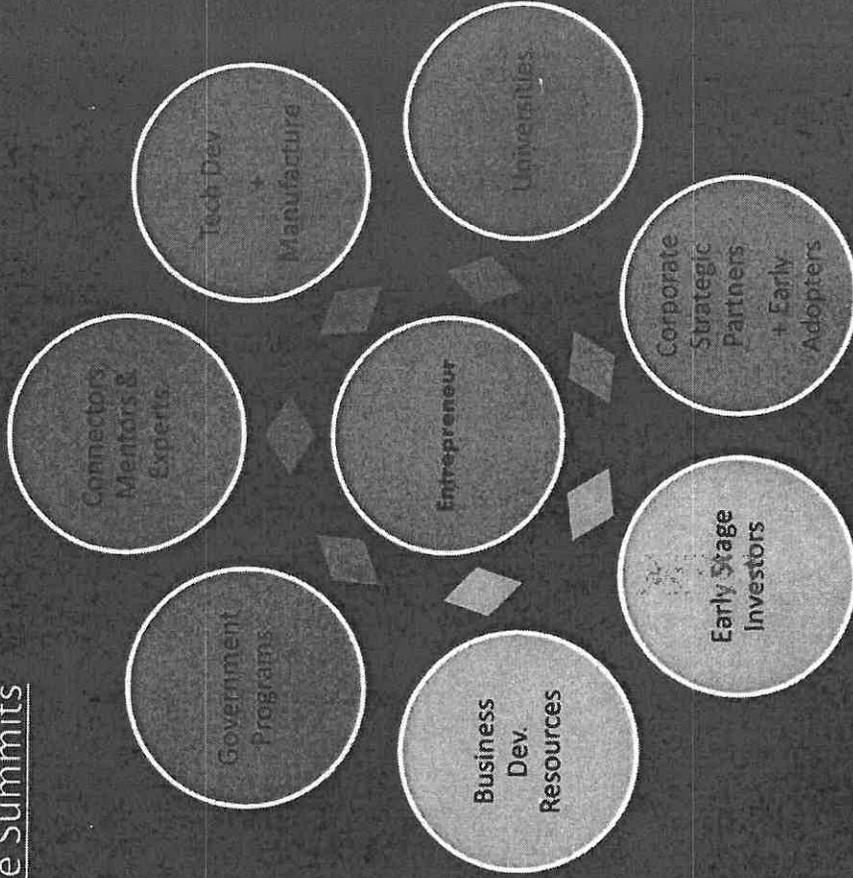
Early Adopter Forums



Founder – Mentor Connect



Navigate Summits



Investor – Corporate Connect

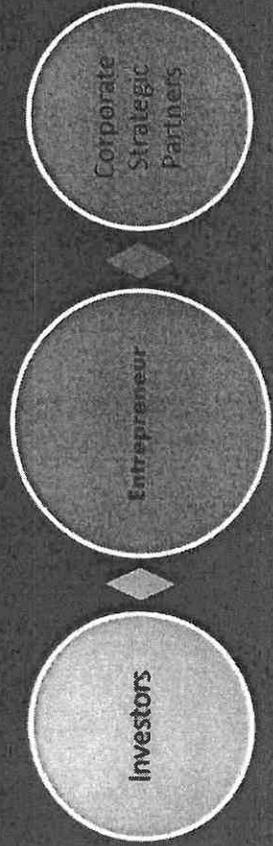


EXHIBIT D

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE RHODE ISLAND COMMERCE CORPORATION**

May 19, 2014

**(With Respect to a contribution to the New England Clean Energy Council
Cleantech Navigate Northeast Program)**

WHEREAS, the Board of Directors has received information and a presentation regarding a contribution to the New England Clean Energy Council Cleantech Navigate Northeast Program.

NOW, THEREFORE, be it resolved by the Corporation as follows:

Section 1: Any two of the Chairman, Vice Chairman, Executive Director and/or Chief of Staff, acting in concert, shall have the authority to negotiate and execute any and all documents necessary to make a contribution to the New England Clean Energy Council Cleantech Navigate Northeast Program in the amount of \$40,000 annually for three (3) years.

Section 2: The Rhode Island Commerce Corporation staff shall annually review and reevaluate the contribution approved herein and reserves the right to withhold funding for any reason.

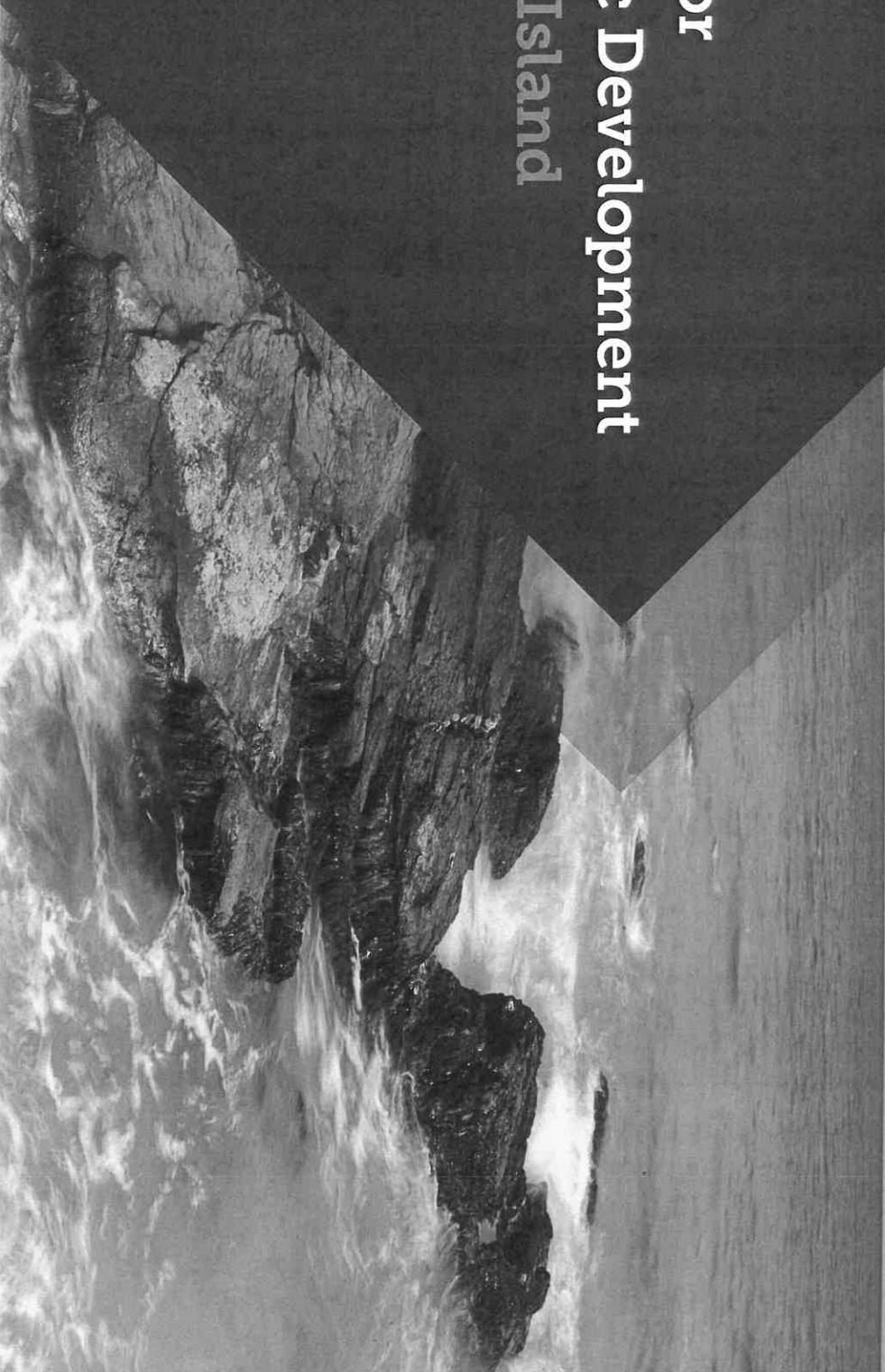
Section 3: This Resolution shall take effect immediately upon passage by the Corporation's Board of Directors.

EXHIBIT E

HIGHLIGHTS &
FULL REPORT

2014

Actions for Economic Development in Rhode Island



Commerce RI

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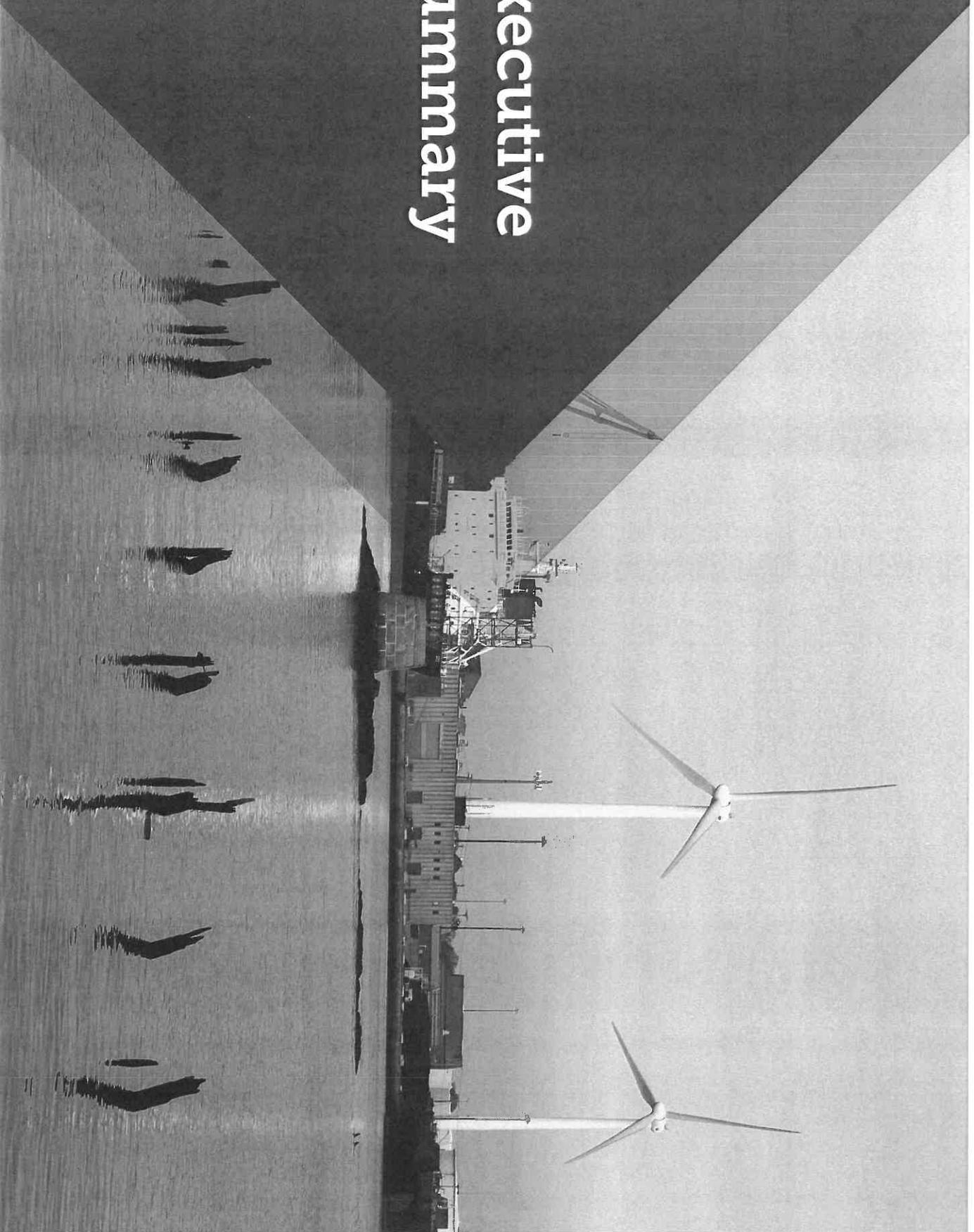
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Executive Summary



Rhode Island is our maverick history and our visionary future.

This document outlines our strengths, competitive advantages, long-term challenges and actionable strategies for growth. It is our economic map; a snapshot of today and a detailed road to a thriving future. It represents the smart thinking of many of our state’s employers, employees, innovators, entrepreneurs, industry leaders and workforce—the 300 or so who gathered with us over months to talk about our local challenges, analyze industry trends and global impacts, and more so, agree on our opportunities to thrive. With these actions and strategies as our guide, we’ll find the assets, resources and active partners within our state—and together, move forward along a continuum of upward momentum and growth.

Competitive Advantages

Rhode Island can compete in a global economy and change its economic course through a combination of leveraging its competitive advantages and investing in its assets.

Rhode Island is well positioned with **four primary competitive advantages:**

- 1** As the Ocean State, we attract water-related industries such as defense, marine trades, seafood and tourism. Our location also fosters a quality of life that attracts the workforce throughout the state.
- 2** As the birthplace of the industrial revolution, the home of the first textile mill, the Jewelry Capital of the World, and a hub for boat building, Rhode Island has manufacturing in its DNA. Manufacturing continues to support 10% of Rhode Island's workforce.
- 3** Rhode Island's 11 colleges and universities, all located within the small footprint of our state and in close proximity to New York and Boston, are attracting and retaining talent, fueling innovation and entrepreneurship, and supporting our emerging innovation economy.
- 4** We are leading the creative, design and maker revolution. Designers and makers are part of Rhode Island's thriving cultural and creative economy and transforming every aspect of our economy from healthcare to defense to workforce development and beyond. In 2009, more than 1,000 arts organizations supported more than 5,200 jobs and contributed \$324 million in economic activity.

INTRODUCTION

Growth

Rhode Island's economy has been rebounding from the Great Recession and from structural changes that began even earlier. During the development of this economic development plan, **positive data points emerged that reinforce brighter days ahead.**

The data show that **Rhode Island is currently ahead** of New England Economic Partnership projections from the fall of 2013, which showed Rhode Island would add 20,000 jobs between 2014 and 2017.

The actions and strategies in this economic development plan are designed to **build on this momentum and propel us toward 2019 and beyond.**



An increase of 6,000 jobs in 2013 brought a **1.32% increase in employment¹** over 2012. A diverse array of sectors are represented in the added jobs, including:

- ◆ 2,100 in Professional and Business Services
- ◆ 1,700 in Leisure and Hospitality
- ◆ 1,100 in Education and Health Services
- ◆ 1,000 in Trade, Transportation, and Utilities
- ◆ 1,000 in Manufacturing



From January to April 2014, 10,000 Rhode Island residents got jobs and the **unemployment rate fell to 8.3%**—the lowest level since August 2008.

¹ Arizona State University, March 2014 study http://legacy.wpcarey.asu.edu/bluechip/jobgrowth/secure_states.cfm

INTRODUCTION

Goals

Rhode Island is well positioned for growth. This economic development plan focuses on not just great ideas, but real strategic actions that will allow Rhode Island to build on steady growth estimates that we see today, and establish a churning economy to fuel ongoing growth into the next decade.

Our goal:



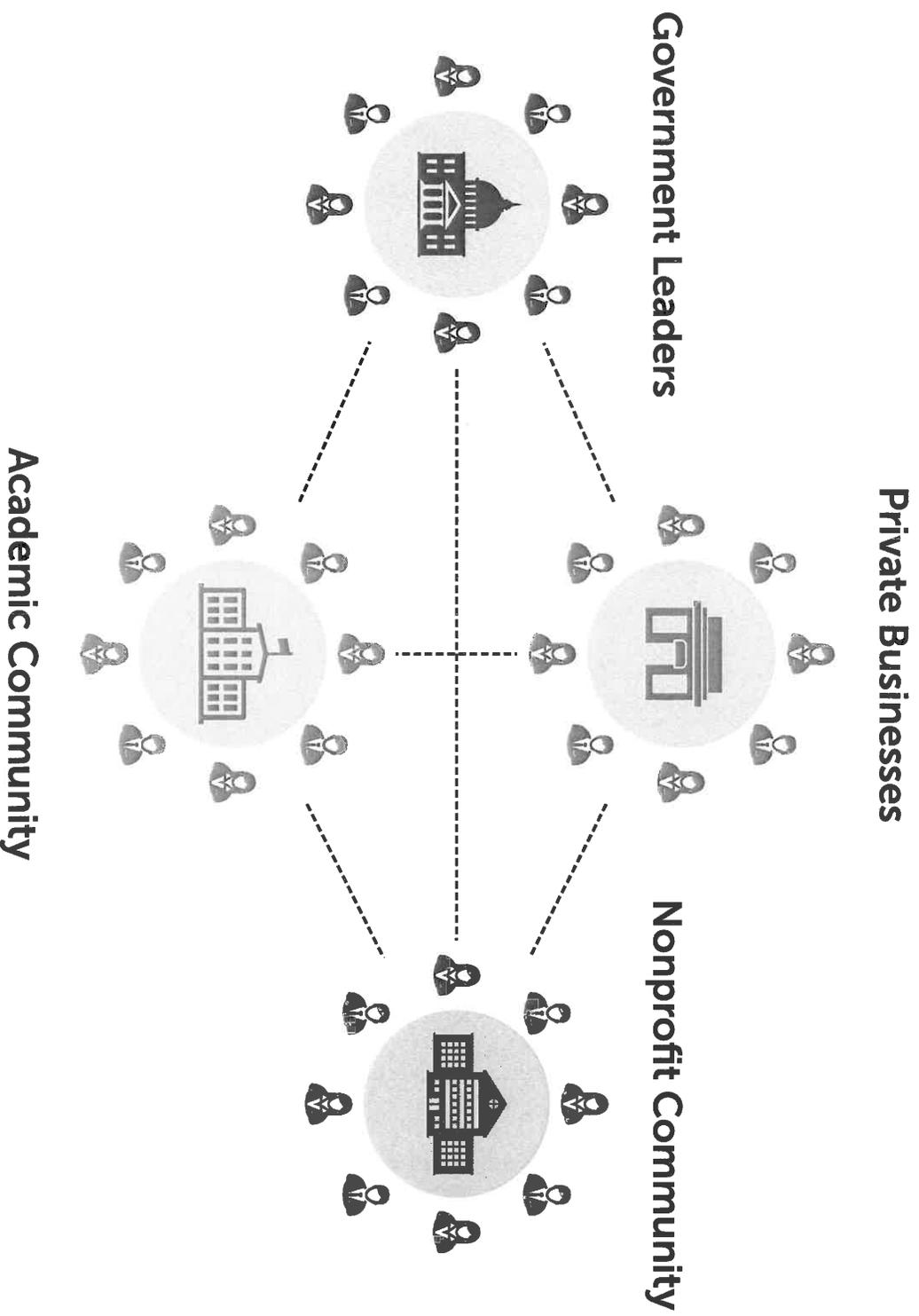
Convene and Partner

This economic development plan focuses on actions that **government leaders, private businesses, the academic and non-profit community** can take to ensure a more prosperous Rhode Island for all its residents. It is also the beginning of a new approach to the role of Commerce RI and our community. ***That approach is the role of convener.***

Modern economic development practice is shifting. Setting the table for economic growth by convening the right people to offer ideas and input, and providing them with the resources that they need to take action, creates a healthy, mutually invested and beneficial environment.

The creation of this plan is the result of convening partners. What has surfaced is the collaboration between participants and the many organizations, programs and community stakeholders currently engaged in positive economic activity; our natural partners to track, convene and empower in the implementation of these strategies and actions. With this, we have a foundation for the success of this plan, and ultimately, the health of Rhode Island's economy.

Convene and Partner



Guiding Principles

Growth

Economic strategies that focus on job creation and retention to support a net increase of 30,000 new jobs by 2019, by both new and existing companies.

Attraction

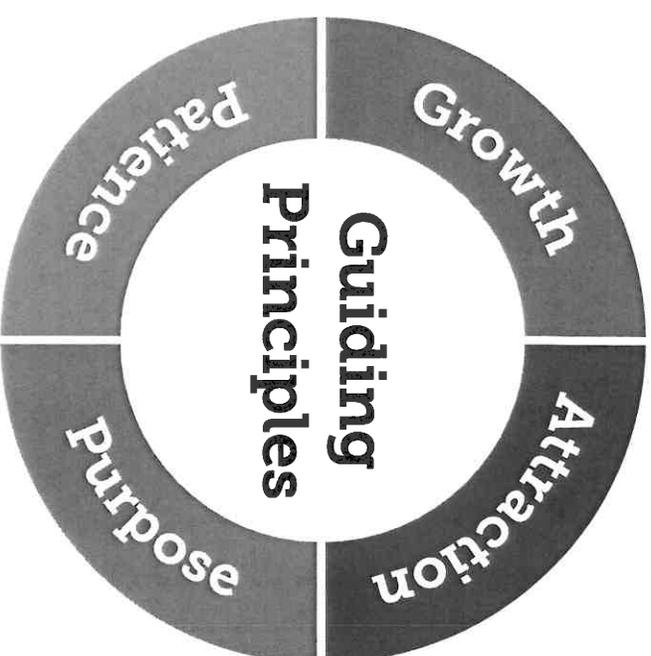
Economic strategies should attract investment from outside the state that supports our entrepreneurs, export businesses, and local suppliers.

Patience

Economic strategies should recognize there are no 'quick fixes' to the economic issues that have plagued the state; only through diverse and patient action can a new economic framework be implemented in the state.

Purpose

Economic strategies must be purposeful in ensuring job and business creation opportunities are shared by all Rhode Islanders.



Long-Term Proactive Effort

Outside factors, market implications and trends in systems impact all plans for the future. To be responsible to our efforts and ensure the success of the strategies and actions in this plan, **we need to establish a proactive effort that addresses issues and nurtures possible opportunities.**

In developing this plan, we found **three systems in particular that impact Rhode Island over the lifecycle of this economic development plan, a five-year time period.** Each can have significant impacts on employment, investment, and equity in the state and ultimately, affect all Rhode Islanders in the years to come.



The **healthcare system changes** from the Affordable Care Act and economic realities prior to that will continue to alter the healthcare delivery and payer system. Rhode Island has led the way in some reforms while other difficult decisions are still to be made. In the past few years healthcare system employment growth has buoyed the job creation numbers but most analysts point out the new reality will not witness similar growth.

INTRODUCTION

Long-Term Proactive Effort



Rhode Island is part of the New England energy grid and as a result depends on the costs and benefits of a system, of which it has only minor control. Recent concerns over electricity cost spikes, limited access to natural gas, and the ongoing investment needs for new energy infrastructure will all continue to necessitate a cautious eye towards how the energy sector will impact economic growth. As part of the State Energy Plan process, models have been developed that show 'Business As Usual' as the most expensive path for Rhode Island, creating the least number of jobs.



Post Hurricane Sandy, *climate variability* and its impact has been at the forefront of conversations more than ever before. Communities are contemplating how to both prepare for and react to the effects of climate variability; but it's not only homeowners and environmental advocates who are concerned. Increasingly, there is recognition of the potential impact on and opportunity for businesses from across nearly every sector. While it will be important for industry partners to plan for how best to adapt to a changing climate or recover from a disaster, it will also be important to identify opportunities for using Rhode Island as a test bed for developing, and then exporting, new technologies.

INTRODUCTION

Long-Term Proactive Effort

Overarching Recommendations:

- 1** Create continued dialogue and action setting around these larger issues.
- 2** Establish an ongoing planning consortium that undertakes evidence-based decision-making and strategy development consistent with the General Assembly's Council of Economic Advisors.
- 3** Call on leaders to work together to continue identifying opportunities and issues that may impact the economy in the future.

INTRODUCTION

Strategies and Action Plans

The pages that follow provide summary **details on six strategies.**

Action Plan 1

Building a Robust Business Ecosystem

Action Plan 2

Harnessing the Power of Innovation

Action Plan 3

Fueling the Manufacturing Renaissance

Action Plan 4

Activating a 21st Century Workforce

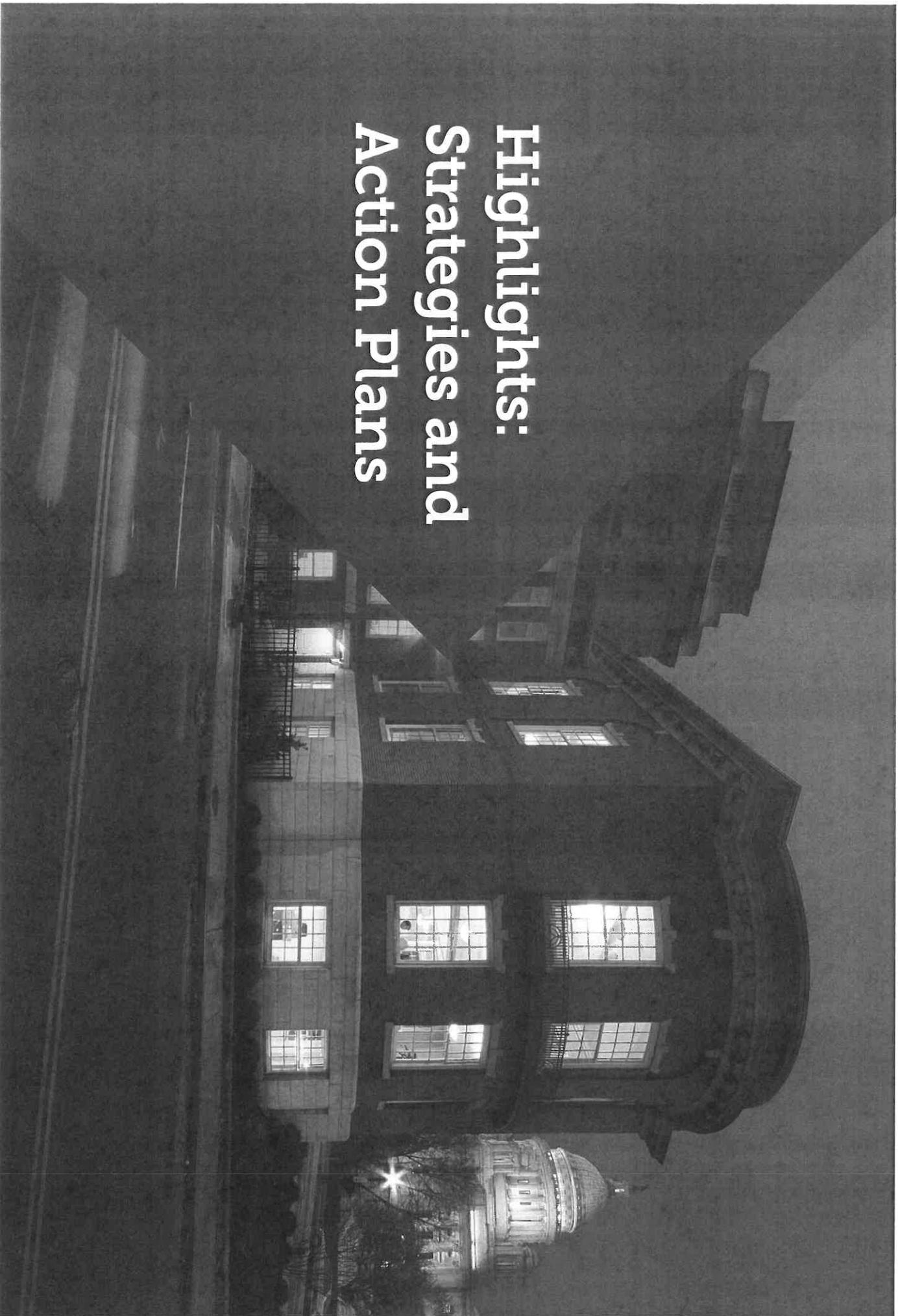
Action Plan 5

Cultivating a Resilient Economy

Action Plan 6

Promoting Greatness

Highlights: Strategies and Action Plans





ACTION PLAN 1

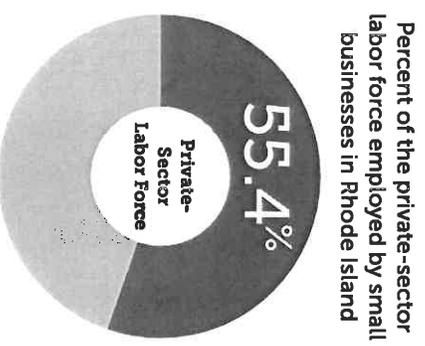
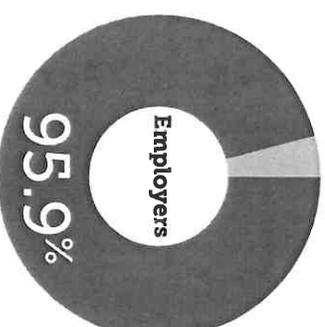


Building a Robust Business Ecosystem

THE CURRENT ENVIRONMENT

Building a Robust Business Ecosystem

- According to the U.S. Small Business Administration (SBA), in 2010 small businesses represented 95.9 percent of all employers in Rhode Island and employed 55.4 percent of the private-sector labor force. The growth of small businesses in Rhode Island is an opportunity for local skill development, job creation, and industry diversification.
- Enhanced business services, such as training programs and mentorship, targeted towards small businesses, technology firms, and minority-owned businesses will contribute to new business creation and help the state's small and emerging businesses to succeed.
- Rhode Island's tax rates, unemployment insurance structure and regulatory environment all limit private sector economic potential and should be reformed.
- The proposed State Energy Plan highlights that Rhode Island must take action to avoid drastic increases in energy costs and solve concerns over mid- to long-term reliability.
- Entrepreneurial services and capital is needed to support growing activity in urban and minority, arts and agriculture enterprises.
- As the economy rebounds Rhode Island is finding the need for new real estate options including larger foot print manufacturing and wet lab space. The historic mill complexes can also serve as a catalyst for community development.



Actions for Building a Robust Business Ecosystem

1 Manage a Competitive Cost Structure

- › Create a phased-in approach to reducing the corporate income tax
- › Analyze and reform the unemployment insurance system
- › Make the sales tax regionally competitive
- › Explore opportunity to put underutilized state-owned lands back on tax roles

2 Accelerate the Impact of Regulatory Reform

- › Invest additional financial support to shorten the regulatory review process
- › Include review and streamlining of municipal regulations
- › Improve communication with the business community to ensure that meaningful progress

- is being clearly and concisely communicated and integrated with business marketing efforts
- › Study the feasibility of creating a more regional governance system

3 Increase Export and Logistics Support

- › Create a sustainable, permanent funding mechanism for the repair of Rhode Island's roads and bridges
- › Create a private-public Rhode Island Shipping Association
- › Support trade assistance offered through the Bryant University Chafee Center
- › Promote the T.F. Green Go Green Initiative
- › Reduce Vehicle Miles Traveled by supporting public transportation
- › Ensure the future prosperity of Rhode Island's ports by preparing for climate-related risks

Actions for Building a Robust Business Ecosystem

4 Revolutionize Rhode Island's Interface with the Business Community

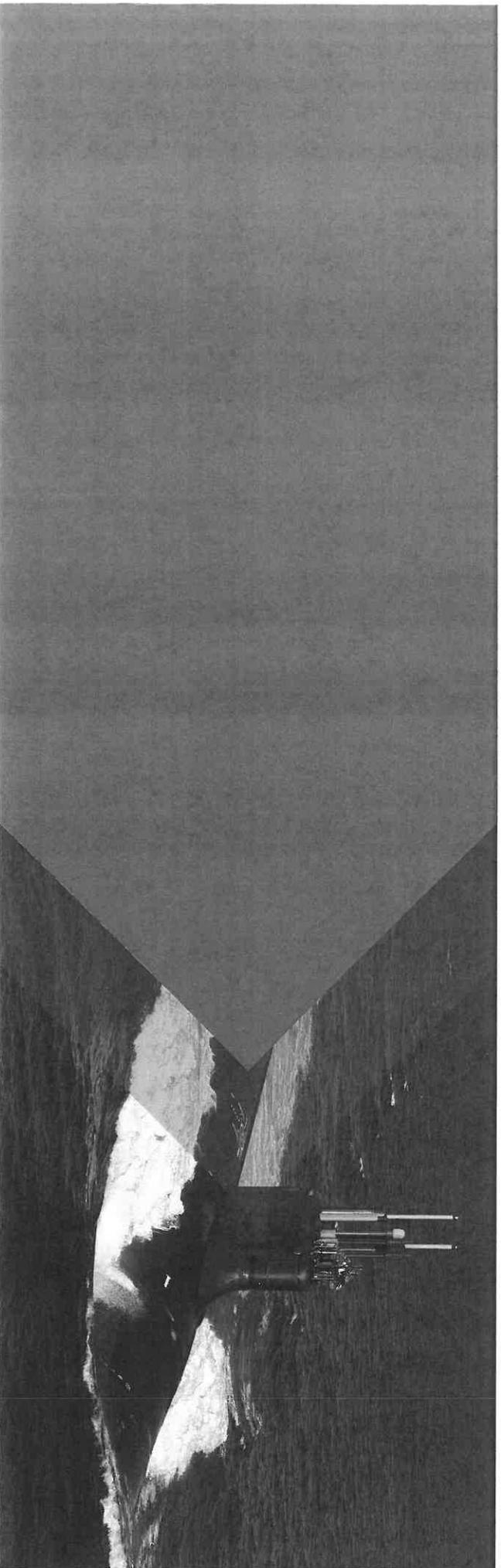
- › Improve customer service across state agencies and create performance rewards
- › Increase collaboration between the Office of Regulatory Reform and the Office of Performance Management
- › Create or enhance existing positions to act as industry ombudsman
- › Expand Commerce RI's role as a convener

5 Adopt an Energy Policy that Keeps Rhode Island Competitive

- › Expand existing programs and add new financing and investment tools
- › Create programs that will support high-paying clean technology jobs

6 Support Small Business Activity

- › Expand distributed generation of renewable energy
- › Renew Rhode Island's energy efficiency commitment by extending the Least-Cost Procurement mandate
- › Improve energy efficiency codes and standards
- › Develop new or augmented capital resources and services to make projects financing ready
- › Identify opportunities to attract out-of-region capital resources
- › Conduct an independent census of entrepreneurs/sole proprietors
- › Develop an Anchor Institution purchasing program
- › Support industry associations in offering purchasing services to Rhode Island businesses
- › Support the development of a United Cultural Fund



ACTION PLAN 2



Harnessing the Power of Innovation

Harnessing the Power of Innovation

- › While 2013 was a better year for Rhode Island start-ups as they raised over \$140 million in venture capital, early stage capital for high growth companies is still in short supply and new models for catalyzing private investment can provide the capital needed.
- › According to a recent survey by Southeastern New England Defense Alliance (SENEDIA), the Rhode Island Defense sector, both private and public, directly employs 17,400 people, supports 400 companies, and has a \$4 billion economic impact (direct and indirect). The presence of the Naval Undersea Warfare Center in Rhode Island provides a unique asset that can be leveraged by the state.
- › Rhode Island is home to a diverse set of life sciences and medtech entities, including research institutions and drug and device developers and manufacturers that are working to bring new therapeutics, instruments, vaccines, software, and textiles to market. To realize the benefits of these assets, the community must focus on areas of strength and niche market opportunities. One such niche is in the area of brain science.
- › Rhode Island is home to numerous high-quality research institutions, such as universities, federal facilities, medical centers, and private companies. Their capabilities relative to global trends (e.g., healthcare, water, etc.) are significant assets and can be a source of economic opportunity.
- › The cleantech innovation economy encompasses economic activity measured in terms of establishments and early-stage investments that produce new, innovative, and sustainable technological goods by organizations actively engaged in the commercialization process. Cleantech investment builds on Rhode Island's historical strengths in relation to the marine trades. Technologies such as offshore wind, hydrokinetic energy, and advanced materials (boat building) all trace back to marine related activities. The New England Clean Energy Council has identified 7 active early stage cleantech companies and dozens of other companies in Rhode Island, representing over \$50MM in GDP. From solar developers to smart grid to advanced materials. Examples include NPTRF, Newport Solar, Utilidata, and Nanosteel, Rhode Island has a healthy base of companies.

Actions for Harnessing the Power of Innovation

1 Benchmark Key Technology Measures

- › Support efforts by STAC to collect and report on key technology indicators to educate on new investments needed by the sector and monitor progress
- › Develop an annual report card of how the state's innovation resources are performing compared to peers and as return on investment

2 Leverage Broadband Investment for Next Generation Applications

- › Improve broadband on Aquidneck Island to support the defense and marine industries
- › Identify ongoing investment needs of state's broadband infrastructure and promote opportunity to be a Gigabyte community
- › Utilize broadband backbone in areas of health and safety, urban and rural training, and entrepreneurship

- › Pilot two to three municipal fast-track plan and permit review projects

3 Continue to Invest in Innovation Infrastructure

- › Identify and support development of sector based incubation and applied research facilities
- › Support development of wet lab and other niche space to support growing technology sector
- › Leverage EPSCoR funding to strategically invest in areas of economic opportunity through commercial applications
- › Support the development of live/work/education projects

Actions for Harnessing the Power of Innovation

4 Fill Capital Gaps by Stimulating Private Investment

- › Develop a Fund for Rhode Island's Future that leverages private and public resources for accelerated investment in high growth companies, e.g., a sector supported TIF model or a tax credit sale approach
- › Modify or sunset the Certified Venture Capital Partnership and Innovation Tax Credit and create an investment credit that is more closely related to successful investor tax credits in other states

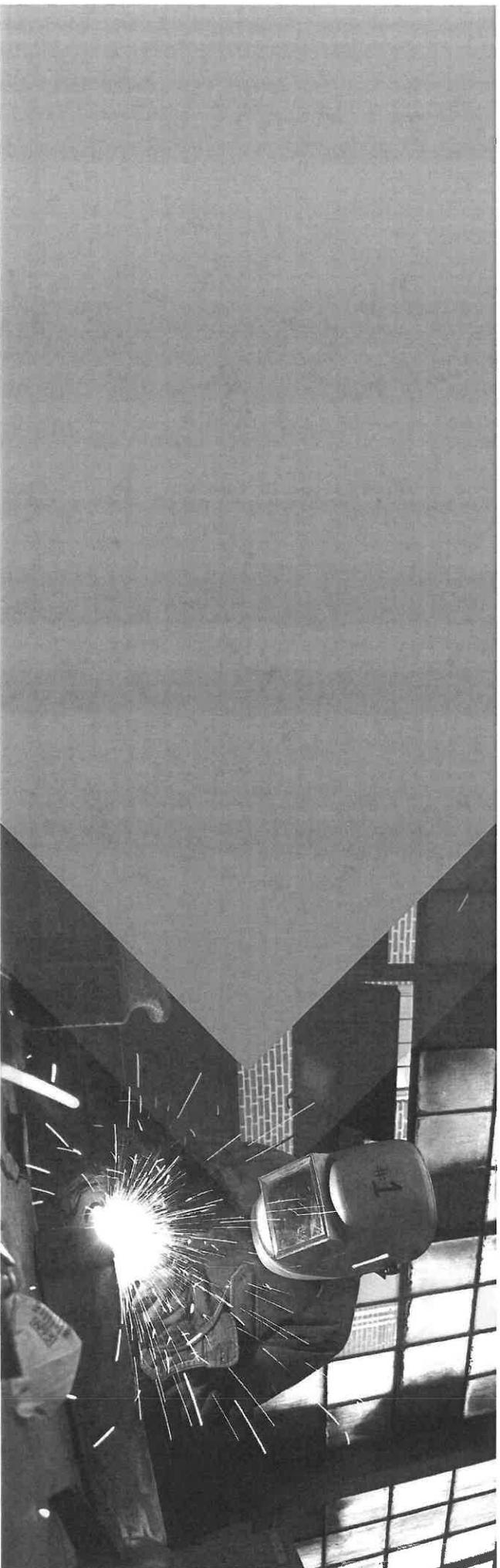
5 Accelerate Research and Commercialization

- › Support collaboration between the state's research enterprises including academic, government and private performers in order to increase the level of research funding coming into the state

- › Develop more aggressive IP infrastructure, to include IP SWOT team, seed funding, and promoting success
- › Initiate RISCA/Commerce/STAC/PTAC partnership

6 Catalyze Emerging Market Opportunities

- › Support LifeScience and MedTech collaboration through establishment of a cross-sector life science, medtech and public health convening team
- › Advance the creation of a Maritime Cybersecurity Center and create a standing defense industry task force
- › Continue to advance a CleanTech economy through procurement efforts, renewable energy fund investment and regional collaboration



ACTION PLAN 3



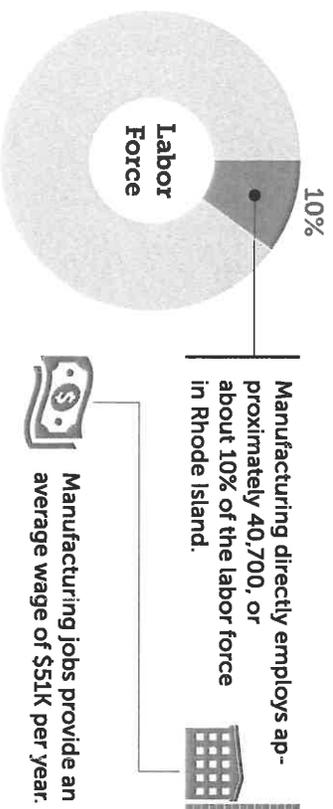
Fueling the Manufacturing Renaissance

Fueling the Manufacturing Renaissance

- Three factors to consider to support a manufacturing agenda:
 - 1 The footprint of today's manufacturing requires can require a smaller amount of physical space than predecessor firms in order to produce a sizeable economic output.
 - 2 Today's manufacturing workforce is the middle class—earning wages that allow them to invest in their future and that of their families and community.
 - 3 Manufacturing needs to attract a new generation and new populations of individuals if it is to grow at the rate which many think it can.
- Rhode Island's Manufacturing sector has taken the brunt of the changing U.S. economy and the Great Recession and saw over 21,000 jobs lost over the past decade. Today, manufacturing directly employs approximately 10% of the labor force in Rhode Island and in 2013 saw what is hoped to be the beginning of a rebound with an increase of over 1,000 jobs.
- Manufacturing jobs are middle class jobs providing family sustaining wages with an average wage of over \$51,000 and opportunities for career progression.

- A Business Roundtable report calculated that companies that operate internationally from Rhode Island accounted for 39 percent of the state's private sector economic output and 36 percent of private sector jobs in 2011. International trade added \$1.7 billion to Rhode Island's private sector economy in 2011 and directly or indirectly supported 185,000 private sector jobs that paid an average of \$69,300 for wages, salaries and benefits.

- Rhode Island has historically been a community of 'makers', with jewelry, silverware, steam engines, furniture, textiles, glass, and other products being manufactured in the state for sale around the world. A base of industrial-scale maker activity continues in the state and is being bolstered by new market entrants.



Actions for Fueling the Manufacturing Renaissance

1 Create a Center for Design and Manufacturing

- › Align the existing capacity related to industrial design and advanced manufacturing
- › Develop a business plan that creates a sustainable structure and core activity set
- › Identify existing and seek new funding to launch the Center

2 Claim Rhode Island's Position as the Center of the Maker Movement

- › Convene the state's maker-related assets and identify core capabilities
- › Form a Maker's Guild – a member collaborative that works to support growth of sector
- › Develop an action plan to leverage the maker community and invest in the tools to realize growth in the sector

3 Work with National Grid to Aggressively Target Manufacturing Expansion Opportunities

- › Continue to expand the commercial and industrial energy efficiency pilot program to allow for operating cost reductions
- › Seek expansion of the revolving loan pool to allow for increases volume of industrial projects that can be financed

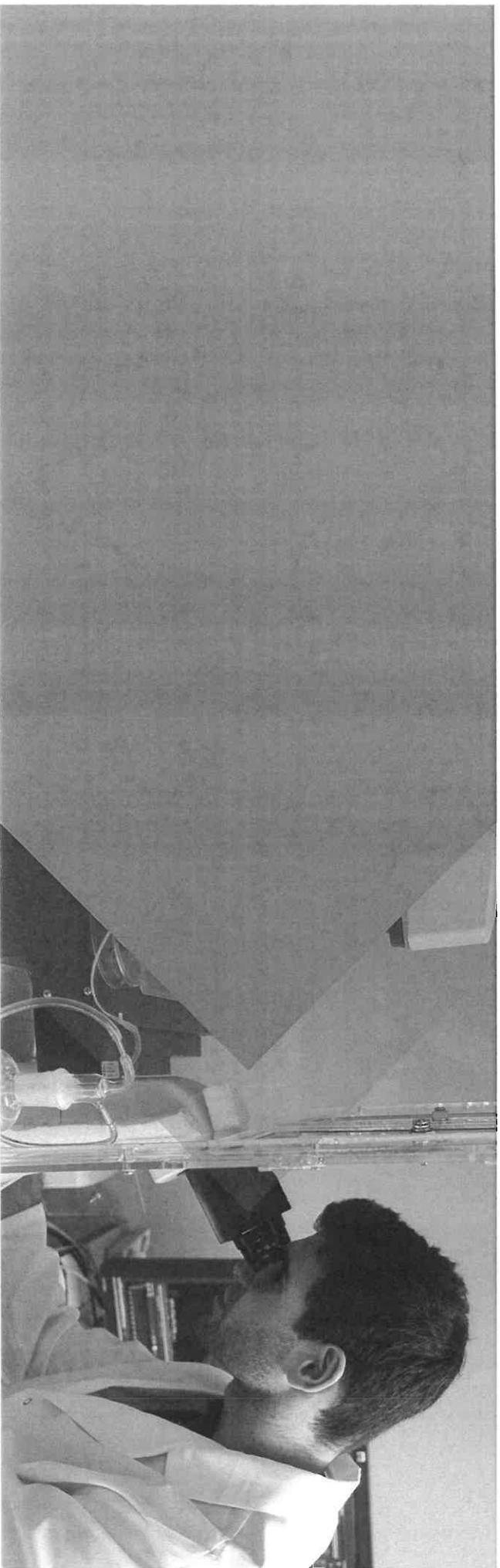
4 Ensure the Real-Estate Portfolio Supports Growth

- › Fund Commerce RI to acquire, permit, and deliver a fully functioning business park
- › Work to develop pad-ready sites that can support existing demand for larger manufacturing facilities

Actions for Fueling the Manufacturing Renaissance

5 **Develop an Urban Core Strategy to Encourage Job Creation in Areas with Higher Concentrations of Unemployment**

- › Identify idle manufacturing facilities (e.g., mill complexes) and create incentive package options for redevelopment as mixed use including flexible manufacturing
- › Create a process that allows site and use planning to be performed by community groups, local government, developers and manufacturers



ACTION PLAN 4



Activating a 21st Century Workforce

Activating a 21st Century Workforce

› Two recent reports on Rhode Island's workforce development system, the *CCRI: Building a 21st Century Workforce* and *Rhode to Work* reports, identify system coordination as a top priority. The main finding from the CCRI report highlights the need "to support an industry-focused, state-level systemic and strategic approach to career pathways, tapping the expertise of education, workforce development, and economic development partners." The *Rhode to Work* report's first recommendation, "Empower a single, seamless, and cohesive workforce training system for Rhode Island", cites the need to create a unified workforce development system that can work with CCRI and employers to create meaningful credentials that address middle-skills and career readiness.

› bRidge.jobs is a statewide initiative to connect students with internships in Rhode Island. Employers can post internships and students can post profiles and apply for internships through the bRidge.jobs web site. As part of the bRidge.jobs project, RI Student Loan Authority, the GWB, the Chamber, and AICU conducted a survey of 300 companies about internships; through Make it Happen, support will be provided for follow-up with outreach and education for employers.

› STEAM education is a critical component of developing a workforce for many of Rhode Island's key industries. Recent skills gap studies for information technology, bioscience, manufacturing, and defense identify STEAM education as a key recommendation.

A unified workforce development system aligns early career counseling, existing apprenticeships and internships, and STEAM education with the current and future employment opportunities in Rhode Island.

Actions for Activating a 21st Century Workforce

1 Continue Momentum to Keep Education Reform Movement (K-12) Going

- Initiate an Awareness Campaign Targeted at Students and Un/Underemployed
 - Expand in-school career counseling and provide counselors with the tools to advise on future employment and career opportunities
 - Increase in-school industry-led events

2 Better Align the Workforce Development System to Assist Employers in Attracting and Retaining Qualified Talent

- Enact legislation to create a seamless workforce development system, driven by industry needs and coordinated by the Governor's Workforce Board
- Scale university-business engagement centers modeling after URI's recent efforts
- Establish credit and non-credit bearing industry-recognized credentials
- Strengthen Adult Education programs by creating prioritization and system efficiencies
- Strengthen Commerce RI's partnerships with the state's Industry Partners
- Engage social enterprise experts to identify and scale solutions employing residents with barriers to employment

Actions for Activating a 21st Century Workforce

3 Reform the Job Development Fund

- › Exempt the Jobs Development Fund from the state's indirect cost recovery
- › Utilize the Governor's Workforce Board as a central point of contact for the Job Development Fund and engage Industry Partners for the disbursement of these dollars

5 Expand STEAM Education from Youth to Professional Development

- › Promote system-wide industry-academic coordination to improve STEAM education
- › Develop programs, support services, and facilities to support STEAM education in Rhode Island's colleges and universities

4 Support Apprenticeships and Internships

- › Support and enhance bridge-jobs to build on early momentum and interest from the business and job seeker communities
- › Execute a strategic expansion of state apprenticeship tax credits to focus on key industries in the state
- › Develop new internship, externship and apprenticeship programs based on need, impact, and capacity



ACTION PLAN 5



Cultivating a Resilient Economy

Cultivating a Resilient Economy

- The Food and Beverage Industry is just that—an industry—an already established collection of businesses, but one that has the opportunity to benefit from the intersection of unique local assets and national upward trends to put Rhode Island on the map.
- Rhode Island's food cluster has grown over the last decade, contributing to the local economy:
 - Industries involved in "purchased meals and beverages" grew from \$1.6 billion to just under \$1.8 billion.
 - Industries in "accommodations" grew from \$286 million to \$416 million.
 - Jobs in food services and drinking places grew by 10 percent.
 - Jobs in accommodations grew by more than 8 percent.
 - Jobs in food and food-related occupations grew by 9.3 percent.

- Resiliency is more of a market opportunity; there is no one industry that trades in resiliency, let alone a single definition of resiliency. Rather, it is an emerging set of principles for how to protect communities and businesses from financial, economic, and natural shocks that are driving new ways of thinking—and new products and services—across many industries. Given Rhode Island's small size and shoreline, developing new solutions to support existing and create new businesses is both an economic imperative and opportunity.

Resiliency protects communities and businesses and leverages local knowledge assets to drive new ways of thinking in the face of financial, economic, and natural shocks.

Actions for Cultivating a Resilient Economy

1 Create a Stronger and More Resilient Rhode Island

- Align academic research around issues of resiliency
- Create test sites and facilities for both land and water piloting of resiliency-related product innovation
- Create a resilient economy collaborative that can prioritize economic development related actions
- Define a role within Commerce RI that focuses on policy and practical business support around the “Green Economy”

2 Strengthen the Food Value Web to Increase Food Security

- Increase access to land and water for agri- and aquaculture uses
- Increase opportunities for institutional food sales and ability of state producers to fulfill orders
- Formalize the food and beverage industry within economic and workforce development systems including formation of an industry partnership
- Prepare the agri- and aquaculture industries for the effects of climate variability
- Identify and support opportunities for new business development in the food and beverage industry

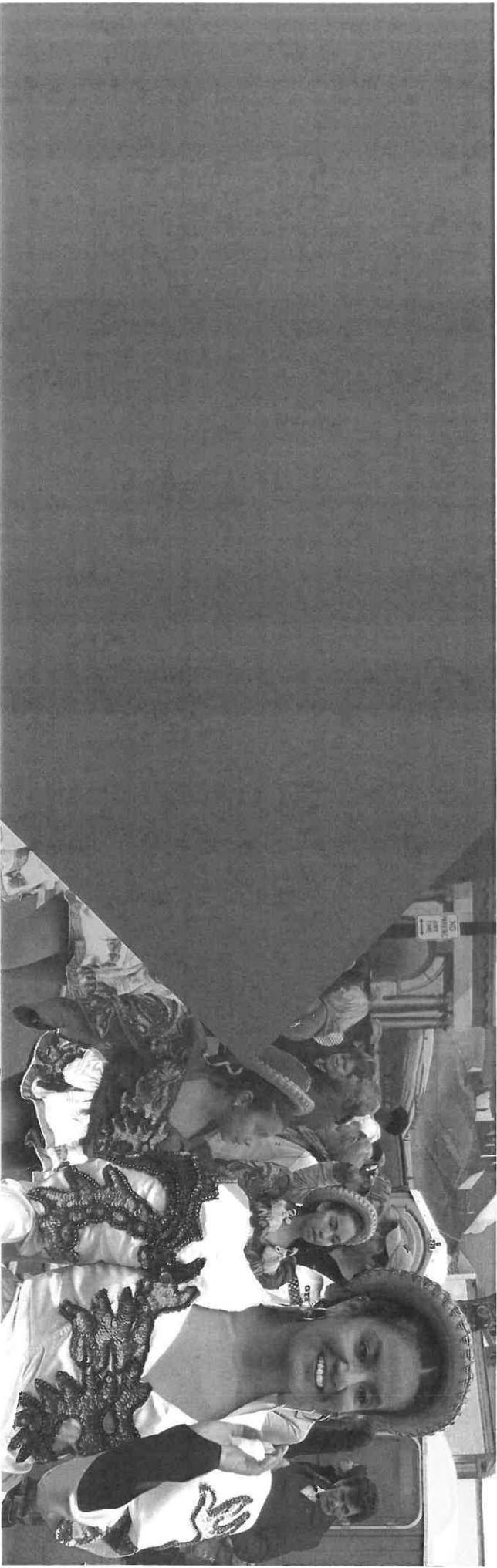
Actions for Cultivating a Resilient Economy

3 Support Efforts to Improve Resiliency of Small Businesses

- Convene a conversation among small business owners about preparing for climate variability
- Further study the risks and opportunities for prominent industry sectors representing Rhode Island's small businesses
- Convene business and government leaders to work together to make sure the necessary resources, including capital, equipment, and knowledge, are available to support businesses seeking to adapt

4 Support Climate Research and Innovation

- Develop a new proof-of-concept fund to be administered by STAC to support the commercialization of research around climate variability



ACTION PLAN 6

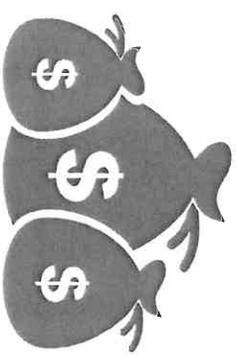


Promoting Greatness

THE CURRENT ENVIRONMENT

Promoting Greatness

- › In 1995, the general assembly eliminated the 27 percent portion of the lodging tax that was dedicated to statewide tourism promotion and directed it to the general fund.
- › The \$3 million dollar promotional budget eroded to less than \$400,000 dollars. In addition, elimination of a dedicated funding source diminished the effectiveness of the division's statewide tourism promotional efforts.
- › Rhode Island's tourism industry is a major component of economic development. An IHS Global Insights study estimated that visitors injected \$3.82 billion into the Rhode Island economy in 2012 alone.
- › Considering that the tourism industry supported 43,000 direct and indirect Rhode Island jobs in 2012 (9.3 percent of the state's job base in 2012) and generated \$649 million in state and local tax revenue, Rhode Island risks losing an indispensable economic and job growth opportunity by not effectively competing for visitor dollars. According to the U.S. Bureau of Economic Analysis, the tourism industry is rebounding and many states are looking to improve performance as part of their strategic economic growth plans.



\$649 million

State and local tax revenue generated
by the tourism industry in 2012



Actions for Promoting Greatness

1 Increase the Impact Potential of the Tourism Industry

- › Create a steady, predictable funding mechanism for tourism promotion
- › Develop a state brand and interpretive story
- › Promote internal coordination within tourism and with other state agencies

- › Coordinate efforts to promote Rhode Island to “captive audiences”, e.g., conventions and parents of college students

- › Create an ‘ambassador’ program (e.g., MyRI) of business and community leaders that can advance the state’s reputation

- › Engage Rhode Island’s arts and culture community for place-making efforts that showcase the state’s assets and appeal to visitors

- › Convene Commerce and arts and culture representatives to strengthen marketing narrative about the quality of Rhode Island’s art, design and historic resources

2 Develop Industry Branding and Promotion in Alignment with Overall State Brand and Assets with Focus on the Following:

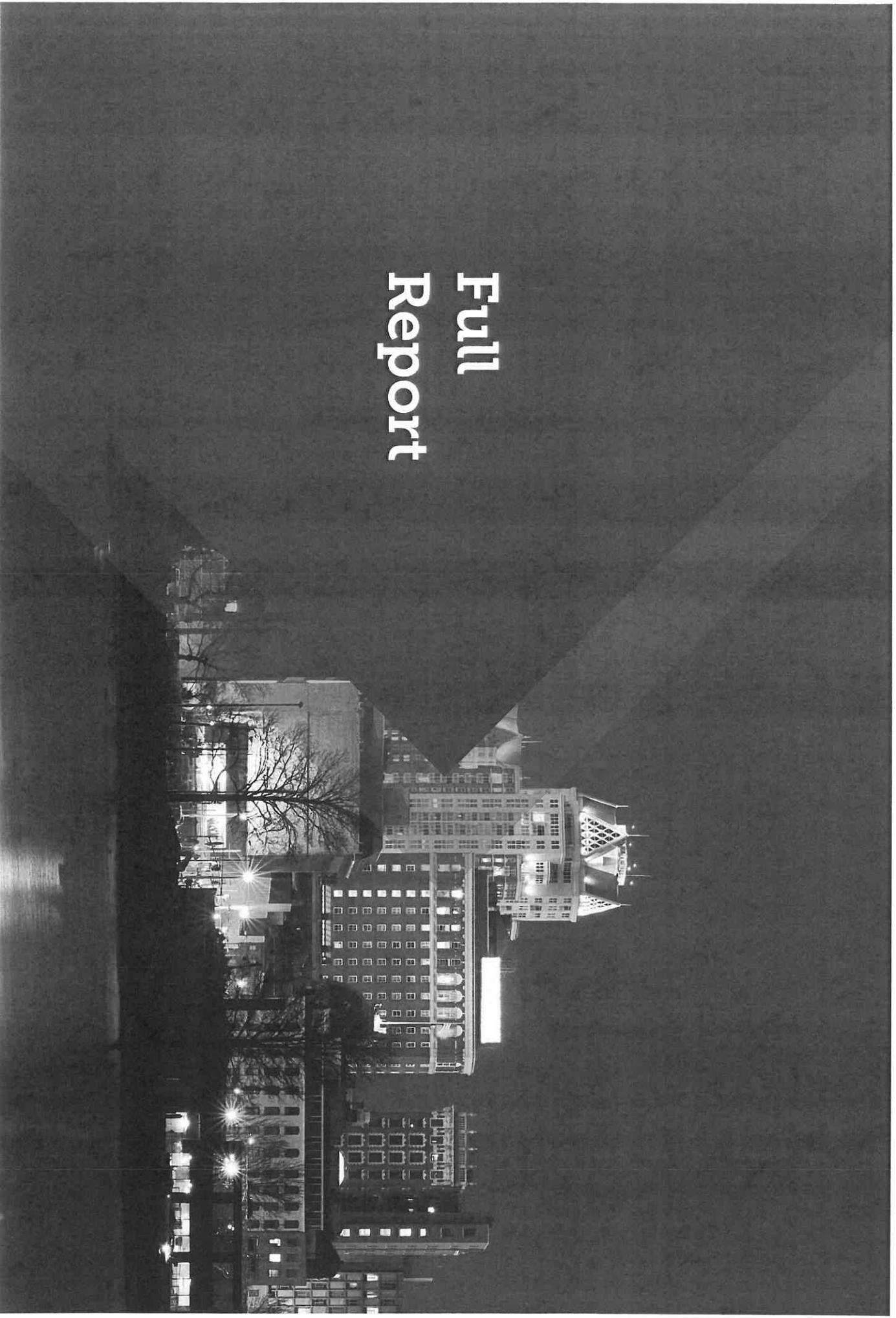
- › Create a marketing strategy for the marine and water-based economy
- › Create more awareness regarding Rhode Island’s food and beverage industry

Actions for Promoting Greatness

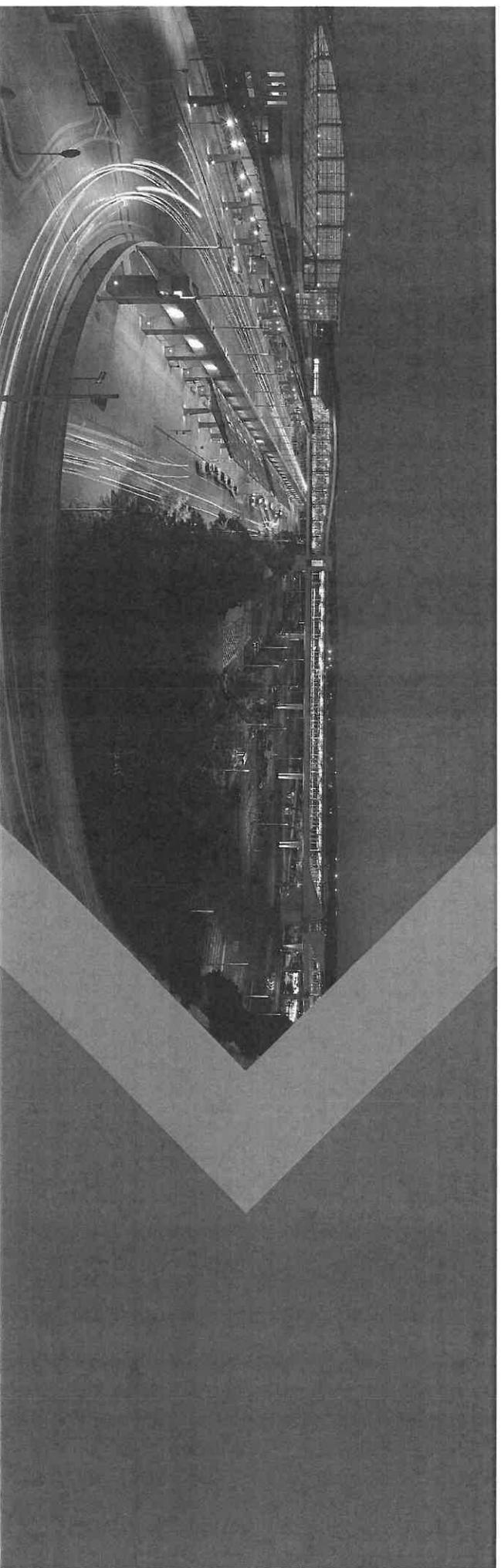
3 Encourage Foreign Direct Investment by Promoting State Opportunities

- Work with private sector, EB5 Centers, and U.S. Commercial Service to attract new business and investment
- Promote Rhode Island's strategic location and infrastructure assets (e.g. ports) to foreign companies
- Establish a Foreign Direct Investment program

Full Report







ACTION PLAN 1



Building a Robust Business Ecosystem

THE CURRENT ENVIRONMENT

Building a Robust Business Ecosystem

Rhode Island has many strong assets upon which to build a robust business ecosystem. An analysis of several “cost of doing business” factors, conducted in the fall of 2012, shows that Rhode Island is competitive with other states in areas of Tax Expenditures, Housing, Energy, Labor, and Transportation. However, most Rhode Island businesses will lament the impact of the uncompetitive tax structure, and energy experts warn that Rhode Island may lose its competitive edge given changing energy dynamics.

Cost of Doing Business Factor	Rhode Island's Peer Standing	Data Source(s)
Taxes		
Personal Income	Competitive	
Corporate Income	Not Competitive	
Sales Tax	Not Competitive	
Property Tax (Tier 1)	Not Competitive	Tax Foundation & KPMG Report "Location Matters", Tax Foundation's "State Business Tax Climate Index" Annual Report
Unemployment Insurance	Not Competitive	
ETRs: New Mfg. and R&D Firms	Not Competitive	
Tax Expenditures	Competitive	Economic Partner's Expenditure Database; RI's "Tax Expenditure Report"
Housing	Competitive	American Community Survey
Energy	Competitive	Energy Information Administration
Labor	Competitive	Bureau of Labor Statistics
Transportation		
Air Travel	Even	
Motor Fuel	Even	US Department of Commerce
Commute Time	Competitive	

Actions for Building a Robust Business Ecosystem

Small business support is another key aspect of a robust business environment. According to the US Small Business Administration (SBA), in 2010 small businesses represented 95.9% of all employers in Rhode Island and employed 55.4% of the private-sector labor force. The growth of small businesses in Rhode Island is an opportunity for local skill development, job creation, and industry diversification. Enhanced business services, such as training programs and mentorship, targeted towards small businesses, technology firms, and minority-owned businesses will contribute to new business creation and help the State's small and emerging businesses to succeed.

› **Minority-owned Businesses** - Rhode Island's Latino-owned businesses are a bright spot in the State's economy. According to figures from the US Census Bureau 2007 Survey of Business Owners, Rhode Island Latino-owned business jumped from 3,415 in 2002 to 5,764 in 2007, an increase of 68.8%. Over the same time period, revenues increased by 115.4%, from \$213.7MM in 2002 to \$460.4MM in 2007. Over the past decade (2000-2010), Rhode Island's Latino population grew 44%, adding almost 40,000 residents. The Asian and African American populations also grew by 28 and 23%, or 7,000 and 10,000 residents, respectively.

› **Creative and Cultural Economy** - According to a 2011 New England Foundation for the Arts study, Rhode Island's 1,163 arts and cultural organizations created 5,200 jobs and over \$324MM in economic activity in 2009. In a May 2012 report by the National Governors Association entitled, "New Engines of Growth: Five Roles for Arts, Culture and Design," authors described significant benefits from embracing the Creative and Cultural Economy. Stated benefits include: helping mature industries become more competitive; providing the critical ingredients for innovative places; catalyzing community revitalization; and delivering a better-prepared workforce.

› **Agri- and Aquaculture** - It is estimated that plant-based and agriculture businesses in Rhode Island have a total impact of \$1.78 billion per year and 12,372 jobs. Additionally, in 2011, total sales of fish landed by Rhode Island home-ported vessels in the commercial fishing sector totaled \$201MM; 1,506 vessels had commercial landings. An estimated 6,951 Rhode Island jobs are connected directly to harvesting, processing, distributing, and selling fish landed by Rhode Island home-ported vessels.

Actions for Building a Robust Business Ecosystem

Accomplishments

- › HealthSource RI is the first state health insurance exchange in the country to offer a product designed for small businesses. Healthcare expenses are among the highest costs of doing business in any industry. Rhode Island may have an opportunity to revolutionize how its population acquires health coverage through HealthSource RI. The exchange is a tool that could enable a decoupling of health coverage from employment, creating a competitive advantage to companies located here and to individuals who would have more freedom to select coverage appropriate to the needs of their individual family. The exchange could be part of a leadership structure that creates a reformed healthcare delivery infrastructure in Rhode Island that is far more efficient than the competitive model that now exists and is a drag on business with high premium costs.
- › The Chafee Center at Bryant University provides comprehensive international trade services for businesses to expand into international markets.
 - Commerce RI's Export Management Training Grant program provides funding to Rhode Island companies for customized export training programs, including business plan development, market entry strategies, export logistics, international trade show development, certification training and foreign language training.
 - The Rhode Island Manufacturing Renewal and Growth Program, produced by the Rhode Island Manufacturing Association, in association with the Chafee Center, has produced notable results. From 2010 – 2013, Rhode Island exports have increased by 60%, from \$1.5 billion in 2009 to \$2.4 billion in 2012. An estimated \$11MM in sales and more than 500 new jobs resulted from trade missions to Israel, Japan, Panama, the Dominican Republic, and Canada in the past year alone. Rhode Island companies have also estimated another \$5.3MM in sales from their participation in international trade shows. In addition, more than 1,500 Rhode Island workers received export training.
- › In 2012, Rhode Island named its first Chief Digital Officer, Thomas Guertin, to oversee the Office of Digital Excellence.

Actions for Building a Robust Business Ecosystem

Variables

- › The one factor that can negatively impact entrepreneurs and small businesses is the cost of doing business in the state. Taxes (local and state), utility costs, regulatory compliance costs can all impact small businesses more severely than their larger counterparts.
- › Possible solutions to the price spikes and fuel supply challenges seen this winter, e.g. natural gas supplies and capacity market construct changes, will take several years to come into effect. Most gas-fired generators in New England are merchants and are reluctant for a number of reasons to sign the firm contracts that pipeline companies need to build additional capacity. That causes reliability issues when gas utilities with residential heating customers gobble up the gas pipeline capacity that generators typically rely on in the secondary capacity release market.

Manage a competitive cost structure

According to a 2012 Tax Foundation report entitled, "Location Matters: A Comparative Analysis of State Tax Costs on Business," Rhode Island ranks 46th and 44th overall amongst its peers for mature operations and newly established operations, respectively, where the lower the ranking the higher the comparative corporate tax costs. Specifically:

- › Rhode Island has above-average tax costs for every firm type except the newly established capital-intensive manufacturing firm. All of these firms are hard hit by the State's corporate income tax of 9%, which is among the highest rates in the country.
- › The state ranks 49th for mature call center operations, which have a TETR of 31%, a tax burden 45% above the national average for this type of firm. This ranking is driven by the State's 9% income tax and throwback rule, as well as property tax and unemployment insurance (UI) rates among the highest in the nation.

ACTION PLAN 1

Actions for Building a Robust Business Ecosystem

- › In a rare instance, Rhode Island ranks 12th for newly established capital-intensive manufacturing firms with a total effective tax rate (TETR) of 6.6%, which is 42% below the national average. However, this rank should be seen, in part, as a result of the fact that this type of firm benefits from Rhode Island's generous property tax abatement, making up for the firm's high income tax and UI burdens.

The following action steps are designed to reduce the burden of the corporate income tax and unemployment insurance, while also increasing the overall tax base by broadening the sales tax coverage and putting underutilized state-owned land back on the tax roles. In order to promote evidence-based decision making, all changes implemented as a result of this plan should be maintained for enough time for their outcomes to be measured.

Action Steps

- › **Create a phased-in approach to reducing the corporate income tax.** Commerce RI, RIPEC, and the Department of Revenue should conduct an analysis to determine the highest possible reduction that the Rhode Island can afford, accompanying this with prescribed offsets to these losses through other means of revenue generation. This should be done using a phased-in approach.
- › **Analyze and reform the unemployment insurance system.** Rhode Island began borrowing to address its insolvent trust fund in March of 2009. As of 2011, it had taken \$225.5MM in loans, equating to \$214 per capita, or 58.5% higher than the US average at the time. The RIDLT estimates that the State Employment Security (ES) fund will remain insolvent through CY 2017. In the event that the fund continues to be insolvent through that time, the Department estimates that employers in the state would face an increase in federal and state UI taxes of \$294.5MM between CY 2012 and CY 2017. Even with the additional taxes, the Rhode Island ES fund is expected to face ongoing challenges due to a continued low balance unless changes are made.

Actions for Building a Robust Business Ecosystem

Given the need for the State to reform the current system in order to restore the system to solvency, ameliorate the negative consequences of significant tax increases, and ensure the effectiveness of UI as an economic stabilizer, the RIDLT proposed a number of changes to both the financing and benefit systems in Rhode Island. Commerce RI, RIPEC, and RIDLT should work together to advocate for reforms to the unemployment insurance system to make it both sustainable and competitive.

- › **Make the sales tax regionally competitive** either through changes to the rate or base. This would neutralize the benefit of making out-of-state purchases, i.e. support buying local. The State is currently losing \$70MM in potential revenue. Any proposal to reduce the sales tax rate should include the broadening of the base.
- › **Explore opportunity to put underutilized state-owned lands back on tax roles** by assessing opportunities to either sell or lease to private entities looking to expand. The state maintains property on or near airports and other transportation sites that can be assessed to determine viability of use for other purposes.

Case Study: Michigan Redevelopment Ready Communities (RRC)

RRC is a certification program supporting community revitalization and the attraction and retention of businesses, entrepreneurs and workers throughout the state. The foundation of the program is the RRC Best Practices. Developed by experts in the public and private sector, the best practices are the standard to achieve certification, and designed to create a predictable experience for investors, businesses and residents working within a community. In addition, the best practices challenge communities to be flexible while seeking quality development that supports sense of place.

The RRC Best Practices include:

- › Community Plans and Public Outreach
- › Zoning Policy and Regulations
- › Development Review Process
- › Education and Training
- › Redevelopment Ready Sites
- › Community Prosperity

Actions for Building a Robust Business Ecosystem

Accelerate the impact of regulatory reform

Rhode Island currently has 1,642 regulations in the state. The impact of these regulations on small businesses in particular is unclear. However, as required by 2012 Public Law 445, the Office of Regulatory Reform (ORR) developed an economic impact statement template for agencies to complete for each regulation. Furthermore, the ORR is currently heading an effort requires each agency to review all existing regulations for any adverse impacts on small businesses. This review was supposed to be completed by the end of 2012; however, it is still ongoing and many industries are calling for a faster and more thorough solution. For example, one industry that has recently called attention to the need for better state and municipal streamlining of regulations is the energy industry. The State Energy Plan recommends providing guidance at the state and municipal level for uniform, standardized clean energy permitting processes to streamline development and mitigate regulatory hurdles to renewable deployment, such as inconsistent local tangible tax policies.

Action Steps

- > **Invest additional financial support to shorten the regulatory review process.** Despite the best intentions of the State, the process is taking much longer than expected to complete. Additional financial support is needed to quickly finish the review.
- > **Include review and streamlining of municipal regulations.** Explore and, if feasible, create a singular state-run municipal permitting system with fee sharing between the State and municipalities.
- > **Improve communication with the business community** to ensure that meaningful progress is being clearly and concisely communicated and integrated with business marketing efforts. In particular, it is important for businesses to be able to easily understand how the efforts of the reform process are positively impacting the cost and ease of doing business in Rhode Island. A map of the review process that can illustrate where the ORR is in the process would be a helpful communication tool.

Actions for Building a Robust Business Ecosystem

- › **Study the feasibility to creating a more regional governance system.** The root cause of Rhode Island's many regulations is the number of municipal bodies involved in regulating business. A study should be conducted to examine the possible options for consolidating the number of municipal bodies in order to make regulatory reform a sustainable, long-term effort.

Increase export and logistics support

Rhode Island's small size is one of its greatest advantages in terms of logistics – close proximity and access to air, rail, highways, and ports allows for quick and easy collaboration. Rhode Island has good logistical services infrastructure, with port access and rail and highway connections to major northeast population centers with an easy access air travel at T.F. Green Airport. Furthermore, RIDOT is a voting member on the Congressionally-established Northeast Corridor Commission with 8 other states between Boston and Washington D.C. who actively plan and promote the future of the NEC rail asset and high-speed rail. The Commission just released a report entitled, "The Northeast Corridor and the American Economy" that describes the economic benefits the NEC has on the Northeast region.

Logistic stakeholders continue to secure funding and make investments to support the business climate. The NEC forms the western edge of the park and significant public investments have been made to improve freight rail access to the NEC and intermodal goods movement. The State of Rhode Island created dedicated sections of a third track along Amtrak's northeast corridor to allow freight rail to operate alongside Amtrak's passenger service. As a part of this project, the clearance on the rail line was increased to allow automobile carriers with stacked vehicles access to the park. In addition, a \$22.3MM federal Transportation Investment Generating Economic Recovery (TIGER) grant funded port infrastructure and a mobile harbor crane that moves goods directly from ship to railcar and, as a result, the port has seen a 5% to 10% increase in ship calls that require a crane. With 15 miles of track and numerous sidings connecting to the NEC, the park also continually reinvests to maintain and improve their NEC connection. In 2010 the Port of Providence received \$10.5MM for similar port improvements.

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Actions for Building a Robust Business Ecosystem

Rhode Island's Freight Rail Improvement Program (FRIP), a 10-year effort to provide high/wide clearance to enable more efficient rail transportation, is taking hold. The FRIP project was a total cost of approximately \$210 M. RIDOT used funds that could have gone to other infrastructure for this freight rail project. This demonstrates a strong state commitment to getting freight onto other modes of transportation to/from our ports which means less wear & tear from trucks on our highways. The other advantage of the FRIP track is that our MBTA commuter trains use it to get to T.F. Green Airport station. The Rhode Island Airport Corporation is also making investments in runway expansions and aggressively marketing its regional airport that provides cargo-shipping services nationwide. Passenger traffic at T. F. Green Airport was up nearly 5% for December 2013, and the year-end total traffic increased 4.19%. This is the first time in 8 years that T. F. Green has recorded a year-over-year increase.

As a coastal state with two internationally recognized ports, Rhode Island is well positioned for trade in the form of exports and imports. A recent Brookings study on trade found that:

- › Firms in the Providence MSA sold over \$3.8 billion in goods to North American countries with the major sectors being machinery, tools and electronics.
- › The Greater Providence area has participated in that growth from foreign trade but lags similar-sized regions.

A Business Roundtable report noted that companies that operate internationally from Rhode Island accounted for 39% of the State's private sector economic output and 36% of private sector jobs in 2011. International trade supported 185,000 private sector jobs that paid an average of \$69,300 for wages, salaries and benefits.

Statistics show that for every \$185,000 in goods exported, one manufacturing job is created. Goods exports supported 7.1 million jobs in 2013, and one billion dollars of goods exports supported 5,408 jobs. Rhode Island is made up primarily of small business and small businesses account for about 98% of all exports.

Actions for Building a Robust Business Ecosystem

Furthermore, as of Feb 2012, Rhode Island's Port Economy employs over 3,600 people, generates over \$320MM in economic activity, and provides annual tax revenues exceeding \$25MM.

Action Steps

- › **Create a sustainable, permanent funding mechanism for the repair of Rhode Island's roads and bridges.** One third of Rhode Island's bridges are considered functionally obsolete and 70% of roads are in poor or mediocre condition, according to the American Society for Civil Engineers. The recently established Municipal Road and Bridge Revolving Fund was a significant first step, which should continue to be funded; however, it is for local roads only and does not address state highway or interstate highway needs. Rhode Island depends very heavily on federal funds through the Highway Trust Fund for its highway program, which is at risk of being depleted unless Congress does something to keep the Trust Fund going. This situation speaks to the importance of maintaining a sustainable source of federal funds to repair and maintain our transportation infrastructure program. Some alternative options include exploring the feasibility and potential costs and benefits of an infrastructure bank and establishing a road and bridge funding formula to fund ongoing maintenance. The state and local communities must also work together to identify and manage infrastructure projects that are instrumental for supporting trade and logistics activities.
- › **Create a private-public Rhode Island Shipping Association, Ship RI.** Ship RI would be a platform for collaborating around key opportunities to increase logistics and export support for Rhode Island businesses. Among those opportunities are:
 - Combining the freight volume of small and medium sized companies and sign contracts directly with ocean shipping lines on their behalves, thereby reducing their costs for international shipping. The Gemini Shippers Group is an example of this type of organization.
 - Attracting more imports to Rhode Island, as container ships are looking for balanced trade, which is difficult to achieve without aggregating the volume of exports of Rhode Island's small and medium sized businesses. This would also increase Rhode Island's opportunities to be more of a feeder port for New York and New Jersey, and could be an organization that would help build relationships with other ports including Connecticut, Baltimore, and Miami.
 - Promoting collaborative marketing efforts between Rhode Island's ports, especially Quonset and ProvPort.
 - Creating a platform for common advocacy concerns, such as federal infrastructure investment, state air quality mandates, and dredging maintenance.
 - Providing education and resources to businesses on how they can save money on shipping.

ACTION PLAN 1

Actions for Building a Robust Business Ecosystem

- Monitoring emerging market opportunities, for example, the ability of ports to service the wind energy industry.
- Attracting additional federal funding, for example, TIGER grants.
- Creating a web/mobile application that would provide a directory of businesses providing logistics and connectivity services.
- Marketing to attract business opportunities, e.g. perishable good imports, as identified in the "Rhode Island's Ports: Opportunities for Growth" plan.

The 2012 House Bill that proposed the creation of a Port Marketing Collaborative should be references for specific ideas on structure and process.

- > **Increase commuter rail service at the T.F. Green InterLink facility.** The creation of an Amtrak stop is being explored through the State's new State Rail Plan. However, the addition of a new stop would increase the Acela and Regional trip times, and would require additional track infrastructure. Alternatively, increasing local commuter rail service (either by MBTA or a future in-sate rail shuttle) could also provide more service and headways between the airport and Providence.
- > **Support export assistance offered through the Bryant University Chafee Center.** The John H. Chafee Center for International Business is located on the Bryant University Campus in Smithfield, RI. The Chafee Center provides comprehensive international trade services for businesses to expand into international markets. Through global market research, corporate training, and strategic consulting, the Chafee Center helps get products or services to more customers in more places around the world. International trade does not come easily to many small businesses that are unaccustomed to foreign markets, lack financing or skills to deal with overseas regulations. Through the Chafee Center for International Business and its partnership with Commerce RI, Rhode Island companies have access to professional international trade consultants who can work with them to provide counseling, training, market research and other resource tools to enhance their ability to expand globally. The Center is also working with key groups, such as RIMA (the Rhode Island Manufacturing Association) and RIMES (the Rhode Island Manufacturing Extension Services), to help renew manufacturing in the US by focusing on export opportunities, along with other select initiatives. While these programs continually search for funding to improve their outreach and services, the entities and infrastructure to provide this support, technical service, and leadership are all in place and active in the State.

Actions for Building a Robust Business Ecosystem

- › **Promote T.F. Green's Go Green Initiative.** In collaboration with the Greater Providence Chamber of Commerce, the Rhode Island Airport Corporation is placing a renewed focus on Air Service Development (passenger and cargo) at T.F. Green Airport. This initiative is intended to increase both passenger and cargo traffic demand, leading to increased levels of service by the carriers for the benefit of the entire region.
- › **Reduce Vehicle Miles Traveled by supporting public transportation.** Vehicle Miles Travelled (VMT) reductions are the single most cost-effective method to improve energy security and sustainability. Invest in alternative modes of transportation; promote sustainable development and land use practices; and pilot programs incentivizing reduced discretionary driving. Rhode Island should implement the recommendations proposed by the planning efforts of RIPTA, the Division of Planning, and the Department of Transportation, which projects substantial security, economic, and sustainability benefits for Rhode Island through various initiatives to reduce VMTs. In order to do so, policymakers must find a long-term solution for sustainably funding mass transit and other transportation programs. In addition to energy benefits, supporting public transportation is a key way to attract young workers, who increasingly are choosing car-free lifestyles, and support lower-income workers ability to increase their financial stability.
- › **Ensure the future prosperity of Rhode Island's ports by preparing for climate-related risks.** It is clear that, to understand how climate change could affect a given port, the risks need to be assessed based on a solid analysis of the port's particular climatic vulnerabilities. The first step then would be to conduct a risk report on the variable shoreline impacts of climate change. Differences in how severely ports will be affected by climate change will be driven mostly by location, the climatic resilience of their designs, and the activities that they undertake. Appraisal of adaptation measures, in terms of costs and benefits, also needs to take account of local conditions, including risks and costs. In developing its own report, Rhode Island should take into account existing risk analysis done by other ports with a similar profile, as well as the risk analysis and/or disaster plans developed by larger port-based companies.

Actions for Building a Robust Business Ecosystem

Revolutionize Rhode Island's interface with the business community

Rhode Island businesses across nearly every sector have indicated that there is often a strained relationship between themselves and the government agencies that are serving them. Of course, many of those agencies are working on tight budgets and are not resourced to the level where they can provide the best possible customer service. However, a few recommendations have been offered as ways that the relationship between the business and government communities could be improved.

Action Steps

- › **Improve customer service across state agencies and create performance rewards.** Utilize local best practices, e.g. the Department of Environmental Management, and national resources, e.g. the Alliance for Innovation. RIPEC has taken a lead in furthering this conversation by hosting a business climate forum in November 2013. Part of this effort should be putting all forms online in an interactive version.
- › **Increase collaboration between the Office of Regulatory Reform and the Office of Performance Management,** both of which are housed within the Office of Management and Budget. OPM "works to improve government efficiency by streamlining processes, promoting innovation, encouraging greater interagency cooperation, performing data analysis and other research to inform budget and policy decisions." Delving deeper into the improvement of governmental (institutional design, planning, management, and regulation) effectiveness and transparency will benefit greatly from a strong working between these two OMB Offices. As the ORR advances the 'customer service improvement' agenda that has been an important focus, it should increasingly dovetail its efforts with the work of the OPM, and the OMB in general.

Actions for Building a Robust Business Ecosystem

- › **Create or enhance existing positions to act as an Industry Ombudsmen.** Navigating regulatory systems and processes can be a difficult task. We recommend providing an Industry Ombudsmen to assist businesses in navigating this process. Ombudsmen can help facilitate productive communication between industry and the agencies that support and regulate them, thus creating more effective programs and more informed regulations to support industry growth. For example, food and beverage industry stakeholders recommended the creation of an Ombudsman to assist with identifying, communicating, and revising specific regulations and regulatory practices impacting Rhode Island producers, and to help businesses navigate regulations, permitting, and related activities.
- › **Expand Commerce RI's role as a convener** of public, private, and non-profit partners around job creating market opportunities. Many laudable efforts are underway to create jobs in Rhode Island. However, coordinating and scaling these efforts, where appropriate, is needed to have the maximum impact. Commerce RI can expand it's role as a convener to further support the existing work that's happening, in addition to their existing role offering economic development programs and services. Of course, Commerce RI won't always be best suited to act as the convener. In those cases, its growing relationship with the Rhode Island Foundation, industry associations, and other intermediaries should be leveraged.

Adopt an energy policy that keeps Rhode Island competitive

Rhode Island is part of the New England energy market, which has raised some concerns for manufacturers during this most recent winter. The natural gas boom that has benefited manufacturing in some parts of the country is not yet an opportunity in New England due to limitations in pipeline and other energy transportation infrastructure. There were occasions when manufacturing operations were impacted as a result of this limited capacity and the addition of a harsh winter. Furthermore, natural gas constraints are severe! impacting price volatility and placing our state and our region at a significant economic disadvantage relative to other regions.

ACTION PLAN 1

Actions for Building a Robust Business Ecosystem

The defense industry is one of many that is concerned about the rising cost of energy. Operational costs are a main factor considered by the Department of Defense when reviewing base realignments and closures. In FY2010, the Naval Undersea Warfare (NUWC) Commander Rear Adm. Tom Wears directed the two NUWC divisions to take energy saving actions to achieve aggressive energy conservation goals set by the Secretary of the Navy. The challenge of those goals was increased in mid-2012 to achieving a 50% reduction in shore energy consumption per square foot by the year 2020. The entire Naval Station must adhere to the new mandate: "And no later than 2020, no less than half of all the energy that the Navy and the Marine Corps uses afloat and ashore will come from non-fossil fuel sources. Also, by that same date of 2020, at least half our bases will be net-zero in terms of energy consumption, and in a lot of cases, those bases are going to be returning power to the grid instead of pulling power off of it."

Governor Chafee joined the five other New England governors in an initiative to accelerate regional cooperation on expanding renewable energy and energy infrastructure in New England. Furthermore, the State is currently developing a long-range energy plan to address many of the cost, reliability, and sustainability issues currently plaguing the energy system. Several of the recommendations developed as part of that plan relate directly to economic development.

Action Steps

- › Expand existing programs and add new financing and investment tools. The recent creation of PACE is a significant first step, though it should eventually be expanded to include commercial properties. Pooled municipal financing would allow for the scale necessary to access federal funding and potentially private sources. The creation of a "Green Bank" would also help achieve a level of scale that would accelerate the rate and level of investment and contribute in driving down program costs. It should be mentioned here that neighboring states also have tax credit programs to support renewable energy projects, while Rhode Island does not.

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Actions for Building a Robust Business Ecosystem

- › Create programs that will support high-paying clean technology jobs. Deep energy retrofit projects offer greater potential for high-wage jobs, but require financing mechanisms that allow for a longer-term ROI than the Energy Service Company (ESCO) model most frequently used today. Furthermore, all National Grid energy efficiency contractors are located out-of-state, due in part to the lack of scale. In-state contractors could be organized if these opportunities were realized. The financing tools described above could create the level of scale needed to support both apprenticeship programs and business for in-state contractors. The recent PACE legislation could also be utilized to support job-training programs. Finally, policy tools, such as project labor agreements, should be examined as a measure to increase impacts and create opportunities for apprenticeships on energy efficiency projects. Career pathways should be established to ensure that low-income and minority communities have access to these jobs.
- › Expand distributed generation of renewable energy. Distributing the generation of renewable energy sources serves to remove barriers to the solar industry, drive down the price of renewable energy, and have job creation benefits in the residential and commercial sectors.
- › Extend the Least-Cost Procurement (LCP) mandate. Renew Rhode Island's commitment to leadership in energy efficiency by extending the LCP mandate and its associated provisions beyond 2018. Continuing the mandate to procure all cost-effective energy efficiency is perhaps the single most important step that State policymakers can take towards ensuring a secure, cost-effective and sustainable future for Rhode Island.
- › Improve state energy efficiency codes & standards. This can be accomplished by strengthening appliance minimum standards and developing an integrated and long-term strategy to transition to zero net energy buildings.

Actions for Building a Robust Business Ecosystem

Support small business activity

Small businesses are the lifeblood of Rhode Island's economy. As the national economy has continued to recover it has become even clearer how important entrepreneurship and small businesses are for economic growth. In order to create new opportunities for small business and to improve the small business ecosystem the state should take the following steps.

Action Steps

- › **Develop new or augmented capital sources and services** to make projects financing-ready.
 - **Develop linked training modules, provided by a network of small business support organizations**, which result in a recognized certificate that provides prioritized access to a micro-loan fund. The goal of these training modules would be to ensure that businesses are loan--ready. Many small business support organizations already provide pieces of the necessary training, but need to be aligned and enhanced to ensure positive outcomes.

Case Study:

Cleveland Evergreen Cooperative

Launched in 2008 by a working group of Cleveland-based institutions (including the Cleveland Foundation, the Cleveland Clinic, University Hospitals, Case Western Reserve University, and the municipal government), the Evergreen Cooperative Initiative is working to create living wage jobs in six low-income neighborhoods (43,000 residents with a median household income below \$18,500) in an area known as Greater University Circle (GUC).

Rather than offering public subsidy to induce corporations to bring what are often low-wage jobs into the city, the Evergreen strategy is catalyzing new businesses that are owned by their employees; rather than concentrate on workforce training for employment opportunities that are largely unavailable to low-skill and low-income workers, the Evergreen Initiative first creates the jobs, and then recruits and trains local residents to take them.

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Actions for Building a Robust Business Ecosystem

- **Create an urban-lending collaborative** of banks, public entities and non-profits that support individual and entrepreneurial lending. Leverage existing federal sources, such as the SBA-backed micro-lending fund being developed by the Social Enterprise Greenhouse.
- **Explore a re-launch of a RI-based Community Development Financial Institution.** A strong CDFI can play a vital role in supporting community-based entrepreneurs.
- › **Identify opportunities to attract out-of-region capital sources** (e.g. banks, investors) that prefer to invest in/provide capital to certain industries when providing capital to that industry is not feasible (e.g. for food-related businesses). Stakeholders noted regional investors could do more in Rhode Island if they had a local partner(s) to assist in due diligence and underwriting.
- › **Conduct an independent census of entrepreneurs and sole proprietors** to determine level of self-employment; work with DESIGNxRI and TANGO; survey to better understand needs.
- › **Develop an Anchor Institution purchasing program** that supports existing small businesses in the state and possibly allows for new businesses to be created serving institutional needs. According to a recent study by the College and University Research Collaborative, when educational institutions spend \$1 on local purchases in Rhode Island, that \$1 results in an additional 94 cents of local spending. Overall, a purchasing program can allow the State's government agencies, medical and educational institutions, and large private sector employers to purchase from qualified local vendors, retaining more capital in the state. Though services and non-durable goods are generally the "low hanging fruit", this program could promote local purchasing of a variety of goods and services, energy procurement plus construction are two in particular that should be considered. The program would also provide training for in-state vendors to make sure there is awareness of the institutional needs, purchasing requirements, how to ensure compliance with purchasing systems and, in some cases, foster business-to-business collaboration to meet needs around scale of products and services. The state recently issued a Request for Proposals for a Food Prime Vendors and created a 'buy local' component. This approach can be coordinated with other institutions and possibly with some of the larger corporations in the state. The next steps would be to:
 - Convene the purchasing representatives of the State's anchor institutions, including college and universities, large non-profit organizations, local and regional chambers, large corporations, and state agencies. Develop a survey to identify the location of existing vendors and estimates of the amount of purchasing performed in-state versus out-of-state. This will create a baseline of information to start the planning process.
 - Invite in officials from the Evergreen Cooperative and other anchor institution purchasing efforts to discuss the program and results. Begin to develop a Rhode Island model of the program. The Initiative for Competitive Inner Cities should also be consulted.
 - Map purchasing to local supply chain and develop a central hub of information on bids so that Rhode Island businesses can identify opportunities.

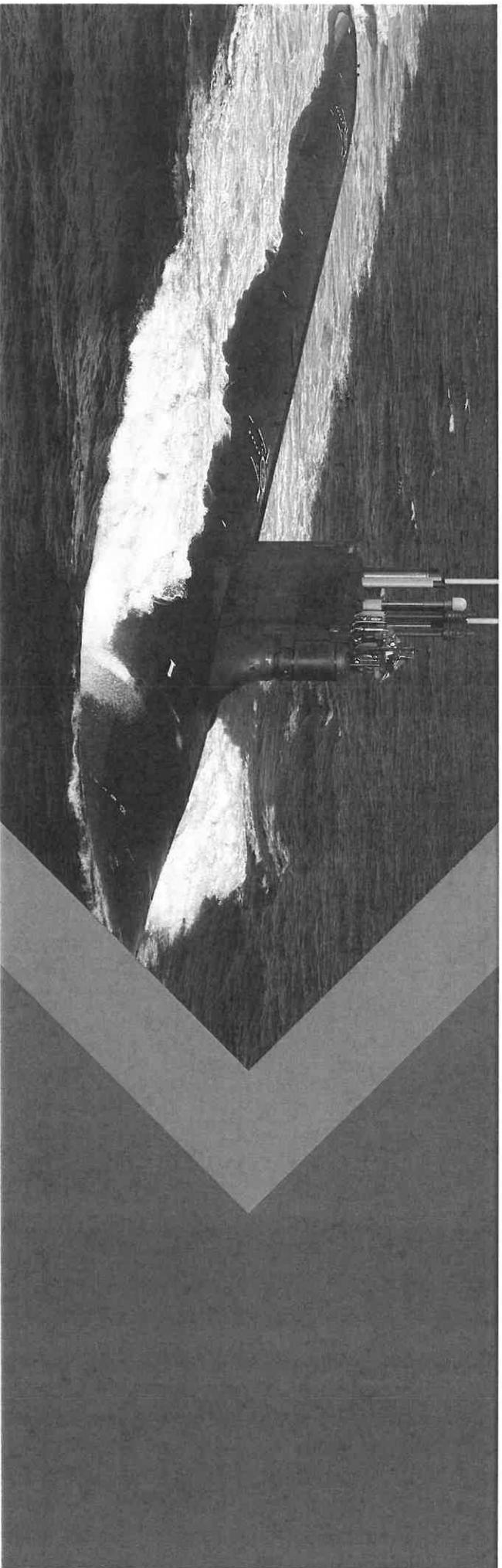
ACTION PLAN 1

Actions for Building a Robust Business Ecosystem

Ultimately, the creation of online product catalogs that could be easily integrated into the procurement systems of large, institutional purchasers would provide Rhode Island businesses with greater sales opportunities and increase the sustainability of an anchor institution program. Having such systems in place would also allow Rhode Island businesses to attract large, out-of-state purchasers and to participate in online market places, such as Ariba, Thomasnet, and Amazon. This could be utilized by Rhode Island's makers and large companies, alike.

› **Support industry associations in offering group purchasing services to Rhode Island businesses.** Every dollar that a small business saves in purchasing adds a dollar to their bottom line. However, small businesses have no procurement leverage. Industry associations should offer pooled sourcing/procurement services to support Rhode Island's small businesses, with support from a third party if necessary.

› **Support the development of a United Cultural Fund,** based on trusts established in other states (e.g. Massachusetts, Connecticut, Minnesota, and Oregon). The scope could include a broad range of creative and cultural priorities, including preservation and land conservation/agriculture in addition to arts and culture. Revenue sources could include corporate contributions, income tax, sales tax, and federal funding. A management structure and procedure for allocating funds would need to be established with the support of stakeholders.



ACTION PLAN 2



Harnessing the Power of Innovation

Harnessing the Power of Innovation

It is difficult to predict with certainty what an economy driven by knowledge, innovation, and technology can accomplish. What is known is that companies, and the actions that drive a knowledge economy, can create jobs and wealth that reverberate through an economy. It is observed that the principle of success, breeds success, which is particularly true in a knowledge economy. It is also known that Rhode Island is demonstrating knowledge economy success that can multiply if the further attention and support is provided.

In its most recent Innovation Index Report (2012), the Rhode Island Science Technology Advisory Council (STAC) documented existing areas of strength and weakness for Rhode Island in building and sustaining a knowledge-driven economy.

The following are indicators, compiled by STAC, for which Rhode Island's performance ranks it within the top 20 states in the latest year where data are available:

- › Per Capita Income
- › High Speed Internet Access
- › Patents Issued per 1,000 Residents
- › Venture Capital Investments
- › Total R&D Performance
- › Academic R&D Performance
- › Not-For-Profit R&D Performance
- › Federal R&D Obligations
- › Education Attainment – Percent of Population 25 or Older, with a BA or More

ACTION PLAN 2

Actions for Harnessing the Power of Innovation

These rankings are reinforced by the opinions of many who contributed during the recent Economic Intersections discussions and follow on conversations. They noted that Rhode Island seems to have hit an inflection curve, and it's knowledge, innovation, and technology economy has demonstrated enough success to catalyze further expansion and job creation.

Some areas of focus to eliminate some of the existing barriers are found in the lower half of the rankings. The following are indicators for which Rhode Island's performance ranks it within the bottom 20 states in the latest year where data are available:

- › Gross State Product Growth
- › Net Domestic Migration
- › State Appropriations for Higher Education

The fortunate aspect of this information is that there is demonstrated success in public and private partners working together to improve conditions in the state.

Actions for Harnessing the Power of Innovation

Accomplishments

Some of the highlights of that success are the diverse accomplishments that have been demonstrated recently:

- › 2014 was a good year to raise venture capital funding for Rhode Island's next generation of start-ups with over \$140MM raised. They join an already growing start-up community that even has it's own map.
- › BetaSpring was named in 2014 one of the top 15 US Accelerators – ranking at 11 on a prestigious list.
- › STAC recently launched the new Innovate Rhode Island program to support companies pursuing SBIR and STTR funding awards.
- › Broadband RI has supported the development of a world-class broadband infrastructure that ranks in the top 6th in terms of broadband speed.
- › Rhode Island is home to six collaborative brain science initiatives, combining the research of over 100 doctors and scientists, as well as millions of dollars in state-of-the-art equipment.
- › The University of Rhode Island (URI) announced in November 2013 that it will establish the George & Anne Ryan Institute for Neuroscience with a \$15MM donation from Tom and Cathy Ryan.
- › Commerce RI has sponsored Life Science Trade Missions, including a recent one to Israel, which could provide ample opportunity to learn from and partner with Israeli firms.
- › NUWC provides research, development, test and evaluation, engineering, analysis and assessment, and fleet support capabilities for submarines, autonomous underwater systems, and offensive and defensive undersea weapon systems, stewarding existing and emerging technologies in support of undersea warfare.

Actions for Harnessing the Power of Innovation

Variables

In 2011, crowdfunding businesses and projects raised \$102MM on rewards-based platforms, including \$85.4MM raised by projects that reached their total funding goal. In 2010 figures, “this signifies a 266% increase in the total amount donated and a 263% increase in the amount donated to projects that received their full funding.”

Benchmark key technology measures

As described in the introduction to this theme, Rhode Island’s performance in key technology measures demonstrates both strength and weaknesses. This information provides a vital benchmark for the state to monitor and analyze if investments are paying off. Rhode Island should create a set of goals to achieve that balance maintaining assets with improving weaknesses. This will allow the community to track ongoing progress within the state, as well as comparison to other communities as the current reporting is providing.

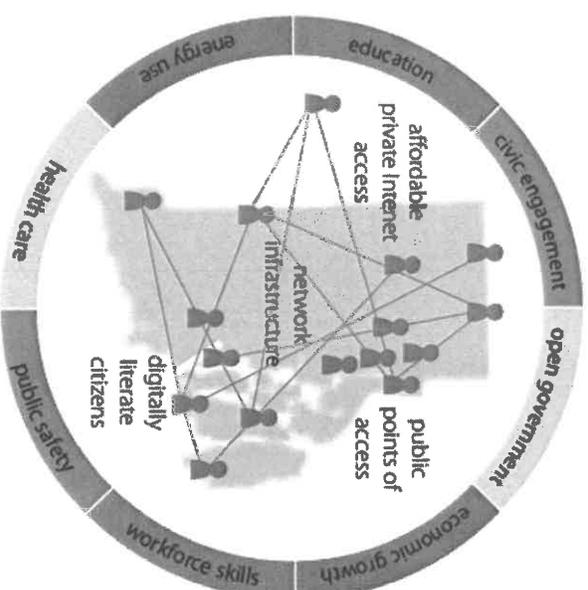
Action Steps

- › **Support efforts by STAC to collect and report on key technology indicators** to educate on new investments needed by the sector and monitor progress. Continue to update this information every other year to allow for results to be achieved and the indicators to improve.
- › **Develop an annual report card of how the State’s innovation resources are performing** compared to peers and as return on investment. This information should include an analysis of the results of technology development and commercialization by the State’s major innovation organizations, such as the college and universities. Currently, Rhode Island colleges are not reporting on technology commercialization activities in a consistent manner. In addition to their information, the state can collect information on federal and private innovation resources and their performance.

Actions for Harnessing the Power of Innovation

Leverage Broadband investment for next generation applications

Broadband Rhode Island has pioneered the development of broadband capacity and programming in order to support a competitive advantage in the state. They have invested \$4.5MM in mapping and broadband adoption and the Ocean State Higher Education Economic Development and Administrative Network (OSHEAN) has invested \$21.7MM in over 400 miles of above ground fiber throughout the state, connecting over 150 anchor institutions. Wireless broadband is available to 100% of RI residents and fiber service is available to 63.4% of residents, placing it in the top 5 nationally for both speed and coverage. Widespread broadband infrastructure and digital literacy will be critical for Rhode Island's residents over the coming decades as more and more public and private services and opportunities transition to digital-only platforms. Broadband infrastructure will also be necessary for Rhode Island to stay competitive as a location for private industry. Advanced, data-intensive private businesses and research organizations will expect access to state-of-the-art broadband infrastructure in order to support their operations.



ACTION PLAN 2

Actions for Harnessing the Power of Innovation

Much of the State's broadband-focused work has been supported by Federal funds, which are set to expire at the end of 2014. Rhode Island's efforts around digital literacy, mapping broadband, and supporting broadband use have all led to community and economic development enhancements. However, there is still work to be done, and the competition from other communities continues to heat up as many are now pursuing Gigabit developments to create an environment for current and future utilization.

The development of a smart, state-wide ecosystem for commerce will focus on leveraging three points for change: gigabit infrastructure, digital culture, and public policy. Regions will be challenged to develop regional digital technology plans that capitalize on state assets. The focus will need to be on what businesses need, not just on speed. A needs-based approach would determine where gigabit speeds are needed most. Rhode Island needs to identify what individual communities need and build out to that; not just what we think it ought to be. It should also not be assumed that all high-speed connections need to be fiber. Wireless systems are in place that could be leveraged to expand coverage for the entire state. An effective, comprehensive strategy will need to:

- › Strike a balance between supporting technology providers – commercial and public good – who are willing to commit to long-term investment and insuring adequate competition among providers
- › Increase adoption among home-based and bricks and mortar businesses - through support programs, education and mentoring
- › Adequately assess the needs of the community at the local, state and regional level, and craft regional technology plans. There is no single solution that fits every need.

Actions for Harnessing the Power of Innovation

Action Steps

- > **Improve broadband on Aquidneck Island** to support the defense and marine industries. For the past 2 years citizens and business leaders on Aquidneck Island have been deeply engaged in a community conversation to design and operate a localized, island-wide technology network. This network would be operated by a separate not-for-profit organization that would in-turn work with OSHEAN and commercial providers to operate a technology network that businesses can purchase access to. This will require facilitated conversations that lead to clearer roles for the commercial and public good digital technology providers.
- > **Identify ongoing investment needs** of the State's broadband infrastructure and promote opportunity to be a Gigabit community. Community-based technology planning teams could be established, with the help of the state, to plan and create locally-owned technology hubs to serve businesses and residents. Communities will need to determine if they have service providers that deliver Internet access at sufficient speeds, capacity, and quality to address their needs as defined by the individuals and businesses in those communities. Such plans will help determine which communities are truly gigabit-ready.
- > **Utilize the broadband backbone** in areas of health and safety, urban and rural training, and entrepreneurship. In cooperation with Broadband RI, Commerce RI could market State's high-speed broadband capacity to the creative and cultural industries in order to attract and retain businesses with high digital demands. Support programs should determine how Rhode Island's existing businesses are using broadband technology and what might be stopping them from using it more effectively. Broadband RI has completed 12 case studies of RI businesses that significantly rely on digital technology to do business.

Community anchor institutions, such as libraries, universities, and non-profit centers, often already serve as the only point of access for many communities. This makes them ideally suited for development as hubs for community-wide deployment of fiber or wireless technology for increasing commerce. The state should identify community-owned assets that are already in place, or ready to be developed, which could be aggregated to function as hubs for bringing gigabit access to a community. RIEMA is cataloging the State's existing technology assets for first responders.

ACTION PLAN 2

Actions for Harnessing the Power of Innovation

- › **Pilot two-to-three municipal fast-track plan and permit review projects.** Local municipalities have a role in determining how to make it easier for new companies to enter the local market and increase competition. Ready access to data (forms, regulations, processes, etc.) for permitting and plan review will speed up and simplify the use by business owners, start-ups and developers. The Avalon development in Georgia is an example of how a municipality encouraged developers to install fiber and conduits in the ground.

Continue to invest in innovation infrastructure

To be successful in the pursuit of innovation economy development it is critical to ensure that the infrastructure exists to support growth and limit barriers to entry. The broadband investments described above are one such set of infrastructure assets. Real estate and opportunities for innovators to interact and intersect are also critical. Recent efforts to convene around market opportunities have led to the creation of initiatives such as MedMates and Digital City. Digital City is developing their own space called DC206 that allows entrepreneurs to share space and ideas. There will be an evolving need for both flexible space and applied research and demonstration facilities.

Action Steps

- › **Identify and support development of sector-based incubation** and applied research/demonstration facilities. Connect mentoring, incubator and accelerator groups such as Founder's League, Social Enterprise Greenhouse, and college and university programs that have good pipeline programs to build on to existing programs like SBA and SBDC Business, plans for the Creative and Cultural Economy sector small business that aren't oriented to this purpose but could adapted. The TechCollective is currently working on the development of a "collision space" for cross-sector collaboration, which should be supported under this action.
- › **Support development** of wet lab and other niche space to support growing technology sector.

Actions for Harnessing the Power of Innovation

- › **Leverage Rhode Island Experimental Program to Stimulate Competitive Research (EPSCoR).** Funding through the National Science Foundation's and Department of Energy's EPSCoR program provides a strategic investment funding opportunity through commercial applications for areas deemed to be true economic opportunities.
- › **Work with those who have developed successful live/work/education projects** such as AS220, Steelyard, Gallery Z, and Hope Artiste Village. Determine how these projects' transformational qualities can be extended to new projects in new neighborhoods. RISCA did a study about 3 years ago on live/work/play space - this study should be revisited for any practical refreshed partnership opportunities. Commerce RI should entice potentially interested banks and developers to participate. Make it easier for creative placemaking redevelopment by amending permitting/regulatory process. Encourage regulatory flexibility to also allow for "user friendly" access to historic sites. Provide creative and cultural communities with affordable housing, workspace and gallery space.

Fill capital gaps by stimulating private investment

Many innovation economy stakeholders have identified availability and/or access to capital to start and grow their business as being a significant impediment to job growth in the State. Bioscience stakeholders, like the Bio Science Leaders Group, also identified the creation of a public/private seed fund as a key priority. This fact confirms analysis completed in February 2013, which noted gaps in the Stage 1 and Stage 2 cycles of business growth. The terminology may vary by type of company, but the data and opinions point to the fact that there is a lack of capital especially for young companies, but also further along the business continuum. In addition, there is not enough capital to seed initiatives that will support these businesses and provide business ecosystem services.

ACTION PLAN 2

Actions for Harnessing the Power of Innovation

Debate continues among innovation economy stakeholders regarding the level of need versus the number of good ideas and young companies in search of funding. Models from other communities demonstrate the need for a local capital to both serve the role of providing early support and also inspire entrepreneurs to take the leap. Locally-based seed capital supports the early stages of company formation and also often provides assistance in connecting the entrepreneurs to needed services. Once rooted in Rhode Island, these young companies can attract capital from outside the region.

The groups that support innovation and startup companies as well as growth companies could be convened to discuss. No existing larger scale capital formation effort has been identified.

- › Slater Technology Fund has provided financing to more than 110 technology ventures in Rhode Island and invested \$22MM into companies that have raised external financing in excess of \$356.8MM.
- › Betaspring hosts startups from around the country twice a year for an intensive 13-week accelerator program. They've accelerated 83 companies in six sessions and their alumni have raised \$32MM in follow-on funding.
- › Angel Funds servicing Rhode Island include the Providence-based Cherrystone Angel Group, Ocean State Angels and five other New England-focused groups, including the Bay Angels, Beacon Angels, and Common Angels.
- › Community banks are also critical partners in supporting the business ecosystem.
- › Social Enterprise Greenhouse provides an incubator, accelerator, back-end services, and a loan fund for later stage ventures.

Actions for Harnessing the Power of Innovation

Sector Growth TIF

This model was employed by the State of Kansas in 2004 under their Economic Growth Act. The basic premise is that a baseline of taxes paid by wages of an industry sectors workforce is created. An estimate of what growth in that sector will provide in additional tax revenue is created, which is in-turn bonded with the State's general fund serving as the guarantor. In Kansas they used the Bioscience and Health sectors as the base.

For example the following formula would be created:

- › 2013 Tax Revenue from Sector X = \$170,000MM.
- › 2014 Tax Revenue from Sector X = \$180,000MM, or \$10MM more.
- › Some percentage of the \$10MM is pegged to pay off the bond/debt service.
- › Therefore, approximately \$5MM of the growth amount per year for 10 years would be targeted, creating a \$50MM.

This fund would be managed by a board/authority and could further be used to leverage private capital through matched investments vehicles.

Actions for Harnessing the Power of Innovation

Tax Credit Sale Approach to Fund Creation

In recent years this approach is becoming increasingly attractive to states as it can create immediate pools of capital, with credits being utilized over a longer time horizon. Pennsylvania passed legislation in 2013 creating this type of effort, which operates under the name Innovate PA. Their actions were modeled after Maryland and Tennessee, which were program enhancements on models seen in Colorado, Texas, Louisiana, New York, Missouri, and more.

The program sets an amount of tax credits to sell to private institutional taxpayers such as Insurance Companies and Utilities. The pool of credits is then sold at some discount via an auction or brokerage to qualified buyers. Typically states are receiving 75 to 85 cents on the dollar for the credits. The proceeds from the sale are then managed as a fund by a state controlled or sponsored entity.

For example the following formula could be created:

- › \$100MM in tax credits is offered by the State, with a first tax credit redemption date of 2018 where the total redemption amount can be limited.
- › Credits would sell for \$.80 on the \$1, generating \$80MM in revenue.
- › The fund would then be professionally managed, and could be leveraged, by outside investors via the support of other private/public funds.

ACTION PLAN 2

Actions for Harnessing the Power of Innovation

Action Steps

- › **Pursue the creation of a Fund for Rhode Island's Future** by:
 - Utilizing a capital raising model employed by other states to create larger pools of capital to act as an economic stimulus, and
 - Develop a capitalization plan that either employs tax increment financing based on sector job growth, or uses the sale of tax credits to existing taxpayers (e.g. insurance and utilities).
- › **Modify or sunset the Certified Venture Capital Partnership and Innovation Tax Credit** and create an investment credit that is more closely related to successful investor tax credits in other states. Over 26 states have active investor tax credit programs that have demonstrated results in increasing the engagement of investors in startup companies. There are resources that Rhode Island can tap into at the Angel Capital Association and National Governor's Association.

Accelerate research and commercialization

Rhode Island is home to numerous high-quality research institutions that range the full spectrum, including universities, federal facilities, medical centers, and private companies. Their capabilities relative to global trends (e.g. healthcare, water, etc.) are significant assets, and can be a source of economic opportunity. In order to realize these opportunities, stakeholders expressed the need for increased access to technology transfer and commercialization infrastructure within the state. Additionally, early-stage technology- and science-based businesses in Rhode Island described difficulties in establishing business relationships with prospective customers within Rhode Island.

ACTION PLAN 2

Actions for Harnessing the Power of Innovation

STAC was established in 2005 to develop and coordinate programs and policies supporting the State's innovation economy. In addition to Commerce RI leadership, council members represent major Rhode Island academic, business, and policy organizations. STAC administers funding programs, including the recently adopted Innovate RI Fund, an SBIR/STR matching program and talent development initiative. STAC is also the official oversight body of the Rhode Island EPSCoR program.

Given its existing role and representation within Rhode Island's innovation ecosystem, STAC is in a position to drive further development of the State's technology transfer infrastructure through expanded resources and programs. Specifically, if capacity were to be enhanced, STAC could:

- › Advocate for support of tech/start-up investments;
- › Identify and support emerging, potential high growth sectors (e.g. neuroscience, digital technology) by connecting businesses with researchers, equipment, and other businesses; and;
- › Strengthen tech transfer and commercialization infrastructure throughout the state.

Ultimately, the goal of this activity would be to increase the ability of local businesses to participate in and access interdisciplinary/high-growth R&D activities and new technology development, which would result in new economic opportunities and greater success for science and tech startups in Rhode Island.

Actions for Harnessing the Power of Innovation

Action Steps

- › **Support collaboration between the State's research enterprises**, including academic, government, and private performers in order to increase the level of research funding coming into the state. Efforts by STAC and EPSCoR partners are advancing this goal and ongoing state support should be invested.
- › **Develop more aggressive IP infrastructure**, to include IP SWOT teams, seed funding, and regular promotion of success. As a small and connected state, Rhode Island can do better to accelerate the impact that its intellectual property has. A recent report by the College and University Research Collaborative recommended creating a database of all the patent technology available from all the Rhode Island Institutions, a central location for searches of technology, a database of equipment and facilities at all Rhode Island institutions, and a listing of faculty and research personnel available in Rhode Island.
- › **Initiate RISCA/Commerce RI/STAC/PTAC partnership**. RISCA and Commerce RI could partner with STAC to create an Innovation Seed Fund program, with grants ranging \$10-20K for science and technology projects that integrate food, textiles, 3D printing, and other Creative and Cultural Economy activity. For example, create a Science of Food joint venture between RISCA and STAC or SBIR, Small Business Innovation grant.

Catalyze emerging market opportunities

In an effort to leverage and further build upon market opportunities, public, private, and non-profit partners should convene around the creation of knowledge economy hubs. Each knowledge economy hub should consist of a few common core elements:

- › Aligning research and industry assets toward a market opportunity defined by data
- › Providing resources for commercialization and entrepreneurship
- › Leveraging other resources in the knowledge economy ecosystem

ACTION PLAN 2

Actions for Harnessing the Power of Innovation

These elements will allow for the development of a defined path of priority action for each Hub, documenting what success will look like for the Rhode Island economy. The following Hubs are proposed:

- > LifeScience and MedTech
- > Maritime and Cybersecurity
- > Cleantech

Action Steps

- > **Support LifeScience and MedTech collaboration.** Rhode Island is home to a diverse set of life sciences and medtech entities, including research institutions, drug and device developers, and manufacturers that are working to bring new therapeutics, instruments, vaccines, software, and textiles to market. To realize the benefits of these assets, the community must focus on areas of strength and niche market opportunities. One such niche is in the area of brain science, where alignment between the research at Brown University's Institute for Brain Science, the University of Rhode Island's Ryan Institute for Neuroscience, and Lifespan's Prince Neurosciences Institute can leverage the entrepreneurial and design community to create new technologies and products. Opportunities for support include:
 - **Establish a cross-sector lifescience, medtech, and public health convening team.** This Team would support a vision and coordinate and sustain statewide "intersection" activities and dialogue. Activities might include identity development and management, cluster identification and development, strategic partnership coordination and networking, collaborative funding opportunities, and communications and education.
 - **Establish a statewide inventory of the sector and conduct a competitive analysis.** The analysis should consider strengths, define gaps, and identify competitive edge. This could be achieved via a consulting position or resourced through organizations' staffs across the state.
 - **Create a narrative and identity for the sector.** A defining narrative and identity would allow the sector to integrate into Rhode Island's statewide story to improve the profile of the sector and the state on a national and international scale. Other sectors, such as the arts and tourism, should be engaged to coordinate this effort as part of a statewide branding and narrative development.
 - **Enable and incentivize a 'profile' system.** The system would engage regional peers to inventory, market, and connect expertise across the state (across discipline, sector, or organizations). This effort should be tied into Tango RI and other related initiatives.

Actions for Harnessing the Power of Innovation

» **Advance the creation of a Maritime Cybersecurity Center** and showcase the capabilities that reside in the state to a national and international audience. According to a recent survey by Southeastern New England Defense Alliance (SENEDIA), the Rhode Island Defense sector directly employs 17,400 people, supports 400 companies, and has a \$4 billion direct and indirect economic impact. This includes both public and private sector defense organizations. The presence of the NUWC in Rhode Island provides a unique asset that can be leverage by the state.

SENEDIA is encouraging Rhode Island leaders to examine opportunities for developing maritime cybersecurity capabilities to support both the defense industry and commercial ports. In October of 2013, they produced a document titled, "Securing the Future: Understanding and Advancing Rhode Island's Defense Industry." This document highlights the opportunity to develop a Maritime Cybersecurity Center of Excellence as a top recommendation and provides greater detail on the proposed approach. A coordinated approach to connect and support all of the State's existing work in this area can advance the State's technology capabilities and provide a platform for pursuing additional projects, funding, and market opportunities for maritime and cybersecurity R&D programs. This initiative has broad impact beyond the defense sector, providing opportunities to grow and sustain the high-tech workforce in Rhode Island.

Furthermore, the state should showcase its capabilities to increase national and international awareness of what the state and its businesses have to offer in the area of marine technology and cybersecurity. This can increase the customer base for applications and existing maritime technology companies, as well as help to diversify existing small businesses that rely primarily on defense contracts. Rhode Island's size makes it poised to serve as a test-bed for prototype solutions developed by companies throughout the New England region.

ACTION PLAN 2

Actions for Harnessing the Power of Innovation

» **Create a standing Rhode Island defense industry task force.** As the Department of Defense continues to look at cost reductions through direct operational cuts and contractor cuts, Rhode Island needs to assist in managing cost savings, efficiencies, and overall military value. Recent federal budget cuts of over \$1 trillion will necessitate significant decisions by the DOD. Creating a regular standing task force of the various commands that can report to the Governor and identify real-time and longer operational issues prior to having a crisis issue to deal with. The 2013 SENEDIA Rhode Island defense industry plan recommends the creation of a strategic defense industry economic plan. This activity could be stewarded by the task force.

Furthermore, in 2005 Rhode Island General Law 30-32-2 entitled Military Affairs and Defense established the creation of the "National Security Infrastructure Support Fund." In 2013, the Rhode Island Defense Economy Planning Commission passed a resolution to provide an appropriation to the National Security Infrastructure Support Fund program "for the purposes of supporting and investing in critical capital and infrastructure projects that help maintain the operational competitiveness of military facilities and support reuse of former military facilities in the state."

ACTION PLAN 2

Actions for Harnessing the Power of Innovation

› **Continue to advance a CleanTech economy through procurement efforts, renewable energy fund investment and regional collaboration.** The cleantech innovation economy encompasses economic activity measured in terms of establishments and early-stage investments that produce new, innovative, and sustainable technological goods by organizations actively engaged in the commercialization process. Cleantech investment builds on Rhode Island's historical strengths in relation to the marine trades. Technologies such as offshore wind, hydrokinetic energy, and advanced materials (boat building) all trace back to marine related activities. The New England Clean Energy Council has identified 7 active early stage cleantech companies and dozens of other companies in Rhode Island, representing over \$50MM in GDP. From solar developers to smart grid to advanced materials. Examples include NPTRE, Newport Solar, Utilidata, and Nanosteel, Rhode Island has a healthy base of companies. For the entire New England region, they identified over 200 early-stage cleantech companies. These companies attracted approximately \$100MM in Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) funding from the US Department of Energy between 2005-2013. They additionally received over \$1.1 billion in venture capital during that same time period. Over 75% of the early-stage clean technology companies identified are active in four major sectors:

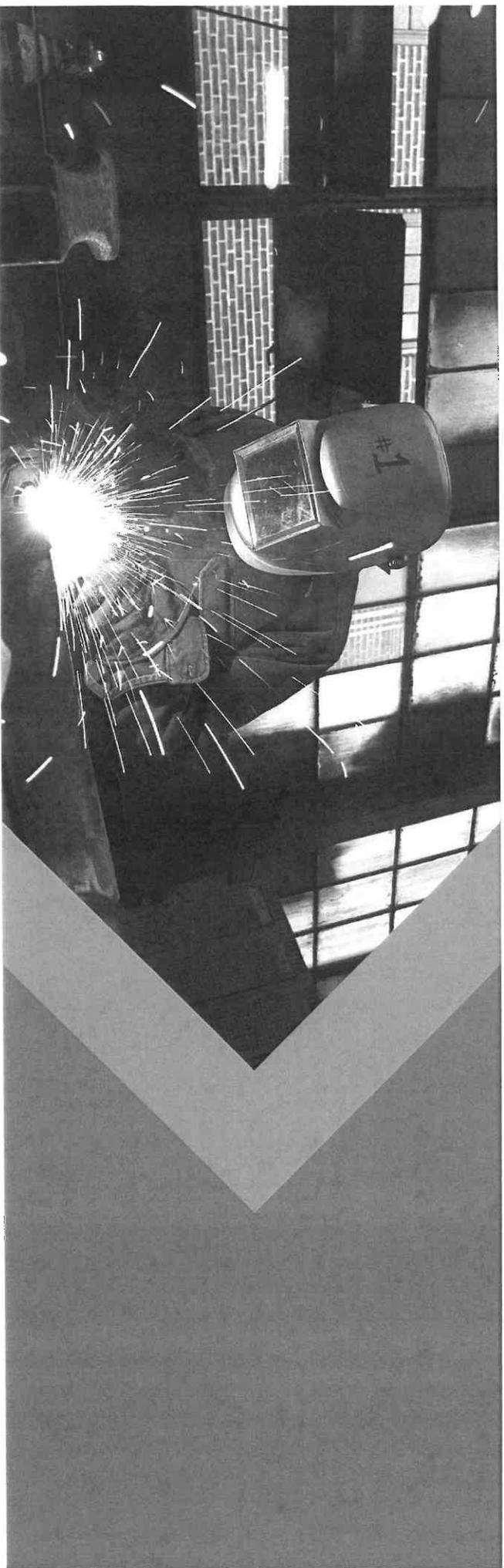
- Energy generation,
- Energy storage and distribution,
- Chemicals and advanced materials, and
- Energy efficiency.

Actions for Harnessing the Power of Innovation

Massachusetts has the largest economy in the region, with a GDP over 1.5 times the size of the next biggest economy in New England (Connecticut). This gives Massachusetts a strong economic base on which to grow the cleantech economy. However, this is based, in part, on the presence of research labs and universities, a robust financial services sector, and a commitment to strong public policy. Even still, as opposed to being a reason for Rhode Island not to pursue advancements in the cleantech economy, Massachusetts' assets in this sector are a market opportunity for Rhode Island and the New England region as a whole if properly leveraged. According to the NECEC report, "Increasing awareness of and accessibility to innovation infrastructure, while nurturing a culture of innovation, and helping regional entrepreneurs extend their networks can help spur continuous innovation... New England stakeholders identified potential to drive forward regional cleantech innovation by increasing connectivity between these cleantech support organizations across the states. By doing so, cleantech leaders could help entrepreneurs leverage important cleantech assets and resources available in the region."

In order to further support the development of this emerging sector:

- Continue to expand renewable energy procurement efforts as outlined in the State's energy plan, especially in the area of distributed generation, which will drive growth in cleantech markets.
- Produce an annual or bi-annual report that surveys companies to determine actual job growth. MA and NC have models that are able to demonstrate the impact of the industry.
- Provide funding for ancillary industries, such as storage, which optimizes the flow of renewable energy onto the grid. Investment should also occur in grid modernization to optimize renewable energy resources but also to take advantage of smart grid technologies that are being developed to take advantage of a flexible grid including demand response and smart appliances. Companies in Rhode Island such as Utilidata, cCharge and Voltserver are at the forefront of this activity.
- Promote alternative fuel and electric vehicle adoption and the development of cleantech infrastructure.
- Continue provide support through the Rhode Island Renewable Energy Fund
- Collaborate with regional partners through the New England Clean Energy Council and it's new effort called Cleantech Navigate Northeast utilize the network to advantage Rhode Island businesses.



ACTION PLAN 3

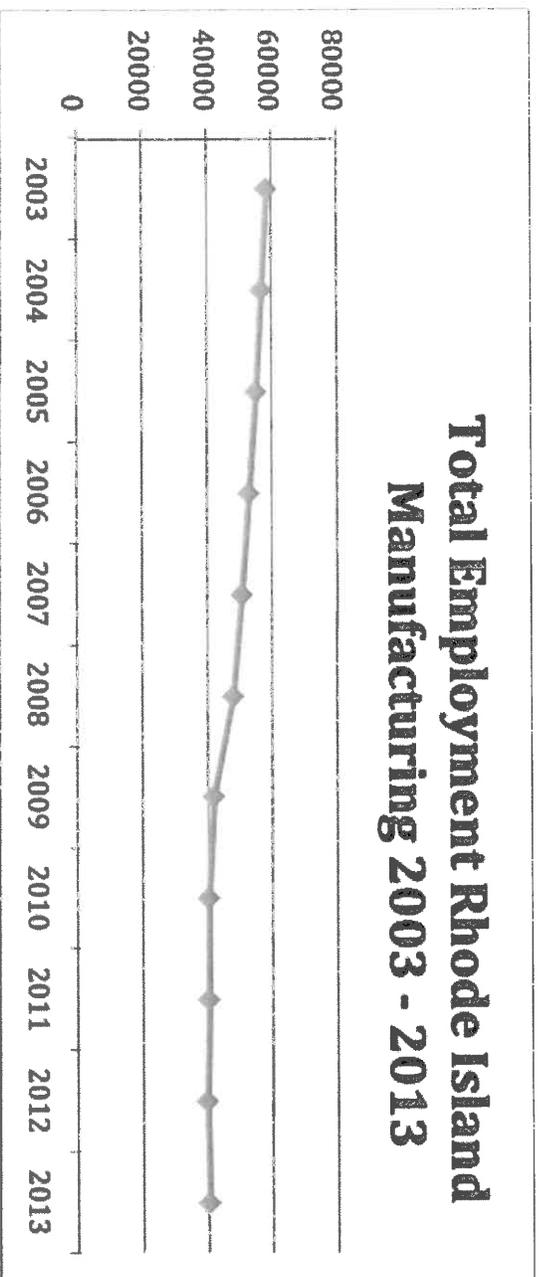


Fueling the Manufacturing Renaissance

THE CURRENT ENVIRONMENT

Fueling the Manufacturing Renaissance

Rhode Island's Manufacturing sector has taken the brunt of the changing US economy and the Great Recession, losing over 21,000 jobs over the past decade. Today, manufacturing directly employs approximately 9% of the labor force in Rhode Island, and saw what is hoped to be the beginning of a rebound in a 2013 increase of over 1,000 manufacturing jobs. This brings the current labor force count to approximately 40,700 employees. Nationally, manufacturing employed 11.2MM Americans in 2012-- the 2nd largest number of people in 2012, second only to retail trade (which also lost establishments between 2007 and 2012).

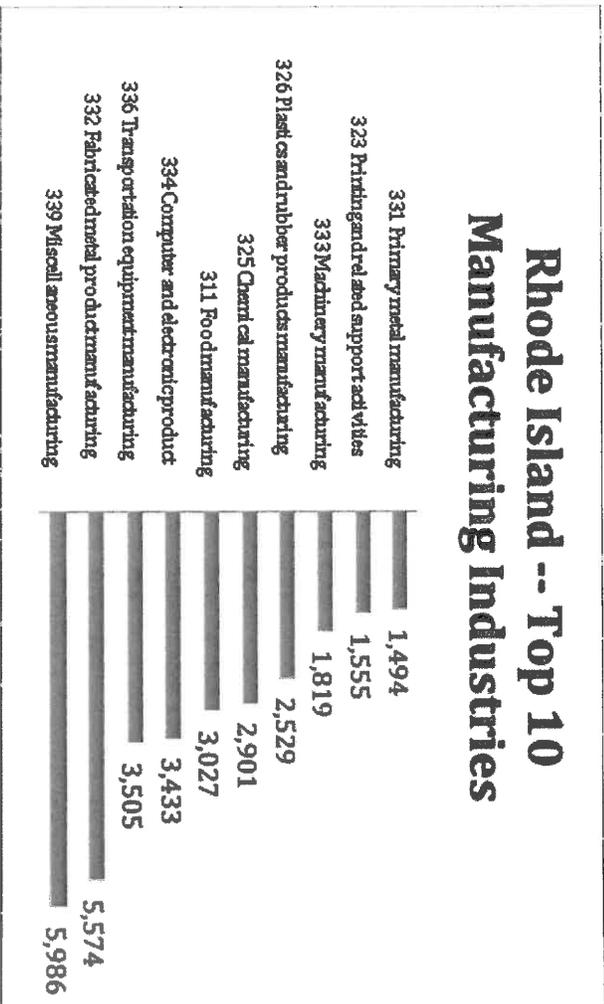


ACTION PLAN 3

Actions for Fueling the Manufacturing Renaissance

Manufacturing jobs are middle class jobs providing family-sustaining wages, with an average annual salary of over \$51,000, and opportunities for career progression.

Rhode Island's history of manufacturing is rich and diverse. Despite the last decade's job losses, it continues to demonstrate a diversity that will support a manufacturing renaissance in the State.



Fueling the Manufacturing Renaissance

The manufacturing sector still faces issues as it seeks to regain its strength. The aging workforce and rapidly evolving technology integration are driving the need for a new generation of manufacturing employees. The maker movement is allowing manufacturing to occur at unprecedented paces and scales.

The manufacturing sector accounts for approximately 70% of all private-sector R&D spending and employs some 60% of the private sector R&D workforce.

The most attractive advanced manufacturing subsectors in New England include :

- › Signal processing/optics/measurement tools
- › Aerospace and defense
- › Medical devices
- › Semiconductors and related high-end electrical components
- › Material sciences (e.g., plastics, nanotechnology, plasma tools, etc.

Manufacturing contributes 13% of GDP and accounts for nearly 9% of all jobs to the economies of each of the New England states. Advanced manufacturing contributes nearly 9% of total GDP—ranging from 4.5% to 11% in the individual states, and nearly 5% of total jobs.

Actions for Fueling the Manufacturing Renaissance

Some businesses, like Walmart, are doing their part to push the “Made in the USA” label once more. Walmart has announced a \$10MM fund to promote American manufacturing in a public push to sell more American-made products. The fund will award grants to companies to develop new manufacturing processes. That’s in addition to the company’s decision to increase sourcing of American-made products by \$50 billion over a 10-year period. Not only will Walmart buy goods already made here, but it also will help bring production back to the US.

Over the past four years, companies have created more than 80,000 manufacturing jobs in the US by moving production to America from abroad, according to a Wall Street Journal report citing figures from the nonprofit Reshoring Initiative.

Accomplishments

As noted above, Rhode Island saw its first recorded manufacturing jobs gain since 2000, adding over 1,045 manufacturing jobs according to the Rhode Island Manufacturers Register. Those jobs were spread out over a number of sectors related to this proposal including:

- › Transportation equipment (up 14.8%)
- › Rubber and plastics (up 5.3%)
- › Jewelry making (up 4.7%)
- › Primary metals (up 4.6%)
- › Furniture and Fixtures (up 2.7%)

Actions for Fueling the Manufacturing Renaissance

A Business Roundtable report calculated that companies whom operate internationally from Rhode Island accounted for 39% of the State's private sector economic output and 36% of private sector jobs in 2011. International trade added \$1.7 billion to Rhode Island's private sector economy in 2011 and directly or indirectly supported 185,000 private sector jobs that paid an average of \$69,300 for wages, salaries and benefits.

In 2013, Rhode Island received a grant award from the US Economic Development Administration to develop a Center for Design and Manufacturing as part of the federal Investment in Manufacturing Communities Partnership program. This grant is currently being used to design and develop an effort that takes advantage of the combined design and manufacturing capacity residing in the state, including the Rhode Island School of Design, one of the world's leading design institutions.

Variables

The biggest unknown for manufacturing in Rhode Island is how strong of a manufacturing niche player it can be in a global economy and in the resurgence in US manufacturing. A key part of that will be to make sure employers are able to fill job openings as they expand and replace retiring workers.

Create a Center for Design and Manufacturing

As the work of manufacturing continues to evolve, the collaboration between the manufacturing and design sectors will be critical to idea generation, rapid development and prototyping, packaging, reinvention of products, and more. Rhode Island will seek to use its capacity to support existing manufacturers and attract partnerships from around the globe interested in taking advantage of a Center's services.

Actions for Fueling the Manufacturing Renaissance

In 2013, Rhode Island received a grant award from the US Economic Development Administration to develop a Center for Design and Manufacturing as part of the federal Investment in Manufacturing Communities Partnership program. This grant is currently being used to design and develop an effort that takes advantage of the combined design and manufacturing capacities residing in the state, including the Rhode Island School of Design, one of the world's leading design institutions.

The development of the Center aligns with a recommendation from a recent College and University Research Collaborative report on Advanced Manufacturing. After surveying over 50 STEM executives, the Collaborative concluded that a central hub for business resources is necessary to offer the coordination and scale needed to support those businesses. According to the Collaborative, “the primary services of this entity are proposed as: technology transfer office, business development office, incubator and accelerator space, flexible manufacturing space and training space.”

Action Steps:

- › **Align existing capacities** of industrial design and advanced manufacturing including public, private, government and higher education resources.
- › **Develop a business plan** that creates a sustainable structure and core activity set. Develop a specific milestone-based development plan that augments existing resources utilized in the start-up period with additional resources to grow to scale.
- › **Identify existing and seek new funding** to launch the Center.

ACTION PLAN 3

Actions for Fueling the Manufacturing Renaissance

Claim Rhode Island's position as the Center of the Maker Movement

According to makerfaire.com, the Maker Movement is “grassroots innovation” that can be developed in any community. Maker Magazine remarks that many makers are actually hobbyists, enthusiasts, or students. Nevertheless, they are also a wellspring of innovation, creating new products and producing value in the community. Some makers become entrepreneurs and start companies. In fact, maker related activity is considered to be a key component of the future of manufacturing. Estimates for the size of the market for 3D-made products has grown from \$50MM in 2011 to an estimated \$400MM in 2013 and \$1 billion in 2015. Adding to that will be the growth in the tools of the trade, including 3D printing and machinery. Furthermore, a new report by Markets and Markets estimates that the global additive manufacturing market was \$1.8 billion in 2012 and is expected to grow to \$3.5 billion by 2017. Further enhancing Rhode Island's innovation and maker capabilities, and increasing relationships and knowledge sharing between makers and other industry partners has potential to increase business and job growth.

Rhode Island has historically been a community of ‘makers’, with jewelry, silverware, steam engines, furniture, textiles, glass, and other products being manufactured in the State for sale around the world. A base of industrial-scale maker activity continues in the state and is being bolstered by new market entrants.

ACTION PLAN 3

Actions for Fueling the Manufacturing Renaissance

By claiming Rhode Island as the Center for the Maker Movement, the state can:

- › Increase awareness throughout the region of Rhode Island's Maker community and capabilities,
- › Increase awareness of and pursuit of opportunities for Rhode Island's businesses to partner with local makers, and
- › Increase networking and collaboration among Rhode Island makers, businesses and business assistance providers.

Action Steps

- › **Document maker-related assets and capabilities.** To get started, it will be important to recognize the various segments of the maker community and the opportunities for action including manufacturers, colleges and universities, and students. Fully identifying maker resources, locally, regionally, and nationally, and identifying Rhode Island's unique assets and strengths will be a key first step in creating a Maker's Guild. There are already examples of these market participants collaborating, and part of the early efforts of the formation of a maker group will be to capture their stories.
- › **Form a maker's guild.** One area where Rhode Island could be a leader is in forming a state-based maker association or guild. Many of those working in this movement are small businesses or even individuals. As a result, they may not have access to some of the same benefits and purchasing opportunities as larger enterprises. A maker association can provide access to purchasing power for items ranging from supplies for their projects to health insurance and educational training. An association could also work to identify how to enhance existing government programs to allow maker activities to be included. Programs such as workforce training subsidies have not yet recognized maker-related careers.

ACTION PLAN 3

Actions for Fueling the Manufacturing Renaissance

- › **Leverage the maker community to support business growth.** These ideas could be formed into a multiyear plan to announce Rhode Island's leadership, followed by the implementation of a series of actions that will create jobs in the state. Programs undertaken by the maker's guild could include:
 - Developing an 'innovation' office hours team of makers and designers (perhaps hosted by Rhode Island Manufacturing Extension Services) to assist manufacturers in exploring product innovation and conquering product design challenges.
 - Determining initial educational program content that would be most beneficial for/of greatest interest to local businesses and the maker community, and
 - Scheduling, promoting, and hosting routine public information events and activities.

Work with National Grid to aggressively target manufacturing expansion opportunities

National Grid's role in economic development is important, as they are the dominant utility in the region. Utility costs are often a critical location decision factor for companies that are relocating or investing in existing operations. Increasingly, decision-makers that are looking at sites are also raising reliability concerns. Rhode Island has competitive rates as compared to its neighbors, but there are growing concerns over costs spikes due to capacity issues that may impact the manufacturing sector.

Action Steps

- › Continue to **expand the pilot work of the commercial and industrial energy efficiency program** and increase awareness of options for energy savings for businesses.
- › **Expand the revolving loan pool** to allow for increased volume of industrial projects that can be financed.

ACTION PLAN 3

Actions for Fueling the Manufacturing Renaissance

Ensure the real-estate portfolio supports growth

According to a 2013 Capstone Properties report, the vacancy rate for industrial buildings dropped from 8.0% to 7.4% as the state economy has shown some incremental improvement in all phases of the industrial real estate market. Optimism leads to companies investing in bricks and mortar, and expanding their lease space. There has been a movement by some international companies to reshore, or bring back, some manufacturing to the United States, which has created some added business for local companies that are now beginning to look to expand or potentially add some space. Buildings with up-to-date infrastructure, ceiling heights and prime locations, continue to be in high demand as many of the old mill buildings have become functionally obsolete and, therefore, less competitive in today's market. In the Providence Metro area there has not been any new construction in many years, so the existing buildings continue to be absorbed, and the lease rates have stabilized. There are not any large blocks of space available above 25,000 SF. In Central West Bay there have not been many new listings for sale or lease in the last 12 months.

Action Steps

- › **Fund Commerce RI to acquire, permit, and deliver a fully functioning business park.** Develop pad-ready sites as part of the park that can support existing demand for larger manufacturing facilities.

Actions for Fueling the Manufacturing Renaissance

Develop an urban-core strategy to encourage job creation in areas with higher concentrations of unemployment

Rhode Island's manufacturing history began in neighborhoods in many of its cities. The 'works,' 'yards,' and 'mills' were often within walking distance of the workforce. Economic transformation impacted the manufacturing plants and the surrounding neighborhoods, and in many cases created a legacy of disinvestment and poverty that has lasted until today. Rhode Island has had success in repurposing some of those old facilities into new community anchors and as manufacturing experiences a renaissance, there is an opportunity for the sector to be part of that success.

Three factors to consider:

- › Contemporary manufacturing has a footprint that requires a significantly smaller amount of physical space than predecessor firms in order to produce a sizeable economic output.
- › Today's manufacturing workforce is the middle class, earning wages that allow them to invest in their future and that of their families and community.
- › Manufacturing needs to attract a new generation and new populations of individuals if it is to grow at the rate which many think it can.

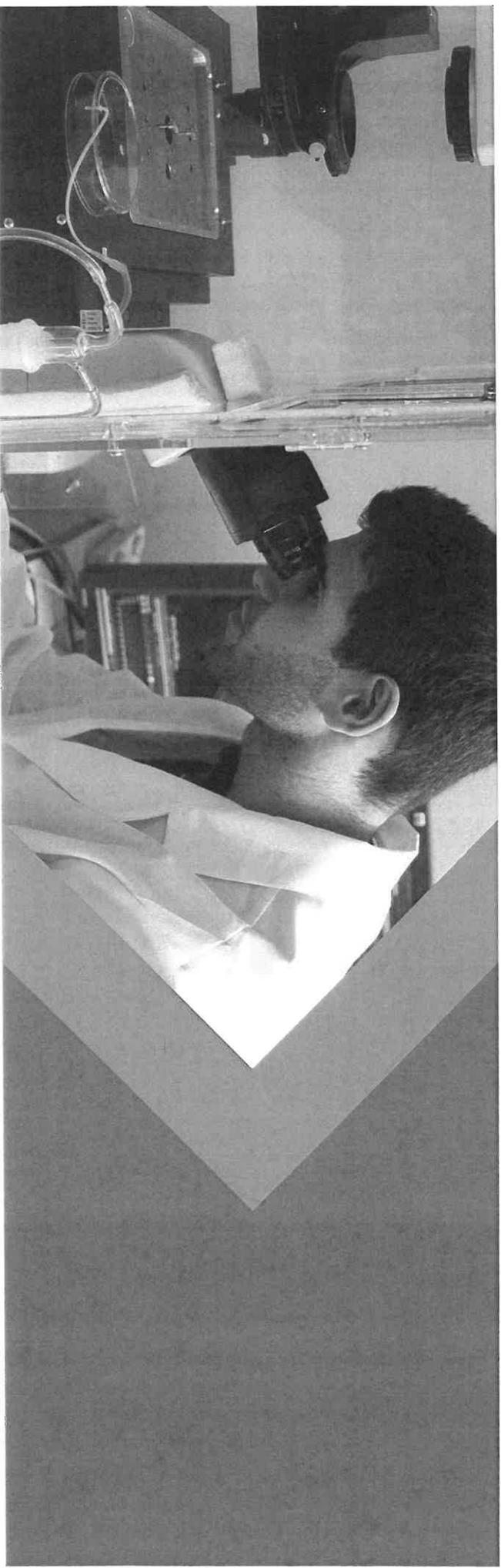
Actions for Fueling the Manufacturing Renaissance

One strategy that Rhode Island should pursue is to develop an urban-core manufacturing investment program.

This program can be piloted to identify locations and properties within the State's urban areas where low impact/light manufacturing firms and research and development firms can operate. This program should be coordinated Ideally, this development will be part of an intentional, coordinated effort with local land planning efforts to identify strategic locations for manufacturing-related re-development. A combination of existing economic development and workforce programs can be aligned depending on the needs of each location. The process should engage community groups to identify the resources that may be needed to provide training opportunities for residents.

Action Steps

- › **Identify idle manufacturing facilities** within the State's urban areas, create a profile of each facility, and identify state and local programs and requirements for re-developing these facilities.
- › **Evaluate options to create incentive packages** for property owners/developers to upgrade the facilities for use by manufacturing operators. One option would be to create a 'manufacturing tax free zone' in some areas to encourage investment by manufacturers and others.
- › Create a process that allows **site and use planning to be performed by community groups, local government, developers, and manufacturers** to identify the opportunities for using the facilities. They would develop a plan and submit to Commerce RI to become certified and receive support.



ACTION PLAN 4



Activating a 21st Century Workforce

Activating a 21st Century Workforce

- › In its 2011 “Skills Gap Report,” Deloitte Consulting LLP and The Manufacturing Institute revealed that 67% of respondents reported a moderate-to-severe shortage of available, qualified workers, with 56% expecting the shortage to grow worse in the next 3–5 years.
- › Furthermore, 5% of the jobs that manufacturers currently have open are unfilled because they can’t find qualified candidates, which amounts to roughly 600,000 vacant positions nationally.
- › There are now 450 vacancies in marine occupations in Rhode Island; growth plans call for an increase of nearly 600 jobs over the next four years; and three major expansion projects now on the drawing board are likely to create and additional 750 marine related jobs over the next several years. Analysis of the demographics of the marine trades indicates that the average age of workers in Rhode Island’s marine trades is higher than the state average for all workers; and over 600 new employees will be needed to replace those likely to retire over the next decade.

Actions for Activating a 21st Century Workforce

Accomplishments

- › bRidgeJobs is a statewide initiative to connect students with internships in Rhode Island. Employers can post internships and students can post profiles and apply for internships through the bRidgeJobs web site. As part of the bRidgeJobs project, Rhode Island Student Loan Authority, the GWB, the Chamber, and ALCU conducted a survey of 300 companies about internships; through Make it Happen, support will be provided for follow-up with outreach and education for employers.
- › The URI Business Engagement Center helps to connect URI students and Rhode Island businesses for internship positions and job placements.
- › The Innovate Rhode Island Small Business Fund provides grants of up to \$3,000 to assist companies in the life sciences and engineering sectors defray the cost of providing internships and mentoring to eligible Rhode Island residents attending a Rhode Island college or university.
- › The Rhode Island Marine Trades Association successfully launched a marine trades apprenticeship program that can be a model for other apprentice efforts.
- › Building Futures, Rhode Island's Construction Industry Partnership, assists the non-residential construction industry to meet its current and future needs for a skilled workforce, and creates career opportunities for low-income adults from urban communities through the registered apprenticeship system.

Variables

- › Ability to innovate
- › Workforce concerns – aging population

Actions for Activating a 21st Century Workforce

Continue momentum to improve k-12 education for workforce preparation

A number of participants indicated that students and families often lack information or have misconceptions about what careers in certain fields offer. For example, few high school students or families understand what the Logistics industry includes, what a job in Logistics might entail, or which skills are needed to pursue various occupations related to Logistics. These types of information gaps can be particularly wide in immigrant and low-income communities where exposure to a wide variety of careers may be more limited, an obstacle that can be exacerbated by family language barriers. The existing disconnect between industries with talent gaps and K-12 education needs to be rectified if the state is to meet the long-term talent demand of growing industries.

Action Steps

- › **Initiate an awareness campaign targeted at students and the un/underemployed.** An awareness campaign could be organized to interest students in Science, Technology, Engineering Arts, and Math (STEAM) careers, educate teachers and parents about what a STEAM career in Rhode Island looks like, and increase awareness among unemployed or underemployed workers in the state. Industry and educational leaders will need to work together to establish the components of the campaign. For programs that target them, students should be involved in the development of those programs. Potential program elements could include: an incentive program to encourage high school teachers and students to visit local manufacturing facilities; recruitment of STEAM workers to speak at schools; and a public awareness campaign profiling successful young STEAM employees.

ACTION PLAN 4

Actions for Activating a 21st Century Workforce

The Nebraska Advanced Manufacturing Coalition was cited as one organization that has initiated an effective manufacturing career promotional and awareness campaign. Similarly, the Bioscience Skills Gap report recommends engaging youth in STEAM through industry-related experiences, such as job shadows, classroom speakers, industry tours, and hands-on STEAM workshops. Connecting educators to industry professionals and opportunities has also been recommended across STEAM industry professionals. Learning new technologies, approaches, and uses in the industry can help educators strengthen existing programs and incorporate new STEAM-based learning objectives into curriculums. K-12 teachers could be trained in the use of free online tools for teaching computer science to students (e.g., Khan Academy). Ongoing efforts to increase digital literacy through IPs, RIDE, and Broadband Rhode Island should be aligned with and supported through this campaign.

⁶ **Expand in-school career counseling.** As part of the campaign, redouble efforts to train existing and new counselors, not only on higher educational paths, but also on industry growth trends and emerging fields for employment in Rhode Island. Increasing the capacity and effectiveness of in-school counselors will require improving the quality and timeliness of labor market information that is provided to them by the state.

- **Increase exposure to high-opportunity industries through in-school industry-led events.** K-12 schools could regularly host visits from industry representatives to improve student exposure to a number of occupations and career paths. Visiting employees would talk about their jobs, their industries, and emerging opportunities in their fields. Content and format would be tailored to grade levels. Successful implementation of a regular in-school industry event program would require ongoing coordination and leadership, possibly in the form of an ombudsman for each school who would be responsible for coordinating visits from private industry. A number of organizations are already hosting similar activities and their work should be coordinated to increase impact.

Actions for Activating a 21st Century Workforce

Better Align the Workforce Development System to Assist Employers in Attracting and Retaining Qualified Workers

Two recent reports on Rhode Island's workforce development system – the CCRI: Building a 21st Century Workforce and Rhode to Work reports – identify system coordination as a top priority. The main finding from the CCRI report highlights the need “to support an industry-focused, state-level systemic and strategic approach to career pathways, tapping the expertise of education, workforce development, and economic development partners.” The Rhode to Work report’s first recommendation, “Empower a single, seamless, and cohesive workforce training system for Rhode Island”, cites the need to create a unified workforce development system that can work with CCRI and employers to create meaningful credentials that address middle-skills and career readiness. A recent analysis of the Governor’s Workforce Board Industry Partnerships program corroborated this recommendation, further suggesting that Industry Partners should be required to increase their collaboration with state labor and industry initiatives.

Case Study:

Indiana Career Council

Indiana is setting up a parallel systems for workforce planning. Indiana has a relatively new Indiana Career Council (which is not the state WIB) focused on connections among higher education, workforce development, and K-12. Regional Works Councils have also been created in each region (same regions that are WIB regions) to focus primarily on career and technical education needs and gaps.

Actions for Activating a 21st Century Workforce

Action Steps

- › **Enact legislation to create a seamless workforce development system, driven by industry needs, and coordinated by the Governor's Workforce Board.** Map the entire state workforce system. Build upon the current Industry Partnerships program. Incorporate best practices, make effective use of performance-based funding, elicit constant feedback on employer satisfaction, and respond to employer demand.
- › **Scale University-Business Engagement Centers.** Based on the volume of phone calls and positive reaction to URI's recently opened Business Engagement Center, demand for such university-business communication tools is high. This finding is supported by a recent College and University Research Collaborative survey of over 50 STEAM executives. They found that "senior management also wants the ability to tap the educational system for knowledge updates in their workforce in a responsive, flexible manner. The academy is not known for its flexibility and Rhode Island would profit from establishing a "one-stop" clearing house to match educational capabilities to business needs. The Business Engagement Center model could either be replicated and expanded at other universities, or organization like the ALCU could support a Rhode Island-wide Business Engagement Center. Such centers can be used as a way for the business community to provide input into curriculum development based on expected industry trends, anticipated skills gaps, and exciting opportunities in Rhode Island. As this model is expanded, universities and the state need to develop a mechanism for widely publicizing the centers to ensure that the business community is fully aware of their presence and role.
- › **Establish credit and non-credit bearing industry-recognized credentials.** Both the Rhode to Work and 21st Century Workforce reports emphasize the need for CCRI and the GWB to work together to determine those credentials that would best meet the needs of the Rhode Island job market, based on market demand in the State's strategic industries.

ACTION PLAN 4

Actions for Activating a 21st Century Workforce

- › **Strengthen integration with Adult Education.** Require that Adult Education resource decisions by the Department of Education give priority to those programs that:
 - Minimize waiting lists by expanding program capacity;
 - Reflect the State's workforce priorities as identified by the Governor's Workforce Board;
 - Are most effective at attaching participants to the workforce;
 - Include a digital literacy component;
 - Provide enhanced transparency of program expenditures and outcomes; and
 - Provide wraparound services for adult learners at the lowest levels of performance.
- Adult literacy projects should use standards geared toward academic entrance criteria for various state-supported skills training programs, allowing individuals to easily transition out of literacy programs and into skills-based training.
- › **Strengthen Commerce RI's partnerships with the State's Industry Partners.** Designated by the Governor's Workforce Board Rhode Island (GWB), Industry Partners represent the collective voice of the State's high-growth, high-wage industries. A deeper, more collaborative relationship between Commerce RI and the Industry Partners will better-align efforts and initiatives to support existing companies in Rhode Island as well as attract new companies. For example, host quarterly meetings with Industry Partners and different program staff at Commerce so that the Industry Partners can better deliver information and provide resources to their companies.
- › **Engage social enterprise experts to identify and scale solutions for employing residents with barriers to employment.** Populations with language barriers, criminal history, mental or physical illness, or other barriers are often not successfully engaged in traditional workforce development and employment efforts. Social enterprise stakeholders, such as organizations supported by the Social Enterprise Greenhouse and enterprises such as the Amos House, have had success in identifying non-traditional opportunities to train and employ these residents. Their expertise should be engaged to identify those opportunities that could be successfully scaled.

Actions for Activating a 21st Century Workforce

Reform Job Development Fund

The Job Development Fund (JDF) is derived from an assessment on Rhode Island businesses of 0.21% of the taxable wage base (an evolving figure) per employee. When the fund was first established in 1988, the General Assembly found that “the rapidly changing economy requires that the Rhode Island workforce be able to adapt to emerging needs of the workplace” and that “the competitiveness of Rhode Island businesses is dependent on a well-skilled, literate, and productive workforce.” Beginning in 2011, the JDF assessment was increased to .51% of taxable wage base. This .30% increase is used solely for the purpose of repaying principal and interest on federal loans the state had to borrow to maintain the solvency of its unemployment insurance trust fund. This special 0.30% assessment is set to sunset in tax year 2015 when, based on department projections, these loans will be fully repaid. At that point the JDF assessment will revert back to the original .21%.

Action Steps

- › **Exempt the JDF from the State’s indirect cost recovery.** Under RI GL 35-4-27, an indirect cost recovery assessment of 10% is paid to the General Fund from revenues included in state-restricted receipt accounts. Some accounts are exempted. Exempting the JDF from the assessment in FY 2014 would have shifted an estimated \$1.2MM from general funds to job and skills training. The General Assembly should exempt the JDF from the indirect cost recovery, with the provision that these additional funds be used immediately and exclusively to expand programs that are already in place and have been proven effective in connecting and training the State’s unemployed to meet the demands of current job openings. No less than 50% of new ‘seat’ capacity in these programs should be reserved for those who have been unemployed for 26 weeks or longer.

Actions for Activating a 21st Century Workforce

- › **Utilize the Governor’s Workforce Board as a central point of contact for JDF funds and engage Industry Partners as partners for the disbursement of JDF dollars.** Currently, JDF funding is distributed through several different sources. The Governor’s Workforce Board should be the central point of contact to make it easier for employers. However, Industry Partners can be resources within the disbursement process by assisting companies with paperwork and reporting, increasing the likelihood that employers will utilize the funds.

Support apprenticeships and internships

Across nearly every industry, employers and industry stakeholders express interest in supporting internships and apprenticeships to provide hands-on educational opportunities for new and transitioning workers. For example, the Tech Collective has found great success with their “IT on Demand” program funded by the GWB, which skills-up mid-level IT workers and helps to meet current labor demands, thereby allowing Rhode Island businesses to grow.

Another Industry Partner, the Rhode Island Marine Trades Association, has successfully developed an apprenticeship program that could also be used as a model for other industries.

SENEDIA, the defense Industry Partner, has also seen great success with internships and apprenticeships, for instance the seven people who have graduated from their Cybersecurity Internship program thus far have already gotten jobs in the industry. The Rhode to Work report further supports this by recommending that, “Rhode Island should commit itself to a significant expansion of apprenticeship and internship offerings over the next three years.”

Actions for Activating a 21st Century Workforce

Action Steps

- › **Support and enhance bRidge jobs.** The program seeks to match employers with students looking to gain valuable experience. This matchmaking is critical to allow students to experience various career paths and for employers to identify bright talent to recruit at an early point in their career. bRidge jobs currently focuses on connecting students and employers in sectors such as IT, Health, Business, Science, Engineering and Manufacturing. The recent investment of \$500,000 for a match-fund for internships by the GWB, , and the Rhode Island Foundation's investment in bRidge jobs should continue and be more broadly supported. For example, bRidge jobs could be opened to high-school students, and could partner with the State Apprenticeship Council. With the documented concern of employers about the lack of work readiness and 'soft skills' of high school graduates, opening the bRidge program to Rhode Island high school students would potentially connect thousands of future workers to this useful training tool. In addition, the bRidge program could be a significant asset to the State's apprenticeship program, especially as more non-trade apprenticeships are created. The opportunity to connect students and interested companies to internships and the State's expanding portfolio of eligible apprenticeships, all in one stop, should be embraced.
- › **Strategic expansion of the State's apprenticeship tax credits.** (From Rhode to Work) Apprenticeships are not a no-cost proposition for employers. They require patience, relationship building, and an investment of time and resources. The current apprenticeship tax credit that Rhode Island offers as a means to defray these costs is limited only to certain machine tool, metal trades, and plastic process technician apprenticeships. Eligibility for this credit should be reviewed to include only those industries and occupations determined to be state priorities by the GWB. For such occupations, where an apprenticeship program is, or can be, established, a tax credit incentive should be made available for prospective sponsors to entice them to take on apprentices. The credit can be limited to a time necessary to bring the apprenticeship program to scale. Like all tax incentives, the credit should be regularly assessed to ensure it is meeting its desired purpose and whether it should be continued, amended, or eliminated.

Actions for Activating a 21st Century Workforce

› **Develop new internship, externship, and apprenticeship programs based on need, impact, and capacity.** In addition to better advertising existing programs such as RIDLT's Rhode Island Employers' Apprenticeship Tax Credit for Machine Tool/Metal Trade and Plastic Process Technicians, manufacturing stakeholders suggested the state could create a manufacturing apprenticeship program, developed and executed with substantive input from private firms, that would provide pre-screened applicants to existing manufacturing businesses. The IT Skills Gap report recommended implementing a Registered Apprenticeship program with employer-identified career pathways that would be articulated with an academic institution(s), enabling the earned credits to be transferable toward a college degree. Finally, the Defense Industry Skills Gap report recommends developing an organized Defense Industry Partnership Internship program that increases the number, quality, and visibility of defense internships in the region. K-12 teachers can also be engaged in workforce development through externships. By working with local businesses, teachers are in a position to make the connection between the classroom experience and industry expectations.

Actions for Activating a 21st Century Workforce

Expand STEAM education from youth to professional development

STEAM education is a critical component of developing a workforce for many of Rhode Island's key industries. Recent skills gap studies for information technology, bioscience, manufacturing, and defense, identify STEAM education as a key recommendation. For instance, Bridge Talent reports that its six academic partners with four-year computer science programs graduate a total of 240 students per year, but have the capacity to increase this number to 495 students per year by 2017. Given the talent gaps cited by IT employers, this is a critical missed opportunity. And in the bioscience industry, colleges and universities report they need to actively recruit students to enroll in bioscience programs, citing a lack of industry and career awareness. These examples demonstrate the need to cultivate STEAM interest and skills throughout the educational spectrum.

Action Steps

- › **Promote system-wide industry-academic coordination to improve STEAM education.** Facilitate an industry-academia forum to improve STEAM and Innovation education K-16. The forum will work to increase the number of students that participate in recognized high quality STEAM programs such as FIRST and SMILE inside and outside of the school day. It will also work to coordinate industry resources to maximize their impact on the number of Rhode Islanders who are motivated and prepared to succeed in college level engineering, engineering technology, computer science, and information technology degree programs. For computer science in particular, an annual summit could be convened to bring together RIDE, computer science university chairs, and the Industry Partner to address issues including the K-12 curriculum, scholarship programs, and family education on computer science opportunities.

Actions for Activating a 21st Century Workforce

- › **Develop programs, support services, and facilities to support STEAM education in Rhode Island's colleges and universities.** Manufacturing stakeholders have indicated a great need for newly equipped and modernized CCRI training facilities and equipment for manufacturing programs to attract youth and other potential future employees to manufacturing occupations. Bioscience stakeholders have recommended strengthening higher education support for students in STEM fields, including academic and career guidance, and exploring opportunities for industry-education collaboration in recruiting. Defense stakeholders have recommended partnering with the engineering schools at URI and UMASS Dartmouth and technician degree programs at New England Institute of Technology, MTTI, CCRI, and other relevant institutions to support engineering pipeline programs and recruitment of students into undergraduate and graduate studies in engineering, engineering technology, computer science, and information technology. Furthermore, they cited the need to champion the realization of the URI College of Engineering's Master Plan and partner with them in building collaborative research areas and student learning opportunities of high relevance to the industry.



ACTION PLAN 5



Cultivating a Resilient Economy

Cultivating a Resilient Economy

Resiliency refers to an emerging set of principles for how to protect communities and businesses from financial, economic, and natural shocks that are driving new ways of thinking – and new products and services – across many industries. Given Rhode Island's small size and shoreline, developing new solutions to support existing and create new businesses is both an economic imperative and opportunity.

Hurricane Sandy brought renewed attention to resiliency across the nation, but particularly in the Northeast. Sandy alone caused an estimated \$19 billion in damage and economic losses to New York City, according to City Hall. Then-Mayor Bloomberg proposed a \$19.5MM Special Initiative for Recovery and Resiliency, claiming that the investments were necessary to prevent increasingly expensive and damaging storms, noting that a Sandy-like storm could cost \$90 billion by mid-century as sea levels rise in response to melting glaciers and warming seas. Federally-sponsored rebuilding programs in other parts of the Northeast are creating additional momentum for resiliency efforts. For example, Connecticut's entry into the Rebuild By Design competition can serve as an example and a collaboration opportunity along the coast as New England communities consider mitigation and adaptation strategies for addressing climate variability.

There is evidence for the rationale that underpins the business case for resilience with research generally supporting the view that the better a business is prepared to cope strategically with disasters and the crises that follow, the better its chances for long-term survival and preservation of value. For example, one study estimates that as much as 40% of businesses struck by a disaster never re-open, and of those that do, 25% permanently close within two years. More recently, the UNDP estimated that every dollar spent reducing vulnerability to disasters saves on average seven dollars in economic loss in the future (UNDP, 2012c). Last year, the U.S. government spent about \$100 billion on disaster cleanup related to extreme weather events – more than it spent on transportation or education.

ACTION PLAN 5

Actions for Cultivating a Resilient Economy

Resiliency efforts will bring both costs and opportunities to businesses. Substantial business and economic development opportunities are created by the development and implementation of environmental institutions (via planning, management, and regulation) for, e.g., wastewater treatment, stormwater treatment, habitat restoration, open space preservation, and public access initiatives, to name a few.. New climate change adaptation and resiliency economic sectors likely will emerge from expanding efforts to accomplish core environmental management goals and strategies in clean water, drinking water, growth management, habitat protection and restoration.

Part of being able to be resilient is support an economy that is built upon the natural strengths of the place, i.e. the natural assets and resources, which that economy leverages are native to that place and are therefore more unique and sustainable. The Food and Beverage Industry is that has the opportunity to benefit from the intersection of unique local assets and national upward trends to put Rhode Island on the map. Across the United States, annual food expenditures have increased at an average rate of 3.4% since 2009. In Rhode Island, that would translate to well over \$7 billion in consumer spending on food, both in and outside of the home. Local food systems, generally considered to be food produced within a state or within 100 to 400 miles of the place of consumption, represent a growing portion of consumer spending with 70% of consumers indicating that they would be willing to pay up to 10% more for locally produced food. Regardless of consumer income, the willingness to pay more for local food is driven largely by consumers' authentic desire for freshness and the perception that local food is fresher. Other driving factors include the positive impact of purchasing local food on the environment and local farmers.

ACTION PLAN 5

Actions for Cultivating a Resilient Economy

According to the USDA farmers markets, community supported agriculture associations (CSAs), direct-to-consumer sales and direct-to-consumer marketing have all increased across the United States since 2009. Currently, local food systems represent about 3% to 5% of consumer spending on food but that percentage has the potential to reach 10%. A recent Connecticut study found that if 10% of consumer spending on food shifted to locally produced food, it would have a \$38 billion dollar impact on the economy. Under those assumptions, the state has implemented a series of buy local programs designed to further drive consumer spending.

In Rhode Island, Johnson & Wales University President Mimi Runey recently shared with the Providence Journal the university's efforts to help grow the city's thriving food cluster. She highlighted a few stats that show how Rhode Island's food cluster has grown over the last decade, contributing to the local economy:

- › Industries involved in "purchased meals and beverages" grew from \$1.6 billion to just under \$1.8 billion.
- › Industries in "accommodations" grew from \$286MM to \$416MM.
- › Jobs in food services and drinking places grew by 10%.
- › Jobs in accommodations grew by more than 8%.
- › Jobs in food and food-related occupations grew by 9.3%.

ACTION PLAN 5

Actions for Cultivating a Resilient Economy

Commercial fishing and seafood industry contributions to the Rhode Island economy vary widely according to the available economic estimates. The most current National Marine Fisheries Service (NMFS) econometric model estimates that Rhode Island's landings contributed to the State economy \$150.4MM in total sales, \$106.4MM in total income, and total employment of 4,968, all in 2010. Missing from the above estimates are the value of fish caught by Rhode Island home-ported vessels landed in other states, which was estimated to be about \$10MM (ex-vessel) in 2010, and assumed to have a similar economic impact at the harvester level as fish landed in-state. Additionally, fish shipped into the state for processing and value added distribution totaling 44 million pounds and was worth about \$30MM according to key survey respondents.

This section outlines some opportunities for Rhode Island's economy to become more resilient. Other opportunities are addressed within other sections of this plan, for instance, the action, "Adopt an energy policy that keeps Rhode Island competitive." The dual nature of that action, i.e. one that both creates a robust business ecosystem but can also cultivate a resilient economy, speaks to the fact that creating a truly resilient economy will require contemplating the role of each industry and each part of the economic development system. Ultimately, a more in-depth plan will need to conduct that level of analysis. For now, some more immediate, short-term actions are offered.

Actions for Cultivating a Resilient Economy

Accomplishments

- › Governor Chafee announced on February 20, 2014 that the Department of Environmental Management (DEM) is accepting applications for Local Agriculture and Seafood Act (LASA) grants, which will assist small or beginning farmers promote and market their agricultural products grown in Rhode Island, as well as local seafood businesses. This new program is made possible by \$100,000 of in-state funding that the Governor and the General Assembly included in the DEM budget. It also includes an additional \$110,000 in matching funds from the van Beuren Charitable Foundation, the Henry P. Kendall Foundation, and the Rhode Island Foundation. DEM is coordinating with the Rhode Island Food Policy Council to administer the program. This unique and unprecedented private-public partnership will provide grants intended to directly benefit and strengthen Rhode Island's local food system.
- › Rhode Island public agencies have been taking critical steps to prepare for climate variability and sea level rise – far too many to reference in this plan. On February 21, 2014 Governor Lincoln Chafee signed Executive Order 14-01 creating the Rhode Island Executive Climate Change Council to create a comprehensive approach to reduce Rhode Island's greenhouse gas emissions and prepare for the impending impacts of climate variability. Comprised of representatives from nine state agencies and departments, this will be a key step in aligning, leveraging, and strengthening their work. The Commission is scheduled to release its recommendations by May 1, 2014 that should be considered as part of the state's economic development agenda. The next critical step will be developing stronger partnerships with the private sector to ensure that their work supports the retention and creation of new jobs in Rhode Island.

Actions for Cultivating a Resilient Economy

Variables

- › The Federal Agricultural Modernization Act contains policies that will have negative impact on Rhode Island's farm community. As of 2014, the implementation of the Act has been put on hold as a result of concerns voiced by Rhode Island and other communities.
- › The Resilient Rhode Island Act of 2014 addresses climate mitigation, adaptation, and resilience. It makes DEM the coordinating agency for climate variability mitigation and the division of planning in the department of administration as the lead agency on climate variability adaptation.
- › Flood insurance rates
- › We are entering into a time of considerable change, defining a new paradigm, which means "new ideas" that have never been tested before. This is accompanied by an increase in some risk, though the risk is smaller than that incurred by not addressing the impacts of climate variability. Accepting this risk also presents opportunities that we would not otherwise have.
- › As federal funding streams shift, new and creative models for financing projects must be explored, such as Pay for Success and other evidence-based models. However, before implementing such models, policy changes would be needed at the state level. Work is being done in Newport to explore these options.

ACTION PLAN 5

Actions for Cultivating a Resilient Economy

Create a stronger and more resilient Rhode Island

Communities, regions, and states throughout the world are evolving their thinking about community and economic development in order to design more resilient communities and economies. Resilience is about people, communities, and systems being better prepared to withstand natural and manmade economic and environmental catastrophes so they are better able to bounce back quicker and emerge stronger. According to a report from the Rhode Island Nursery and Landscape Association (RINLA), “Rhode Island is the smallest state in North America but has the greatest diversity in terms of its agricultural production and plant-based industries.” This provides a unique opportunity to pilot and lead model efforts. These efforts will need to involve an array of participants including product and building designers, predictive modeling experts, testing and validation experts, manufacturers, researchers and more.

Currently, planning and development for the North End Innovation Hub in Newport is underway. This Innovation Hub development will be a planned research and development, technology commercialization transfer, and service center development project. Its focus is on resilience/climate variability, ocean, underwater and cybersecurity defense, and digital industries, their support sub-sectors, as well as ancillary financial, commercial, and retail/hospitality supports. The following action steps should be done in coordination with that effort.

Actions for Cultivating a Resilient Economy

Action Steps

- › **Align academic research around issues of resiliency.** Researchers from URI have already begun to work with other colleagues through the Climate Change Collaboration Team. Furthermore, EPSCoR funding will likely focus on addressing coastal issues related to environmental change, with an emphasis on the engineering and applied mathematics fields. New Orleans recently launched the Water Institute (<http://thewaterinstitute.org/>), which is utilizing an applied research and demonstration approach to the development of resiliency related products.
- › **Create test sites, both land/water and facilities to support piloting resiliency-related product innovation.** In addition to Rhode Island researchers and companies, Boston and New York City should be targeted as there has been a great deal of investment in resiliency-related efforts, but physical constraints inhibit their ability to prototype new products. Work is already underway in Newport to develop test sites. Ultimately, businesses using these sites should be supported to scale and export their resiliency solutions.
- › **Create a Resilient Economy Collaborative that can prioritize economic development-related actions.** The Rhode Island Foundation is convening an emerging “Stormwater and Green Infrastructure” coalition, which includes the Rhode Island Department of Environmental Management, the City of Providence, RINLA, the University of Rhode Island, and nonprofit groups such as Save the Bay, Conservation Law Foundation, Clean Water Action, and others. The focus is currently on developing a policy agenda and case studies. As “Stormwater and Green Infrastructure” are one key component of a resiliency strategy, this group could ultimately become a committee of a larger Resilient Economy Collaborative made up of private and public stakeholders and experts. Other subcommittees could include:
 - Coastal management and the ocean economy – engage existing industries, such as tourism, aquaculture, and marine trades, around preparing for the effects of climate variability;
 - Environmental technology – engaging technology companies to encourage development of sensors, energy efficiency and carbon reduction products and technologies, etc.
 - Infrastructure management – key infrastructure components such as roads, railways, and ports can be destroyed or temporarily inoperable due to major weather events. The infrastructure subcommittee can help identify at-risk infrastructure and coordinate infrastructure-related disaster planning and investments in order to improve safety and reduce a disaster’s economic impact to public and private organizations.

Actions for Cultivating a Resilient Economy

- › Define a role within Commerce RI that focuses on policy and practical business support around the “Green Economy.” Pending Rhode Island Climate Change Council action may guide the roles and responsibilities of this position.

Strengthen the Food Value Web to increase food-related jobs

The Food Value Web represents the continuum of growing, producing, processing, distributing, and selling food and beverages. Known as a “foodie” state, there are currently many encouraging efforts underway to promote local food in Rhode Island. Its farm-to-restaurant scene is thriving, efforts are underway to make farm-to-institution sales easier and more prevalent, and the Rhode Island Seafood Marketing Collaborative is working to increase the level of Rhode Island seafood sales and consumption. However, while the Rhode Island local food industry is experiencing growth, stakeholders have indicated that increasing the production and consumption of Rhode Island food products is still a significant opportunity for the State’s economy. Rhode Island has a strong direct retail market (e.g. farmers markets, etc.), but there has been little development of a wholesale market. Some demand exists among distributors for local produce (e.g. the Farm Fresh Mobile Market is seeing a steady increase of wholesale sales), but distributors can’t get access to local product. Farmers would rather sell via direct/retail channels because they can get a higher price for their produce. Increasing access to and availability of fresh produce throughout Rhode Island may also result in positive health outcomes for state residents, assuming that increased access leads to increased consumption. This can in turn produce positive long-term impacts in the form of reduced healthcare costs and increased worker productivity.

ACTION PLAN 5

Actions for Cultivating a Resilient Economy

Action Steps

- > **Increase access to land and water for agri- and aquaculture uses.** Revise zoning and related ordinances to support the reuse of vacant land and industrial buildings. Connect young farmers and retiring farmers. Support shellfish seabeds.
- > **Increase opportunities for institutional sales and ability of producers to fulfill orders.** Support investments in food processing equipment and facilities that enable local growers to provide products to institutional buyers (e.g. Farm Fresh RI received a USDA grant for a flash-freezing system. Increase public (e.g. state agencies, school districts) and private (e.g. tourism industry) commitments to local purchasing. Develop a cooperative model for product manufacturing to allow scale to serve needs both in-state and beyond. Connect food-businesses to resources at Quonset for storage and export.
- > **Formalize the Food & Beverage Industry within economic and workforce development systems.** Designate a point person within Commerce RI to identify and support federal funding opportunities (e.g. the Health Food Financing Initiative, and USDA and NRCS funds that often currently go unspent), connect local entrepreneurs to regional investors and technical assistance providers, convene industry and academic partners to develop needed business development programs, and ensure that other state agency's investing in the food & beverage industry do so in a way that prioritizes job creation. Create a Food & Beverage Industry Partner to work with the Governor's Workforce Board. This could be a new organization or an existing organization, but it should represent the breadth of food and beverage businesses in the State.

Actions for Cultivating a Resilient Economy

- › **Prepare the agri- and aquaculture industries for the effects of climate variability.** The main climate drivers impacting fish populations include changes in temperature, circulation, salinity, disease, invasive species, ocean acidification and food availability, all of which could affect the spawning and distribution of fish and shellfish causing changes in fishing. Changes in average temperature and rainfall will affect the types of crops cultivated in the Northeast, as well as reductions in milk and meat yields. Vulnerability and adaptive capacity assessments should be conducted for the agriculture industry, while Sea Grant, industry associations, and CRMC should partner to prioritize and plan for an aquaculture resiliency strategy.
- › **Identify and support opportunities for new business development in the food and beverage industry.** Organizations, such as the Social Enterprise Greenhouse, have supported the creation of many new food-based businesses in Rhode Island. These businesses are part of a growing local economy that holds great potential for the future of Rhode Island. New business creation should be supported through increased support of business development services and alignment of those services with other economic and workforce development programs.

Support efforts to improve resiliency of Rhode Island small businesses

It is critical for today's businesses to conduct and maintain disaster and continuity plans so that they are prepared for physical and market impacts of climate variability. Small businesses are particularly vulnerable to extreme weather events due to limited resources and the fact that they generally operate out of one location and serve the immediately surrounding area. After a disaster, the likelihood of a business reopening declines the longer it is not operating. Based on a December 2012 survey, small businesses are woefully unprepared for dealing with a disaster. The loss of these businesses can negatively impact a community through the loss of jobs, vital goods and services, and tax revenues, not to mention the cost of re-building, cleaning or demolishing facilities damaged during an event. For example, during Hurricane Sandy, "in New Jersey alone, nearly 19,000 small businesses sustained damage of \$250,000 or more with total business losses estimated at \$8.3 billion ... about 1.0% of New Jersey Gross State Product in 2012."

ACTION PLAN 5

Actions for Cultivating a Resilient Economy

Climate variability can also create opportunities or challenges for small businesses. Changing weather patterns can generate new or less demand for certain products and services (i.e., more air conditioner sales and service requests due to greater frequency of hot days). Fluctuations in the availability of inventory or inputs (such as agricultural products) can occur due to alterations in regional crops, transportation patterns, or global demand based on climate variability factors; these changes in market conditions can negatively impact a business.

Businesses will need resources such as knowledge, capital, and infrastructure in order to make the appropriate proactive changes to their operations and business model. During times of crisis, however, businesses, especially small businesses will need expedited access to services, capital, and equipment in order to increase their chances of recovery and survival.

A variety of business continuity and planning resources are available nationwide, including certification programs. Local organizations are also offering or have offered business continuity planning and assistance within Rhode Island. These include:

- › The Business Continuity and Resilience Project funded by the Providence Urban Area Security Initiative (P-UASI)
- › The Greater Providence Chamber of Commerce recommends business continuity planning resources on their website
- › Rhode Island SCORE & the Association of Contingency Planners (ACP) sponsored a Business Continuity & Disaster Recovery Planning 101 event in Warwick, RI in September 2013

ACTION PLAN 5

Actions for Cultivating a Resilient Economy

Action Steps

A localized response is needed in order to prepare Rhode Island small businesses for potential natural disasters, business opportunities, and challenges associated with climate variability.

- › Convene a **conversation among small business owners about preparing for climate variability** in order to increase awareness and to identify the greatest risks and opportunities (e.g. delivering recovery services).
- › Further study is needed to define these **risks and opportunities for prominent industry sectors** representing Rhode Island's small businesses.
- › Once these risks and opportunities have been identified, **business and government leaders need to work together to make sure the necessary resources, including capital, equipment, and knowledge, are available** to support businesses seeking to adapt.

Support climate research and innovation

Rhode Island's ability to harness the vast amount of climate variability research being conducted by Rhode Island colleges and universities, and develop that research into new products to help our economy mitigate and/or adapt to climate change, is something that goes beyond just one type of business or industry. Under the NSF EPSCoR grant, nearly \$40K million dollars of combined state and federal funds will have been invested by 2015 with an additional \$20K million requested for 2016-2021 around climate variability in Narragansett Bay. Narragansett Bay is a watershed of national significance and uniquely positioned at the convergence of two climatic zones making it one of the best places in the world to demonstrate how the effects of climate change are intense and detectable.

ACTION PLAN 5

Actions for Cultivating a Resilient Economy

Building on our “Ocean State” assets that include deep expertise in the natural sciences, engineering and art/design, we enjoy a broad range of possibilities for development of new products and services for both private and public sector use. Examples include:

- › Computer simulation for weather forecasting, insurance rate setting, track and trace of objects in water (chemical spills, disasters)
- › Communication tools/data narratives to explain climate variability
- › Autonomous aerial imaging (drones) to predict and track algal bloom
- › Autonomous coastal monitoring devices
- › Biofuels using marine plants
- › Sculptural forms/new materials for coastal habitat restoration
- › Marine disease management (vaccines, natural products)
- › Nano products to detect and monitor chemical changes in coastal and marine waters
- › Fisheries management
- › Culinary products (use of underutilized and emerging species)

Action Steps

- › **A new proof-of-concept fund** should be administered by STAC to support the commercialization of research around climate change.



ACTION PLAN 6



Promoting Greatness

THE CURRENT ENVIRONMENT

Promoting Greatness

In 1995, the general assembly eliminated the 27% portion of the lodging tax that was dedicated to statewide tourism promotion and directed it to the general fund. Funding for tourism became part of the newly formed Rhode Island Economic Development Corporation budget subject to the executive director's discretion.

Slowly, the \$3MM dollar promotional budget eroded to less than \$400,000 dollars. In addition, elimination of a dedicated funding source diminished the effectiveness of the division's statewide tourism promotional efforts. A dedicated funding source allowed for advanced planning and placement of a competitive campaign. Today, there is no opportunity for advanced planning and resources cannot be effectively leveraged, nor promotional efforts implemented, until the budget is passed in July. Missed opportunity is costing the state market share and a consistent and dedicated funding source is necessary to reverse the trend.

Rhode Island's tourism industry is a major component of economic development. An IHS Global Insights study estimated that visitors injected \$3.82 billion into the Rhode Island economy in 2012 alone (the last year of complete available data). Unfortunately, national economic trends and increasingly aggressive regional competitors have successfully pulled market share from Rhode Island. Visitor spending remains 5% below the 2007 pre-recession peak.

Considering that the tourism industry supported 43,000 direct and indirect Rhode Island jobs in 2012 (9.3 percent of the state's job base in 2012) and generated \$649 million in state and local tax revenue, Rhode Island risks losing an indispensable economic and job growth opportunity by not effectively competing for visitor dollars. According to the U.S. Bureau of Economic Analysis, the tourism industry is rebounding and many states are looking to improve performance as part of their strategic economic growth plans.

THE CURRENT ENVIRONMENT

Promoting Greatness

While Rhode Island possesses many strong natural and cultural tourism assets, other states are investing considerably more marketing resources to convince prospective visitors to choose their destinations. According to working group participants, the national average state allocation for tourism promotion is approximately \$10 million directed to state tourism budgets. Rhode Island's state tourism marketing budget is currently hovering at about \$500,000 annually, including staff. Influenced by expanded marketing efforts by other states, Rhode Island experienced a 12 percent decline in market share from 2007 to 2012.

As most businesses across the country recognize, marketing stimulates demand and the additional marketing resources utilized by competitors allows them to draw market share away from Rhode Island. If the state had maintained its 2007 market share levels, it would have generated an additional \$750 million for the state economy, 14,400 additional jobs and \$217 million in new tax revenue in 2012.

Accomplishments

Discover Beautiful Rhode Island is Governor Chafee's initiative that beautifies Rhode Island's gateways, integrates Discover Beautiful Rhode Island messaging throughout the State's tourism campaign collaboratively with regional tourism organizations, and coordinates the promotion of programs produced by state agencies under one single brand.

Actions for Promoting Greatness

Variables

Tourism is subject to impacts by the economy both within Rhode Island and abroad and is a very competitive environment.

Increase the impact potential of the tourism industry

Rhode Island can attract additional Tourism spending by focusing on a three-pronged approach:

- › Increase investments in Tourism and state asset marketing
- › Develop better coordination between tourism and business assets
- › Create a strong external brand and consistent messaging for marketing the state

If coordinated properly, tourism can continue to have and increase its economic impact in the state.

Action Steps

- › **Create a Steady, Predictable Funding Mechanism for Tourism Promotion.** To increase Rhode Island's market share and put it on par with other state budgets, a recommended tourism promotional budget for FY2015 would be \$3MM, with an increase of \$1MM for the following two fiscal years. In FY2017 policy makers must revisit the decision. Three possible funding mechanisms have been suggested for consideration by the legislature:
 - * Applying a state lodging tax to vacation home rentals.
 - * Implementing a \$1 per night assessment on all properties in which bed taxes currently apply, and
 - * Dedicating the portion of the state lodging tax that is currently appropriated to the general fund.

ACTION PLAN 6

Actions for Promoting Greatness

› **Develop a State brand and Interpretive story.** A state brand should be developed through collaborations with the State's tourism organizations. According to the latest thinking in branding, authenticity and brand names are not mutually exclusive; authenticity is beneath every brand name. Rhode Island should remain authentic to its people, places and history. A cute slogan will be weakly received. Conversely, a brand based on the DNA of Rhode Island will define the state in a way that is authentic while also differentiating it from others with lasting results.

- Encourage each segment of the Rhode Island community to carry the state brand throughout the world.
- Tourism promotion, manufacturing, health care, higher education, government, cultural and historical resources, food system production, and seafood production are some of sectors of Rhode Island that must carry the state brand on all collateral.
- Work closely with Brand USA as we promote Rhode Island to the world.
- Continue to promote Rhode Island's convenience, lower cost of living, quality of life, and access to the region relative.

As part of the branding process, the interpretive story of Rhode Island could be developed.

- Tell the story of Rhode Island's cultural activities focusing on ethnic, archeological, architectural, historical, entertainment, literary, and film history.
- Tell the story of Rhode Island's industries, e.g. Bioscience stakeholders expressed a desire to create a narrative/identity for their sector to integrate into the statewide story.
- Consult with the Narragansett, Nipmuc and Wampanoag nations about the most appropriate way to tell the story of the Native Americans in Rhode Island.
- Interpret Rhode Island's role in the development of the United States with tools such as the Independent Trail.
- Work with the Rhode Island Council for the Humanities to emphasize the role of Rhode Island's literary icons.

\$250,000 should be allocated for this exercise. Deployment of the Brand fits into the FYs 2015, 2016, and 2017 tourism budgets.

ACTION PLAN 6

Actions for Promoting Greatness

› **Promote internal coordination within and between tourism and other state functions.** If renewed funding for tourism is allocated the internal capacity of the Tourism Division should be bolstered in order to administer the branding and associated marketing efforts, as well as develop new financial partnerships in order to attract private financial support. Furthermore, additional staff is needed to support coordination between tourism and other state functions. Two positions, in particular, should be given priority: Industry Partnerships and Tourism Planning & Development. Many industries have their own branding and marketing efforts, which should be aligned and coordinated with the statewide efforts. Furthermore, industry partners can be key spokespersons for the state, if given the proper tools and assistance. Collaborating with Statewide Planning is also critically important given the need for infrastructure improvements to support tourism, and the place-based nature of tourism. For instance, if Rhode Island were to focus on developing a particular type of attraction (e.g. Louisville Live or the Baltimore Inner Harbor), a close partnership between planning and tourism would be necessary.

This partnership is also important for maintaining current assets. For example, a Tourism Planning staff person could work with regional tourism councils and private businesses to enhance the “user experience” for tourists, e.g. promoting the Jamestown ferry and running it more often, and addressing parking concerns. They could co-host a series of meetings with local municipalities and private businesses to fully define the highest priorities and develop solutions. Finally, collaboration with Statewide Planning should support industry planning for climate variability and its impact on the tourism industry.

ACTION PLAN 6

Actions for Promoting Greatness

Develop industry branding and promotion in alignment with state assets

Several industries play critical roles in developing Rhode Island as a tourism destination. These assets present an opportunity to diversify and expand upon the state's tourism offerings. Rhode Island's tourism and related organizations can leverage these assets to take advantage of changes in the tourism industry towards more experiential, educational, or history-theme tourist experiences. Water and Marine-Based Businesses, as defined by stakeholders in the Economic Intersection working groups, include those businesses offering products or services that relate to the water. Some examples include charter boat companies, boat repair companies, shell/fishing ecotourism, and other water-based recreational and tourism providers. Marine boaters from Rhode Island spent an estimated \$127MM on recreational boating in 2012. Of this total, \$106.7MM was spent in-state. Most of the remaining \$20MM was spent in Massachusetts or Connecticut. Promoting access to marine and water-based businesses would support further growth in this sector, and other unique drivers of the Rhode Island economy.

Rhode Island's coastal resources play a major role in the tourism industry, for example. In a survey conducted for the 2010 Tourism Strategic Plan, Beach/Water was the top tourism "product" that came to mind when thinking about Rhode Island. Finally, the quickly rising food and beverage industry is putting Rhode Island on the map. Providence was ranked #1 for Food/Drink/Restaurants in Travel + Leisure's "America's Favorite Cities 2012" and was chosen as the site of the nation's first food tourism conference in 2013 called Taste Trekkers. These industries need to have robust branding and marketing efforts of their own, but they also need to be closely aligned with the State's branding and marketing.

Actions for Promoting Greatness

Action Steps

› **Create a marketing strategy for the marine and water-based economy.** Stakeholders expressed a need to produce a comprehensive study detailing all of the different aspects of the marine-based economy that intersect with tourism, such as boat service, clam digging, or scuba diving. Each activity has a different target audience and accompanying message to be articulated. Furthermore, different organizations are responsible for outreach to these audiences, and will need to be engaged and aligned so that their individual marketing efforts are coordinated.

Though a comprehensive marketing study would help ultimately define the audiences and messages for promoting access to water, and water-/marine-based industries, some initial recommendations include:

- The East Bay corridor that houses businesses providing a continuum of boat building and repair services could be marketed along with the fact that there is no sales tax on boats in Rhode Island.
- Marinas could be marketed together with the surrounding businesses as “mini resorts”. Outlets for such marketing include national boat shows, RIMTA and Commerce RI do currently collaborate on regional boat shows, but there are additional opportunities in areas like Miami and Fort Lauderdale.
- Support RIMTA’s effort to create an app directory to promote access to water and to water, and water-/marine-based businesses, including access points, services, and weather. This could build off of the existing Rhode Island Department of Environmental Management (DEM) parks app. This app could be a beta to be implemented in other cities or states.
- Elevate the reputation of Rhode Island seafood locally, nationally, and globally. Local seafood festivals have been successful marketing tools and could be replicated more across the state. National marketing efforts could be targeted at Midwest audiences, as increasing their knowledge of how to prepare seafood will increase their demand and therefore export opportunities for local aquaculture businesses. Finally, several Rhode Island businesses have a global presence and could be engaged to identify opportunities to market Rhode Island seafood abroad. For example, the North Kingstown-based SeaFreeze recently attended the European Seafood Exposition.

ACTION PLAN 6

Actions for Promoting Greatness

- › **Create more awareness regarding Rhode Island's food and beverage industry.** Develop a coordinated marketing effort about growing and consuming in Rhode Island. The campaign should focus on connecting a face with the food. As part of the effort, refresh Farm Fresh RI's catalogue of local producers. Existing marketing campaigns, such as Made in RI and the Rhode Island Seafood Marketing campaign should consider expanding their definitions to include food and beverage manufacturing and all seafood purveyors based in Rhode Island, respectively. Again, those campaigns should be coordinated and aligned with the state brand.
- › **Coordinate efforts to promote Rhode Island to "captive audiences."** Promote Rhode Island business assets at conventions and meetings being held in the state. Introduce guests of colleges and universities to opportunities in Rhode Island; for example, local hotels and restaurants could offer promotions for parents during move-in and/or graduation.
- › **Create an 'ambassador' program (e.g. MyRI) of business and community leaders that can advance the State's reputation.** Appoint "Artists as Ambassadors" to represent Rhode Island's Creative and Cultural interests out-of-state. Train ambassador's in social media best practices to promote Rhode Island businesses.
- › **Engage Rhode Island's arts and culture community for placemaking efforts that showcase the state's assets and appeal to visitors.** Commerce RI Tourism and CVB's should convene a strategy session with RISCA, RICH, RIHPHC, RI Citizens for the Arts, Design X RI, and the historic/cultural site community to **utilize Rhode Island's art, design, and historic assets to feature and strengthen the marketing narrative about the quality of Rhode Island's art, design and historic resources.** RIHPHC and Commerce RI Tourism should work with cultural and historic site community to develop tourism products that have specific thematic appeal to targeted market sectors.

Promoting Greatness

Encourage foreign direct investment by promoting state opportunities

Rhode Island can offer international investors an opportunity to access its academic and industrial resources on a manageable scale. Many other states have demonstrated how support for international investment attraction can provide a significant return on investment. Rhode Island should invest in attraction of overseas businesses, researchers, and investors in order to grow the overall economy. Rhode Island does already draw international visitors who come to experience recreational opportunities. The State could showcase its attractiveness as an investment destination as well. Financial resources will need to be budgeted by the State to support the following action steps.

Action Steps

- › **Attract new businesses and investment** through partnerships with private sector representatives, EB5 Centers, and US Commercial Service's Select USA program. As part of this effort Rhode Island can target countries that may have an affinity for the state due to existing trade and supply chain activities.
- › **Explore the feasibility** of an overseas trade office.
- › **Promote Rhode Island's strategic location and infrastructure assets** (e.g. ports) to foreign companies who are looking for access points into the US marketplace.
- › **Establish a Foreign Direct Investment** program that identifies international companies to locate to Rhode Island. Explore how tax credits have been used in other states to support similar programs.

CONCLUSION

This document is designed to be a living resource and Commerce, RI and its partners will work to update the strategies and actions detailed here. The Ocean State can demonstrate its greatness and create economic, cultural and social prosperity for all its residents.

THANK YOU

Thank you to everyone who shared their time and thoughtful input during this collaborative process. The dedication and work represented in this plan are another significant step forward in Rhode Island's continued growth.

Special thanks to the Rhode Island Foundation for their leadership and partnership along this continuum.

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RHODE ISLAND COMMERCE CORPORATION

**MEETING OF DIRECTORS
EXECUTIVE SESSION
MAY 19, 2014**

The Board of Directors of the Rhode Island Commerce Corporation (the "Corporation") met on Monday, May 19, 2014, in Public Session, beginning at 5:00 p.m. at the offices of the Corporation, located at 315 Iron Horse Way, Suite 101, Providence, RI 02908, pursuant to the notice of meeting to all Directors, and the public notice of meeting, a copy of which is attached hereto as **Exhibit A**, as required by the By-Laws of the Corporation and applicable to Rhode Island law.

The following Directors were present and participated throughout the meeting as indicated: Governor Lincoln D. Chafee, Mr. Jerauld Adams, Ms. Maeve Donohue, Mr. Karl Wadensten, Ms. Judith Diaz, Dr. Nancy Carriuolo, Mr. Stanley Weiss, Mr. George Nee, Mr. Roland Fiore, Mr. Tim Hebert, Ms. Shannon Brawley, and Ms. Elizabeth Francis.

Directors absent were: Mr. Jason Kelly.

Also present were: Marcel Valois and Thomas Carlotto.

Upon motion duly made by Mr. Adams and seconded Mr. Wadensten, the following vote was adopted:

VOTED: That, pursuant to Rhode Island General Laws Section 42-46-5(a)(2) or (4) to enter into Executive Session to consider the approval of the Executive Session minutes for the meeting held on March 31, 2014.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Ms. Maeve Donohue, Mr. Karl Wadensten, Ms. Judith Diaz, Dr. Nancy Carriuolo, Mr. Stanley Weiss, Mr. George Nee, Mr. Roland Fiore, Mr. Tim Hebert, Ms. Shannon Brawley, and Ms. Elizabeth Francis.

Voting against the foregoing were: None

Members of the board, counsel and staff entered into closed session at 6:05 p.m.

1. TO CONSIDER FOR APPROVAL THE EXECUTIVE SESSION MINUTES FOR THE MEETING HELD ON MARCH 31, 2014

Upon motion duly made by Ms. Brawley and seconded by Mr. Adams, the following vote was adopted:

VOTED: To approve the Executive Session Minutes of the meeting held on March 31, 2014, and those minutes remain sealed.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Ms. Maeve Donohue, Mr. Karl Wadensten, Ms. Judith Diaz, Dr. Nancy Carriuolo, Mr. Stanley Weiss, Mr. George Nee, Mr. Roland Fiore, Mr. Tim Hebert, Ms. Shannon Brawley, and Ms. Elizabeth Francis.

Voting against the foregoing were: None.

There being no further business to come before the Board in closed session, upon motion duly made by Mr. Nee and seconded by Ms. Brawley, the following vote was adopted:

VOTED: To adjourn the closed session.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Ms. Maeve Donohue, Mr. Karl Wadensten, Ms. Judith Diaz, Dr. Nancy Carriuolo, Mr. Stanley Weiss, Mr. George Nee, Mr. Roland Fiore, Mr. Tim Hebert, Ms. Shannon Brawley, and Ms. Elizabeth Francis.

Voting against the foregoing were: None.

The executive session adjourned at 5:09 p.m.

Thomas Carlotto, Secretary

EXHIBIT A

RHODE ISLAND COMMERCE CORPORATION
PUBLIC NOTICE OF MEETING

A meeting of the Rhode Island Commerce Corporation Board of Directors will be held at the offices of the **Rhode Island Commerce Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island**, on **Monday, May 19, 2014**, beginning at **5:00 p.m.** for the following purposes:

PUBLIC SESSION

1. To consider for approval the Public Session Minutes for the meetings held on March 31, 2014 and April 21, 2014.
2. To consider, as may be appropriate, matters covered in the Executive Director's Report.
3. To consider for approval a contribution to the New England Clean Energy Council Cleantech Navigate Northeast Program.
4. To consider for approval the Report and Recommendation with respect to Economic Development Strategy presented by Fourth Economy.
5. To consider for approval the Rhode Island Commerce Corporation Annual Performance Report for Fiscal Year Ending June 30, 2013.
6. To consider for approval the Executive Session Minutes for the meeting held on March 31, 2014.*

* Board members may seek to convene in Executive Session to approve minutes previously sealed.

This notice shall be posted no later than 5:00 p.m. on Thursday May 15, 2014, at the Office of the Rhode Island Commerce Corporation, at the State House, and by electronic filing with the Secretary of State's Office.

Shechtman Halperin Savage, LLP, Counsel to the Corporation

The location is accessible to the handicapped. Those requiring interpreter services for the hearing impaired must notify the Rhode Island Commerce Corporation at 278-9100 forty-eight (48) hours in advance of the meeting. Also for the hearing impaired, assisted listening devices are available onsite, without notice, at this location.

Dated: May 15, 2014

TAB 2

VOTE OF THE BOARD OF DIRECTORS
OF THE RHODE ISLAND COMMERCE CORPORATION

JUNE 23, 2014

(With Respect to the Small Business Loan Fund Corporation Acting as the Administrative Entity for the American Recovery and Reinvestment Act Loan Fund)

APPROVED

VOTED: To authorize the Small Business Loan Fund Corporation to act as the administrative entity responsible for the administration of the American Recovery and Reinvestment Act loan fund, pursuant to the Resolution attached hereto.

Dated: June 23, 2014

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE RHODE ISLAND COMMERCE CORPORATION**

June 23, 2014

**(With Respect to the Small Business Loan Fund Corporation Acting as the
Administrative Entity for the American Recovery
and Reinvestment Act Loan Fund)**

WHEREAS, the Board of Directors has received information and a presentation regarding the Small Business Loan Fund Corporation acting as the administrative entity responsible for the administration of the American Recovery and Reinvestment Act loan fund.

NOW, THEREFORE, be it resolved by the Corporation as follows:

Section 1: Any two of the Chairman, Vice Chairman, Executive Director and/or Chief of Staff, acting in concert, shall have the authority to negotiate and execute any and all documents necessary to authorize the Small Business Loan Fund Corporation to act as the administrative entity responsible for the administration of the American Recovery and Reinvestment Act loan fund.

Section 2: This Resolution shall take effect immediately upon passage by the Corporation's Board of Directors.

RHODE ISLAND COMMERCE CORPORATION
PUBLIC NOTICE OF MEETING

A meeting of the Rhode Island Commerce Corporation Board of Directors will be held at the offices of the **Rhode Island Commerce Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island**, on **Monday, June 23, 2014**, beginning at **5:00 p.m.** for the following purposes:

PUBLIC SESSION

1. To consider for approval the Public and Executive Session Minutes for the meeting held on May 19, 2014.
 2. To consider, as may be appropriate, matters covered in the Executive Director's Report.
 3. To receive a presentation on manufacturing facilities trends from Ninigret Partners.
 4. To receive a status update regarding RhodeMap RI.
 5. To review and discuss the draft fiscal year 2015 budget for the Corporation.
 6. To consider for approval a solar project inspector vendor for the Renewable Energy Fund.
 7. To consider authorization of the Small Business Loan Fund Corporation as the administrative entity for the American Recovery and Reinvestment Act loan fund.
 8. To consider issues related to the litigation pending before the Providence Superior Court known as Rhode Island Economic Development Corporation v. Wells Fargo Securities, LLC, et al.*
- * Board members may seek to convene in Executive Session pursuant to R.I. Gen. Laws §§ 42-46-5(a)(2) or (4) to discuss this Agenda item.

This notice shall be posted no later than 5:00 p.m. on Thursday June 19, 2014, at the Office of the Rhode Island Commerce Corporation, at the State House, and by electronic filing with the Secretary of State's Office.

Shechtman Halperin Savage, LLP, Counsel to the Corporation

The location is accessible to the handicapped. Those requiring interpreter services for the hearing impaired must notify the Rhode Island Commerce Corporation at 278-9100 forty-eight (48) hours in advance of the meeting. Also for the hearing impaired, assisted listening devices are available onsite, without notice, at this location.

Dated: June 19, 2014