

**Small Business Administration**

**July 15, 2010**

**11:00 AM ET**

Operator: Ladies and gentlemen, thank you for standing by. Welcome to the RIC Webinar. During the presentation, all participants will be in a listen-only mode. If you would like to ask a question during the presentation, please do so via email. If you need to reach an operator at any time, please press star-zero. As a reminder, this conference is being recorded Thursday, July 15, 2010.

I would now like to turn the conference over to Christine Koronides from SBA. Please go ahead.

Christine Koronides: Hi. Thank you, everyone, for joining us today. I know there are a number of people on the call. We've heard a number of enthusiastic responses so far for our Clusters initiative, and we're very, very excited to talk to you all about the details. We know you have a lot of questions.

First of all, I'm Christine Koronides. I work in the Policy Office at SBA. I'm joined here by my colleagues, Jeff Luffler [ph], Mark Newberg, also in the Policy Office, who are working very hard on this initiative, and our Deputy Chief of Staff, Megan Burda [ph], who's overseeing this initiative. And we just want you to know you can find us and contact us if you have questions. We have an email inbox. We'll go over a few announcements right now before we get started, and then we'll go through the details of the proposal.

So first, as we're going along today, you can send your questions to [clusters@sba.gov](mailto:clusters@sba.gov). I know there's a chat box in the corner. If you could email your questions, though, we can better track them and make sure we've responded to all of them at the end of the session so we receive that, and we'll answer the questions. We've saved a lot of time for questions at the end of the call.

And if we haven't gotten to your question by the end of this Webinar, we will develop FAQs based on those questions. We'll respond to your emails, and we'll post everything publicly so everyone can see the answers.

There will also be an audio recording of this session available on SBA's website. And just as a reminder, the deadline to submit any questions about any issues related to this cluster contract is on July 23, 2010, at five p.m.

We also are intending to amend the Advanced Defense Technology RFP, and we'll make sure those are out there soon. Go to the next slide.

I want to quickly go over the timeline for this project. I know you all received pre-solicitation notices and then got a copy of the RFP, which went out on July 8. Today we're having a Webinar on our Regional Innovation Clusters solicitation. And on Tuesday, the 19th, we're going to be having a Webinar more specifically about the Advanced Technologies contract.

And if you're on the call now and really want to listen in on the Advanced Technology, you can get a lot of what you need from this call, but there will be some specific information that you might want to hop on the call on the 19th for. If you have questions about Advanced Defense Technology, it will be Monday--I think I said Tuesday before, I'm sorry--Monday the 19th. If you have questions about that, you can send them in now. We're going to answer them on Tuesday, and we're also going to follow up by writing on Monday. Sorry, I keep thinking it's Tuesday. Apologies.

The final RFP submissions are due on August the 16th, and we plan on making awards in mid-September and having the project start dates be by late September. So that's the basic timeline we're working from.

Now we're going to jump right into everyone's biggest question so far, which has been, "What is a cluster, and am I a cluster?" Well, let's go over some basic information. We've all been working here at SBA and across the federal government on Regional Cluster Initiatives. There's been some great work done by a number of regions across the country already who are specializing in industries and finding this is a great way to grow and create economic strength and create jobs.

For the federal government involvement, we have worked with the Department of Energy on an Energy Regional Innovation Cluster with Energy, the Department of Commerce, Department of Labor, and Department of Education. The Agriculture Department has issued a funding opportunity for clusters. I know the Economic Development Administration is working on tools for clusters.

We're trying to bring all of these opportunities together. This is FDA's cluster initiative, and we'll be, our federal partners know about this initiative, and they will be working on similar ones, and we hope that you're all engaged in all of them as well.

So what is a cluster and why is SBA launching a cluster initiative? SBA is looking at clusters as a way to accelerate small business opportunities in existing regional clusters across the country. We're focusing on two programs. We'll have a general regional Innovation Clusters Program and then a more specific Advanced Defense Technologies Cluster Program. And that will be for clusters that are similar in nature and structure, but are really, their targeted industry happens to be in advanced defense technology or a technology with defense applications.

And for that, we'll be leveraging our partnerships with the Department of Defense to better understand the possible applications of technology and make sure that we're working together to develop the clusters.

We are aiming to work with 10 to 15 clusters from across the country across these two initiatives, and that will be for 2010. We'll have an additional one-year option for 2011. The price for the base term and option should not exceed \$600,000 per year.

So we're really hoping, and we know that from research, that clusters will create and follow roadmaps that will enhance the region's ability to compete on a national and global scale and attract businesses and create jobs. And SBA will be supporting, through

this initiative, targeted assistance for entrepreneurs and small businesses in cluster regions to increase their opportunities.

So as we've been talking through--the main question we've gotten from all of you so far, and I want to make sure we take time to cover this, is what is the eligibility criteria for a cluster, what's a cluster? So the definition we've been working with is listed out here. "Geographic concentrations of interconnected firms and supporting organizations that draw productive advantage from mutual proximity and connection."

We've seen on-the-ground examples from all of you that innovation clusters identify active channels for businesses, draw on expertise of universities, colleges, research organizations, government programs, and develop economic strategies for their regions that integrate technology transfer, commercialization, innovation, and link that up with business growth and job creation.

From all the research we've seen and all the evidence we've seen from all of you, clusters really do stimulate economic growth, and it comes through in business creation, job creation, higher-paying jobs, and more robust regional economies, which are critical things for the country at this time.

So getting more specific on defining what is an existing regional cluster, which is what we're looking for in this particular initiative, there are three things that we can help demonstrate an existing regional cluster. One, a geographically bounded area which may cross municipal, county, or other jurisdictional boundaries, but there's some sense of cohesion and organization geographically. Their partnerships often encompass universities, government research centers, other research and development resources, and labor and education groups and business groups. All of these entities can be really key partners in a cluster.

The purposes, these clusters leverage the region's unique competitive strengths, and they find ways to nurture businesses, including financing, business-to-business sales, education, and workforce development. And there should also, as part of a cluster, be networks with local governments, financing agents like venture capitalists or private banks or investors, labor organizations like workforce investment boards, nonprofit organizations that could be key to economic or community development, and higher education or research organizations and other public and private entities.

So hopefully, I answered some of your questions on that. As we move forward, this will get into a little bit more about what SBA's looking for in the solicitation that you've seen.

So we're looking for offers from entities that lead regional cluster projects. This could be clusters, I know, are organized in different ways and different places. We have found that there is usually a lead organization, a planning group, or a key stakeholder or partner that collaborates and facilitates collaboration between the cluster groups.

So we're looking for an offer from those lead organizations, and we're interested in proposals that support the growth of an existing regional cluster, demonstrate strong, regional, bottoms-up support, they are market-driven, show a high potential for success, involve public and private partnerships, and align federal resources with existing state and local resources, and that create opportunities for economic growth in communities.

That's who we're looking to get these offers from, and we're looking in the proposal that you all send in to us, we're looking for offers that address how you'll provide at least one of these following services. I'm going to list these off, and one of this list should definitely be in your offer--business training, business counseling, mentoring, technology

transfer counseling, commercialization of existing research and development, export readiness, support for underserved communities, and other services relevant to small businesses.

So this is really, for where the Small Business Administration, these are the services we want to see for small businesses in cluster areas to facilitate their growth and development and inclusion in clusters in their small businesses. Most of the businesses start small, and they create most of the jobs in the country and employ most of the people.

So we're looking for ways to make sure that small businesses are a key part of a cluster area. And in addition to one of those items we just went through, offerors should also address how they'll link small businesses with technology development and financing opportunities in the area.

So we really see this Clusters Project as a way to facilitate opportunities for small business, and that could be through events or initiatives that help manage business growth, that builds customer bases, builds networks and partnerships among and between businesses, and exist in market development for small businesses. And again, we're looking to see proposals that facilitate the opportunities for developing and starting new businesses and accessing new resources and markets.

So that being said of what we're looking for, the way we will evaluate the offers that you all send in are according to a number of factors that I wanted to go through, and please keep sending your questions, and we'll clarify.

The first factor is going to be looking at the qualification of your group as an existing cluster. So we're looking to make sure that you're an established regional cluster and the lead entity, or part of an established regional cluster with a defined management structure and the authority to really bind the cluster that you're working with to deliver the services that we're looking for, for small business opportunities.

We're looking to make sure that the offeror is recognized as a key--sorry, something's beeping in our room here. We're looking to make sure that you're recognized as a key partner or that the key stakeholders, that those key partners and stakeholders in the cluster recognize the offeror or the group that's sending us the application as, they recognize them as the lead entity.

We're also looking to see that the group that's sending in the offer currently represents and convenes and has a history of representing and convening the different stakeholders in the designated region for the cluster. We want to also see that you're devoted to implementing a strategic plan for the region, centered on a particular industry, technology, or product.

We've put together a table--this is also in the RFP--that shows what documents that we listed as necessary to the offers, what documents support which subfactors. So the four factors I just went through, all of these documents support either one or more of those factors, and it's just listed out here.

We want to make sure we see your mission statement that supports all of the things we talked about, a list of your partners and stakeholders, you need a DUNS number, outline of your management structure, regional strategic plan, tax status, and the year you were founded.

We're also looking to see--recommended documents that further support these items are articles of incorporation or bylaws--something to demonstrate how you operate as the lead entity of the cluster. And to demonstrate your partnerships, any memorandums of understanding or letters of support. A list of your board of directors that shows inclusion from these different groups would be really helpful, and the principals' biographies and work in clusters before.

So Factor 2, looking at the technical approach, so looking at, when we're looking at what you say you're going to do to help small businesses succeed and grow in your cluster, we're looking to see that the technical assistance, any technical assistance that's included in your proposal, meets documented market gaps in your region, that it will have measurable, reportable, and effective outcomes, that you'll have the ability to deliver the services in the region, and that you've engaged partners in delivering these services and supporting the cluster efforts in general.

We're also looking to see broader outcomes of the economic benefits for small businesses, the economic benefits of innovation, and the economic benefits for the regional economy.

In order to further evaluate the technical approach, we want to make sure that you've written in your proposal that you can demonstrate the commitment and competency and track record of the personnel in your team to deliver these services. And we'd also like to see a commitment to underserved markets, a very important mission for SBA to make sure that services are reaching the areas.

On the next slide, further, our next evaluation factor is experience. We'll be looking to see demonstration of a cluster organization and a clear write-up of the focus area of your cluster. Most clusters we've talked to and seen have mapped out their existing regional assets. We'd like to see some discussion of that, knowledge of the financing organization, the manufacturing capacity, the research capacity in your areas, the assets that can strategically be used and leveraged in your cluster effort.

We do want to see demonstration of the experience of your cluster partnerships based on and in place that you've accomplished things together, and some documentation of the cluster needs--what are the gaps that this program can help you fill?

Further, we'll be looking at past performance. Again, we're targeting existing clusters that have gotten started and been working together. Any discussion of your past performance of recently completed projects in the past two years would help us evaluate your capabilities and your past performance.

In this section, if you could also discuss any efforts you've had and any experience you've had in complying with federal, state, local laws and regulations, how that's worked in your cluster area, the quality and timeliness of your work, reasonableness of the price, cost and claims on your budget, and the reasonableness of the partners willing to cooperate and solving problems together.

Okay, so that's just the basic sense of the Request for Proposal that went out. I do want to focus a lot of our time today on questions and answers. You guys are sending in questions. I know we have a bunch already.

I'm going to start with what we did with the questions that came in before the Webinar. I'm trying to make you a Frequently Asked Questions that we've pulled together, and we'll be posting these and others. I'm going to start with those. Please keep your questions coming. Again, you can send them to [clusters@sba.gov](mailto:clusters@sba.gov). You can send them

now. We've got some folks here in the room with our computers looking at that email inbox, and they're going to be reading the questions, and we'll start answering them now.

The ones that came in before, we've got, "Where can I find a listing of SBA clusters?" Again, we're working with existing clusters and we've outlined how we'll be looking for a demonstration of an existing cluster. We don't have a list of existing clusters, and we won't be providing a list.

"Who can tell you if you're an existing cluster?" I hope that the definitions we walked through and the qualifications will help you decide whether you're an existing cluster, and in your offer prove to us that you're an existing cluster. We will not be able to assign or review this and tell you whether you're an existing cluster before your application is submitted.

So please use the guidelines. If you have questions about the guidelines and how to document what you're doing according to the guidelines, please keep sending them in, and we'll keep answering them.

"How can we be certified as an existing cluster?" There isn't right now a certification for a cluster existent. So again, if you go back to the list of qualification we came out with, those are the best-developed list of qualifications that we and our other partners have really seen define a cluster. There's no certification, so please look at those definitions and make sure that you're aligning your experience and your expertise to those.

"Is that true that we can apply only as a Regional Innovation Cluster or an Advanced Technology Cluster?" Yes. So we are only taking applications for offers for one cluster initiative or the other. So if your industry focus is in an industry area with defense applications and you'd like to be part of the Advanced Technology Defense cluster, apply for that one; don't apply for both.

If you're a broad industry in another topic, energy efficiency, or that actually may have advanced--whatever--if you are already in an area that you don't think has Advanced Defense application or you don't want to be part of that specific a cluster, please apply for the Regional Innovation Cluster. Please don't apply for both. And again, we're having a call on Monday to talk about Advanced Defense Technology. You're welcome to come on that call as well, or that you know in your questions.

"Is there a formal designation of cluster type?" No. So the industry focus areas, just determine for yourself if they're a better fit for Regional Innovation Cluster or for Advanced Defense Technology.

"Can a nonprofit be the lead for a cluster proposal?" Yes. So any entity, including a nonprofit, meeting the requirements of our RFP, is eligible to be a cluster lead. And again, we're looking for a demonstration that the entity really is the cluster lead and has a history of convening and facilitating opportunities within the cluster.

"Is you're a nonprofit, university, or government entity, do you have to submit a small business contracting plan?" Yes. All offerors other than small business concerns, so if you're a university or a nonprofit or a large business, you need to submit a small business subcontracting plan. For more information on that, you can look at the FAR Section 19704, and again, we'd be happy to take any questions.

Okay. All right, so we've got a stack of questions coming in. Okay. "Will the slides be available after the meeting?" Yes, and they'll be posted at [www.sba.gov/clusters](http://www.sba.gov/clusters), and on that area of our website, you can find everything about this its, and we'll be building it out

and filling more in, in the coming weeks and as we go along. So this will be there, the RFP is up there, the dates for the ADT, the Advanced Defense Technology Webinar is up there, and please feel free to come to that section of the site.

"If an offeror submits," we've got a question, "If an offeror submits their proposal early, will there be early awards?" And the answer to that is no. We're going to be giving the awards at the same time. And again, the timeline for that is mid-September, and the deadline for submitting your offer is August 16.

So the question is, "Will the small business development centers be able to bid on the RFP?" Again, we're looking for the lead entities of a cluster area, and we've given you the criteria of what that means. So if someone is a lead entity of a cluster area and meets the criteria and our evaluation factors that we set out, that's what we'll be looking for to see if you're eligible.

"What if you're a regional economic development organization that represents six cluster areas for a large region? Should we only submit one, or can we submit all six?" Again, we're looking for lead entities from a cluster area, and if you have, each offer should be for one cluster, to support one cluster. So I would, we are looking for an offer from the cluster lead to support a cluster.

Unidentified Participant: Another question is, "Do 501(C)(6) organizations qualify for this grant?" The answer to that is yes.

Christine Koronides: This is not a grant; it's a contract. So you'll be sending in offers to respond to our contract or Request for Proposals. Just to be sure that that's perfectly clear--this is not a grant.

Unidentified Participant: Okay. "How specific does the industry for the cluster have to be?" Typically, clusters have a, based on the academic literature, clusters typically have a strong primary industry and there could be several supporting industries involved. From our perspective, we outline our criteria in the RFP, and we can't really say anything more about that. And as far as the definitions of what we're looking for, we outline them there.

Christine Koronides: We've got a question, "How will the regional clusters be delineated? The organization that I represent is the lead participant in our regional cluster. However, there are numerous other organizations that would also qualify. Will applications that overlap from the same region be disqualified? May we only submit an offer under one program?" So let me answer that last part first--yes. You may only submit an offer under one program, the Regional Innovation Clusters or the Defense Technology Clusters.

For the longer part of that question, I think if you're in a regional cluster, you should be working together for one cluster award under this program.

While we haven't decided that there can't be more than one application from the same cluster from different groups, I think it would seem a little inconsistent with the criteria we've laid out for accepting an application from the lead entity that's demonstrating that the cluster is working together.

"Can a region submit more than one cluster proposal?" If you have two different industry areas and there are two different Regional Innovation Clusters in that region, there is no reason why you couldn't submit two different proposals.

"Is there a focus for the regional clusters? For example, particular technology, or would a business cluster like consumer marketing fit your objective?" I think, as we went through

in the criteria, we are looking for clusters with a targeted industry in the region, and definitely, there has been a track record of success for regional innovation and growth when a region focuses in a targeted industry or area.

Unidentified Participant: Another one is, "Would you accept a joint application--government agency and nonprofit, for example--if they can demonstrate cluster leadership?" The answer to that is yes.

And another question is, "Can you please provide examples of existing clusters?" We will provide some links to studies and such that have, on our website, so you can check back to that later.

Christine Koronides: And the typical examples of clusters that people have out there that might be helpful in your thinking are the software industry in California. These are the big examples that are coming to mind. There are a lot of other ones. I know SBA Administrator Karen Mills has a real compelling story about the cluster she helped work on when she was in Maine, and they revitalized their boat-building industry through a partnership with a university in developing advanced materials that they used to make lighter, stronger boat hulls. So there's a Maine boat-building cluster that's cutting edge around a particular technology.

Those are just some examples. There are many more. And we'll make sure that you all have some more information about that.

"So what means of activities will SBA prefer to fund? Are there budget items that are strongly preferred, frowned upon, or excluded?" So let's go back to, in the presentation, I think we talked about the services that we're looking for in cluster areas that support small business growth and development. And those services are business training, counseling, mentoring.

We know that some of the best ways to help small companies launch and get off the ground is through linking them up with seasoned entrepreneurs who have expertise in managing firm transitions through different stages of the market and mentoring. That's what we mean by mentoring. Technology transfer counseling, I know a large part of what we've seen in clusters that are successful is that they're utilizing new mining technologies in the area from universities, from research centers and other places, and making sure that those technologies aren't sitting in the (inaudible) labs, but being commercialized and being developed by businesses and being brought to market.

So counseling and training and activities around commercialization are important things that we're looking for. Export readiness counseling once the technologies and materials are commercialized and manufactured, making sure that folks know how to export and how to develop their markets more broadly. And again, support for all of these things in underserved communities, and looking for other services that you all feel, on the ground and in your cluster area, are relevant to small business residents and can help them.

"Is match required?" Again, no, this is not a grant; it's a contract.

Moving on to the next question, "How many awards will be made, and what's their geographic distribution?" As we outlined earlier, between this initiative and the Advanced Defense Technology initiative, we're looking to award between 10 and 15 cluster contracts, and they will be to the most competitive clusters that we come across, across the country.

I've got another question. "The RFP states that proposals should come from existing regional economic clusters. Can regional economic development organizations representing multiple counties and municipalities or existing business conglomerates

apply? Must they already have official designation as a cluster?" I think we just went through this. There is no official designation or certification of what a cluster is. We've outline, to the best of our ability, the criteria that we're looking for, and we hope you can, in your offer, demonstrate that you meet that criteria.

Do you have more questions? All right, they're coming in. "Will we receive the Power Point?" Yes, it will be up on the website on [sba.gov/clusters](http://sba.gov/clusters). Any other questions?

Unidentified Participant: "How many pages should a proposal be?" We outline that in the RFP itself.

Christine Koronides: What's the page, what's the answer to that?

Unidentified Participant: Many different sections have different page limits. Some don't have any at all.

Christine Koronides: So there are page limits for different sections of the application that are outlined in the Request for Proposals, so please follow those.

Unidentified Participant: Table 1, page 28.

Christine Koronides: So on page 28, Table 1. More questions? "If our organization is a lead offeror on a regional cluster proposal, can we be a co-applicant, but not a lead organization, on the defense proposal?" Okay, people are getting very specific about this. I think we'll answer these kinds of specific questions offline.

I think the general point is, your cluster is either going to make an offer through the Regional Innovation Clusters program or through the Advanced Defense Technology program. I know that there are several in, a region may have both. They may have clusters in both areas, and they may apply to both, or different cluster initiatives and partners may overlap, and we understand that partners may be on more than application, but it should really--or more than one offer--should be really one cluster should know where it sits, either in Regional Innovation or Advanced Defense.

"For purposes of the Regional Innovation Cluster, how does SBA define small business?" So I know we have a number of ways we define small business, and usually it's, the rule of thumb is under 500 employees. We have detailed five standards from SBA that on an industry-by-industry basis define small business.

I think, in your offers on how you're going to serve small business, you can demonstrate to us what small businesses are in your areas. I think that a generally acceptable rule of thumb is businesses under 500 employees.

Unidentified Participant: Another question is, "Can a successful applicant require cluster member firms to join the cluster group and pay a membership fee?" The answer to that is, that really only matters between the participants. It's not for us to say how the cluster is organized or funded.

Christine Koronides: "Can a state government agency apply?" Yes, if that entity is a cluster lead, it can definitely submit the offer from the State Economic Development Agency.

"Would we be allowed indirect rates?" Sorry, this a contracting kind of question. There is no specific limit or amount for that.

"Can a university submit a proposal on behalf of a lead entity when approved by the entity?" Yes, definitely. We have definitely discussed that and envisioned that here, that a lead entity or key stakeholder might need--a lead entity in some cluster area might not

be incorporated in a way that facilitates submitting an offer, and in that case it would definitely be appropriate to leverage a key stakeholder that is.

Unidentified Participant: And we're still getting a number of questions that ask for, "Will the Webinar slides be available?" Yes, they will. We can't stress that often enough.

Sorry, we're getting these as they come in.

Christine Koronides: Okay, "If we're putting forth a Regional Innovation Cluster application as the lead organization, can we also support another organization applying for an Advanced Defense Technology cluster?" Sure, as long as it's not the same cluster.

"How is an underserved market defined? Is that considered to be mostly urban areas? Would Appalachia qualify?" Yes. So underserved markets for SBA are areas that can demonstrate employment or poverty SUs. They're not limited to urban areas. There are definitely rural underserved areas and we, in our other programs, look at rural areas as underserved markets. Appalachia could definitely, I'm sure you could demonstrate that you qualify.

Unidentified Participant: "Via the cluster qualifications, can you better define the term, 'has the authority to bind the cluster' as well as how you define or how we can qualify to define ourselves as an established cluster? In other words, is that up to us to decide?" So essentially, the offeror will be the prime contractor delivering the services. The offeror must demonstrate that it has the support and cooperation of the cluster. That's what we're looking for, and that's all of the documents that we ask for and all of the questions that we ask and the way that we're evaluating it in that section, that's what we're looking for there.

Christine Koronides: So yes, just to expand on that a little bit, looking to make sure that the lead entity that says it's going to leverage certain partners to create opportunities for small business and to make sure that they're receiving services like training and counseling and facilitating opportunities, we're going to make sure that that entity has the capacity to follow through on those statements and commitments.

Unidentified Participant: There's another question, "Can you please clarify that funding is \$500,000 per year?"

Christine Koronides: \$600,000 per year.

Unidentified Participant: We can most certainly clarify. It is \$600,000.

Christine Koronides: Up to.

Unidentified Participant: Up to two years.

Unidentified Participant: Up to one year.

Unidentified Participant: \$600,000--

Christine Koronides: Per year, based on need. We've got another question, "Would you consider a proposal where the lead offeror is an entity legally formed for less than one year?" And again, yes. We don't have any restrictions on that. We do have our requirements and criteria, so as long as that lead entity meets those criteria, it should be qualified.

I've got some other questions here. "Can a cluster which is set up on a national level, based on a specific technology, be subdivided into a regional cluster by geographic area and considered qualified to submit a proposal?" I'm not sure I fully understand that one,

so we can try to answer that offline. I believe that what we're looking for is existing regional clusters should be bottoms-up formed by the community as a regional economic strategy for growth and development. So that may or may not work, and I'm not sure, and we'd be happy to follow up a little more offline.

"How many years will the funding be available, and is ongoing funding automatic?" So right now--that's a really good question. Right now we are working with one-year funding. We'll be making 2010 awards. And again, that first year is up to \$600,000 per cluster. We are allowing applications or offers with one-year options, and that will be at government discretion.

"When you refer to the RFP," sorry, this is a new question, "When you refer to the RFP as a contract versus a grant, what does that mean exactly? Can you talk us through how that would work?" Sure. So the same cost principles will apply, but the contractor, this isn't--it's just not a grant, it's a contract. We're issuing a Request for Proposals, SBA's contracting for services to small businesses in cluster regions with you all, who are offering your services to SBA on contract. It's not, it's not a grant.

The thing that might be different is under this contract, the same cost principles apply. The contractor will invoice SBA after it provides the services, and we'll provide more details on how the contracts will work shortly on the website for you all.

"How long must a cluster have been organized in order to qualify?" And again, we don't have a specific limitation on this. We're just, we outlined our criteria and our guidance for existing clusters. We did not say how long you'd have to be existing, but to be existing and have a strategic plan and the other documents that we've mentioned.

"Can a Regional Innovation Cluster application cover support in multiple industries at once? Examples you have used so far are single industry." That's a good question. It really depends on the region and the cluster that's there. What we've found from talking to practitioners and from best practices and from the people that we've met, is most clusters do focus on one technology. There may be a cluster with more than one technology, and we certainly would be willing to entertain that if it's in an offer.

Another question, "I'm part of the Chamber of Commerce, which has less than 500 employees and seems to qualify as a small business by your definition." Again, you're probably a nonprofit, so you're not a small business. "Does this mean that I can apply directly without a subcontractor?" Also a good question. The size standard for this procurement is \$7 million, so an entity needs to submit an offer--so any entity can submit an offer if you represent an existing cluster.

I know we talked about small business subcontracting plans, and we'll get back to you on that. I think their question was whether or not they would still need a small business subcontracting plan.

Unidentified Participant: Yes, if you qualify as a small business on this, you would have under \$7 million in annual revenue. You also have to be for-profit to be a small business under our regulations.

Christine Koronides: Okay. More questions?

Unidentified Participant: And again, any questions that--right now we're answering questions that we are able to. Any questions that we're not able to answer right now, we will post on the website and we'll send direct.

Christine Koronides: Okay, I've got two questions here. "Do you give preference to geographically large cluster areas, and do you give preference to those clusters in densely populated areas?" Also good questions. The answer is no. We've not outlined any preference in our criteria, and we will not give preference to large or densely populated areas.

Other questions coming in?

Unidentified Participant: Still getting questions about the slide deck.

Christine Koronides: So a popular one. Slides will be available on our website shortly. I've got another question. "Will you fund more than one cluster group per state or region? Can you apply for and possibly be funded for both RIC and ADT?" Okay, I think we've answered the second, that you can't. But yes, you could--we will be looking at a broad range of competitive applications from a number of areas across the country, and we certainly have not limited the possibility of funding more than one in a particular region or state.

Unidentified Participant: "The technical proposal section requires an experience section and past performance section. Is this information only required for the lead organization or the offeror, or is it also required for partners who may subcontract part of the work?" This is for the lead organization about its past experience and past performance with the cluster.

Unidentified Participant: It's required for the prime contractor offeror, but you can submit information on your subcontractors to demonstrate those things as well, I believe.

Christine Koronides: Okay, we've got another one. This is a good question. "Does an existing Regional Innovation Cluster, must that cluster be geographically bound? Is SBA open to the idea of working with virtual clusters or a cluster that's not bound by geographic limits, and the firms can be located anywhere?" I think we've put forward that this initiative is based on Regional Innovation Clusters that do have some sense of geographic cohesion. However, not all partners must be located in that region. There's certainly best practices and examples of working with partners and businesses that are virtual clusters, and it wouldn't automatically disqualify an offer under this program.

Another question, "Is the contract on the federal fiscal year?" The answer is yes. We are on the federal fiscal year, and fiscal year 2010 ends at the end of September in 2010. So we're on a tight timeline for our fiscal year 2010 initiative.

Another question--.

Unidentified Participant: I'm going to say this because I don't think Christine would. I'm sure you are feeling stressed, but you are doing a great job, and this is very helpful.

Unidentified Participant: That one came in about 15 minutes ago; we're just getting to it.

Christine Koronides: Thank you, guys. "What can funding for Regional Innovation Clusters be used for? Is it specific projects only? Are there general operating costs of a cluster? May we include for a business incubator staff member, as an example? This is a good question. And I think what we've outlined, and I've already gone back to them once, so on Slide 8 of what we're looking for the services that would be provided, we've not really limited your thinking on how those services are provided or what's needed to provide them. So we'll be reviewing the plans that you send in on how you will, in your region, to the best of your capacity, create a plan and a project that supports business training, counseling, mentoring, tech transfer, commercialization, export readiness, underserved communities, and other services relevant to the small businesses in your area.

Again, the costs and what you're telling us you're going to do with this award needs to be linked to those items. So that would probably eliminate general operating costs of a cluster. I just want to make that clear. We haven't set any limitations on what you tell us, the pathway you're going to take to deliver these services, but we do need to see that all the funds that we would contract to you are to be used for these types of services that target small businesses. I hope that's helpful.

Unidentified Participant: "You mentioned you'd be willing to discuss my specific question which was sent in earlier offline. How do I do that? Can I call in to someone, or do I need to send an email to get clarification?" We'll be answering the questions and posting them on our website, again. So we need to just go back and--.

Christine Koronides: This is why we asked you guys to send them by email, which is really helpful, and we'll be getting back to you.

Unidentified Participant: Yes. And why we asked to send the questions ahead of time. "When will a contract award be made?" Right now we're targeting early to mid-September, really mid-September, and work needs to begin by the end of this fiscal year, by the end of September.

Christine Koronides: We've got a few more here, and I know we're coming to--yes, okay. So this is our last one. Let's wrap up. "Whose regional plan, is there an SBA document we can acquire, economic development regional councils or the regional cluster plan?" I believe when I was speaking earlier about the plan that we're looking for, we're looking for the Regional Cluster Plan. You can submit that with your offer, the demonstration that you are a regional cluster and you have a plan for the industries and services that you're targeting. That would be great.

Okay, I want to thank you guys all for your time. I know we've got more questions. We will, again, be posting the slides, some fleshed-out frequently answered questions, including all of these, on our website very shortly. Please check back at [www.sba.gov/clusters](http://www.sba.gov/clusters), and again, feel free to send any questions, anything you need to know, to [clusters@sba.gov](mailto:clusters@sba.gov). And you've got to get all those questions in before July--.

Unidentified Participant: 26th.

Christine Koronides: 26th--23rd.

Unidentified Participant: 23rd.

Christine Koronides: 23rd. We're going back here. July 23rd at five is the deadline for submitting those questions. We want to make sure that this is a competitive and fair process. We'll be answering questions publicly. They'll be posted on our website. Everyone should know the same amount of information.

Unidentified Participant: And that's five p.m. Eastern Time, so if you're out in California or Hawaii or somewhere else--Eastern Time.

Christine Koronides: Thank you. So thanks again for your time, and we're really, really, just couldn't be more happy with the turnout for this call and the interest you've all expressed so far. We look forward to working with all of you, and please let us know whatever questions you have. Thanks again.