

Board composition

- ▶ **Eligibility:** All Members in good standing can serve.
- ▶ **Industry Representation:** Cross-section of the industry.

Ensuring the Board is Representative of the SMS/800 User Community

All Members have the opportunity to serve on the new Board on a rotating basis

50%

Classes of Members based on volume

38%

Other

11%

No need to achieve a cross-section

2%

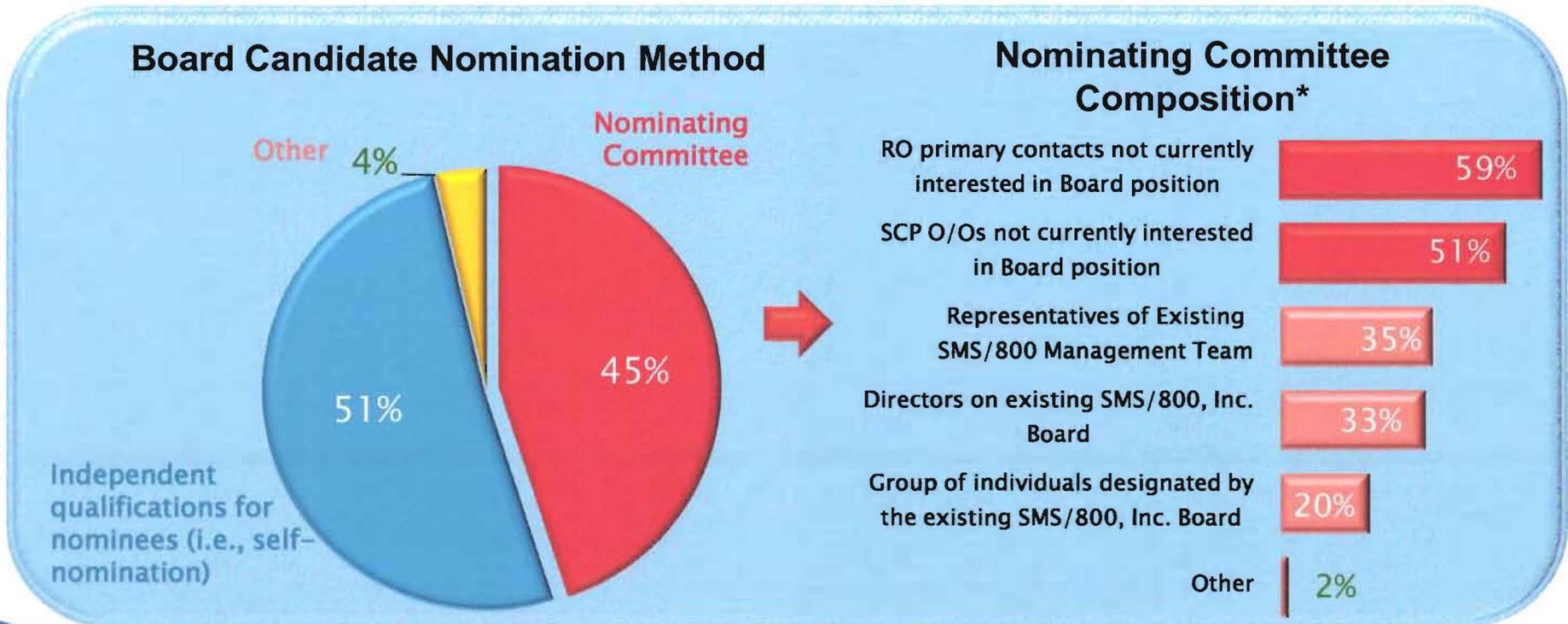
Board composition

- ▶ **Qualifications to Serve:** Willingness to commit to Board *and* history with SMS/800.



Board-Director nominations

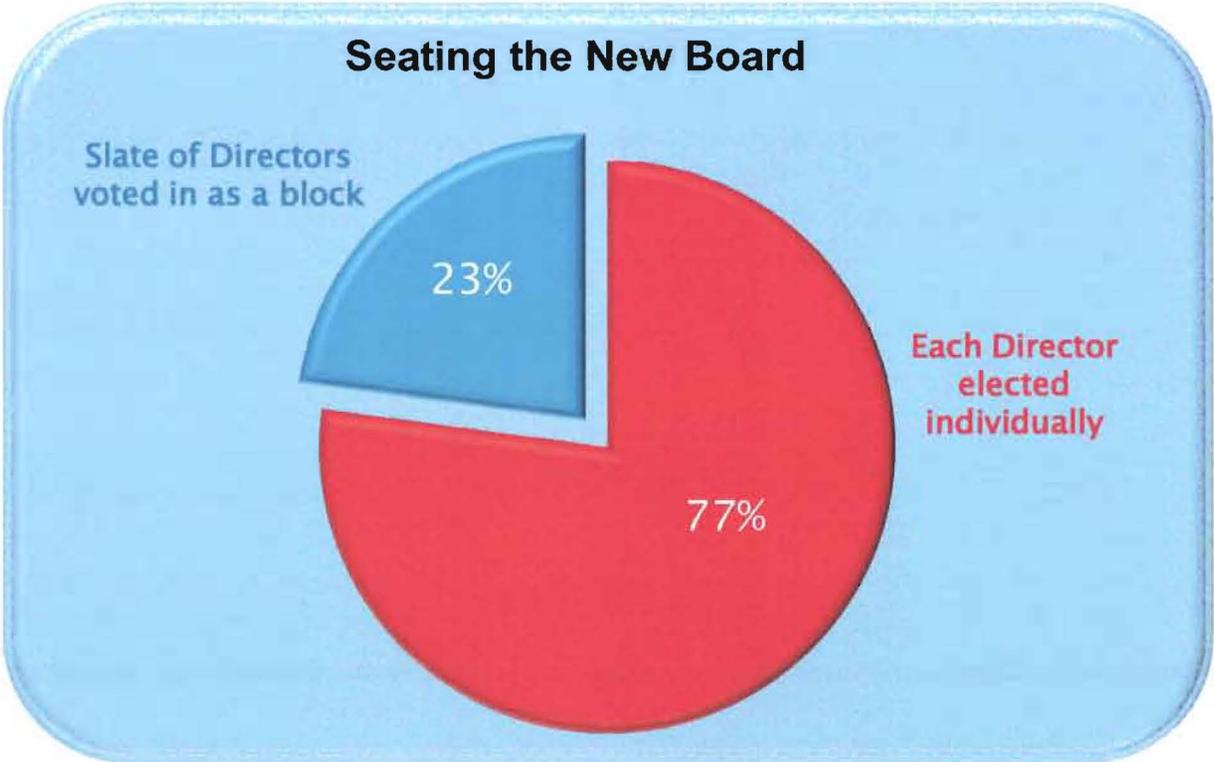
- ▶ **Independent Qualifications vs. Nominations:** Split over independent qualifications (51% favor) vs. nominating committee (45%).
 - Failure to settle on one or the other may ultimately dictate use of a combination of the two.
- **Nominating Committee Composition:** ROs and SCP O/Os not interested in Directorships.



Q9. How should nominations to the *new* SMS/800, Inc., Board of Directors be handled? **Base: All respondents N=109** Q10a. Who should serve on this nominating committee? *Please select all that apply.* **Base: Favor nominating committee N=49***

Board elections

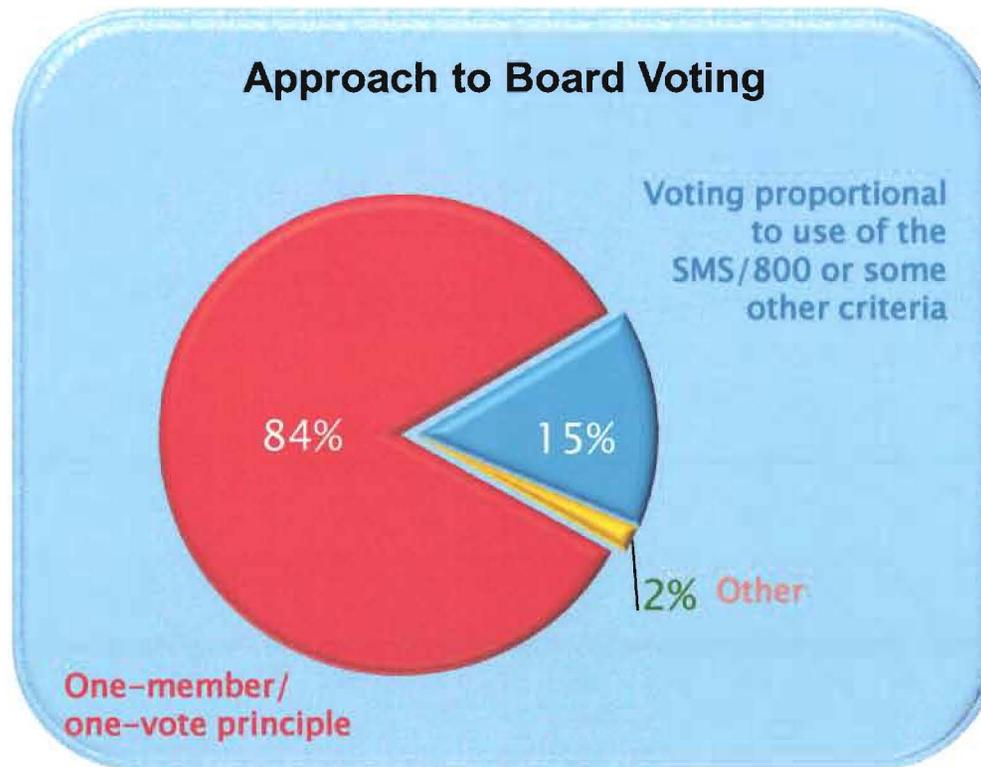
▶ **Individual vs. Slate Elections:** Users *conclusively* favor *individual* elections.



Q13. How should Directors be elected to the *new* SMS/800, Inc., Board of Directors? **Base: All respondents N=109**

Board elections

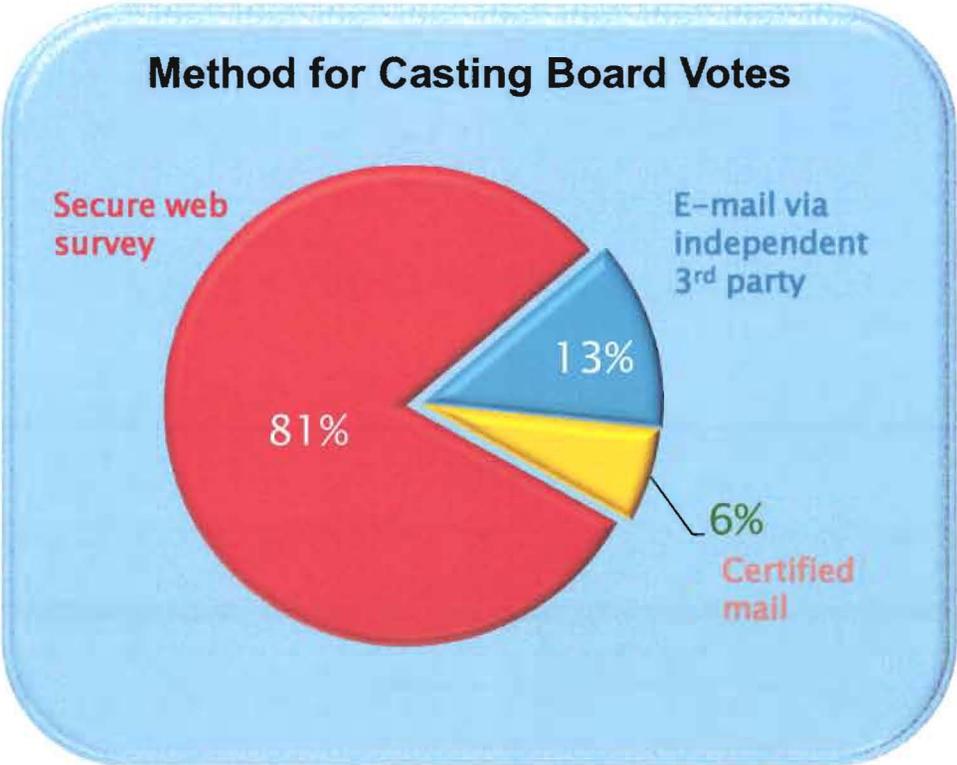
- ▶ **One-member/One-vote vs. Proportional Voting:** Strongly favor one-member/one-vote voting (support is high across all RO sizes).



Q14. Should there be a one-member/one-vote principle, or should each *new* SMS/800, Inc., Member's vote be "weighted" proportional to that Member's use of the system or to some other criteria? **Base: All respondents N=109**

Board elections

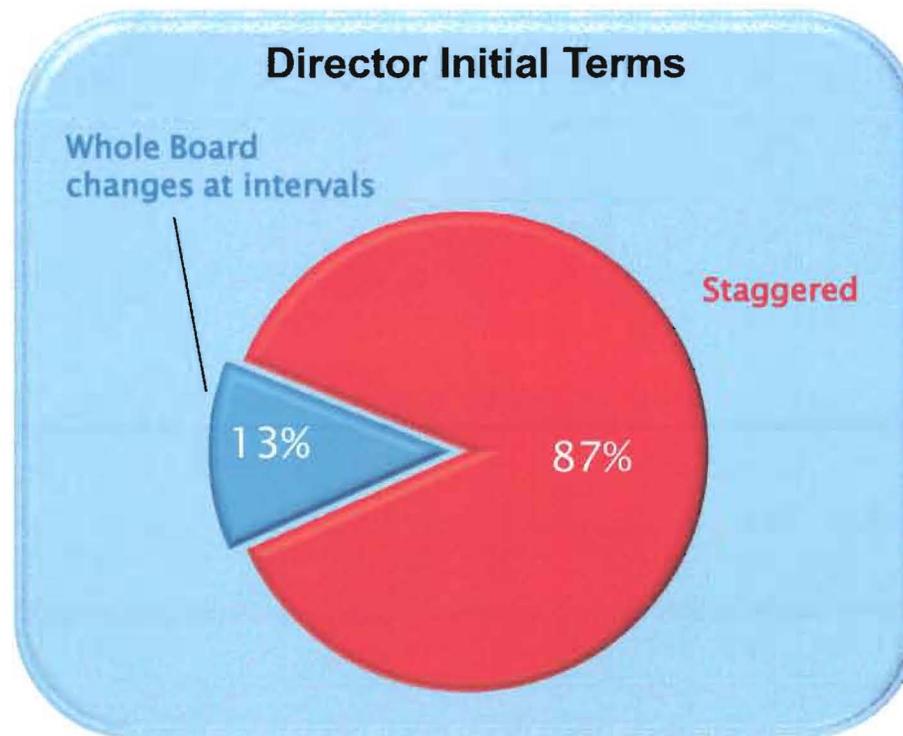
- ▶ **Voting Method:** *Conclusively favor web-based voting via a secure survey managed by a third party.*



Q17. How should voting for the new SMS/800, Inc., Board of Directors take place? **Base: All respondents N=109**

Board-Director terms

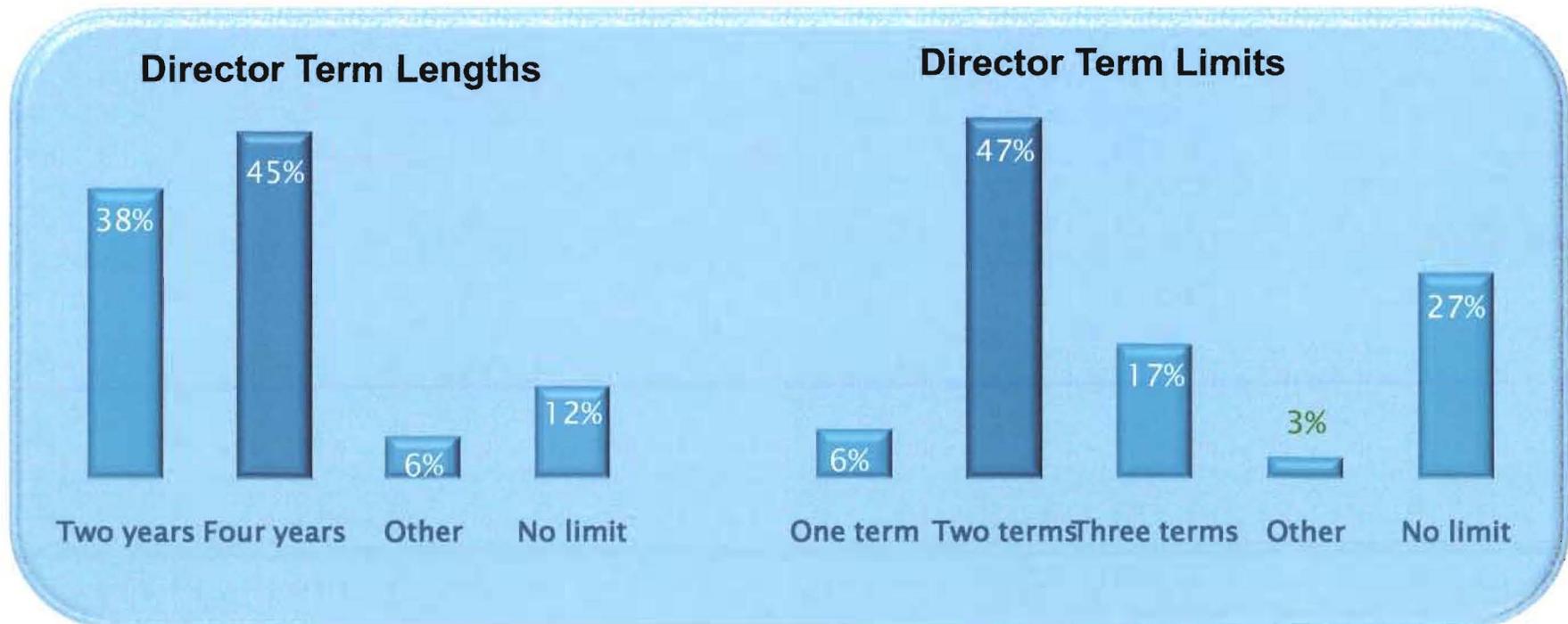
- ▶ **Initial Terms:** Respondents *strongly* support staggering Director initial terms to avoid all terms ending at the same time.



Q18. Should the *initial* terms of the *new* SMS/800, Inc., Board of Directors be staggered to promote continuity and avoid all terms ending at the same time (e.g., some start out with three-year terms, others two-year, and others one-year), or should the whole Board change over at a certain interval? **Base: All respondents N=109**

Board-Director terms

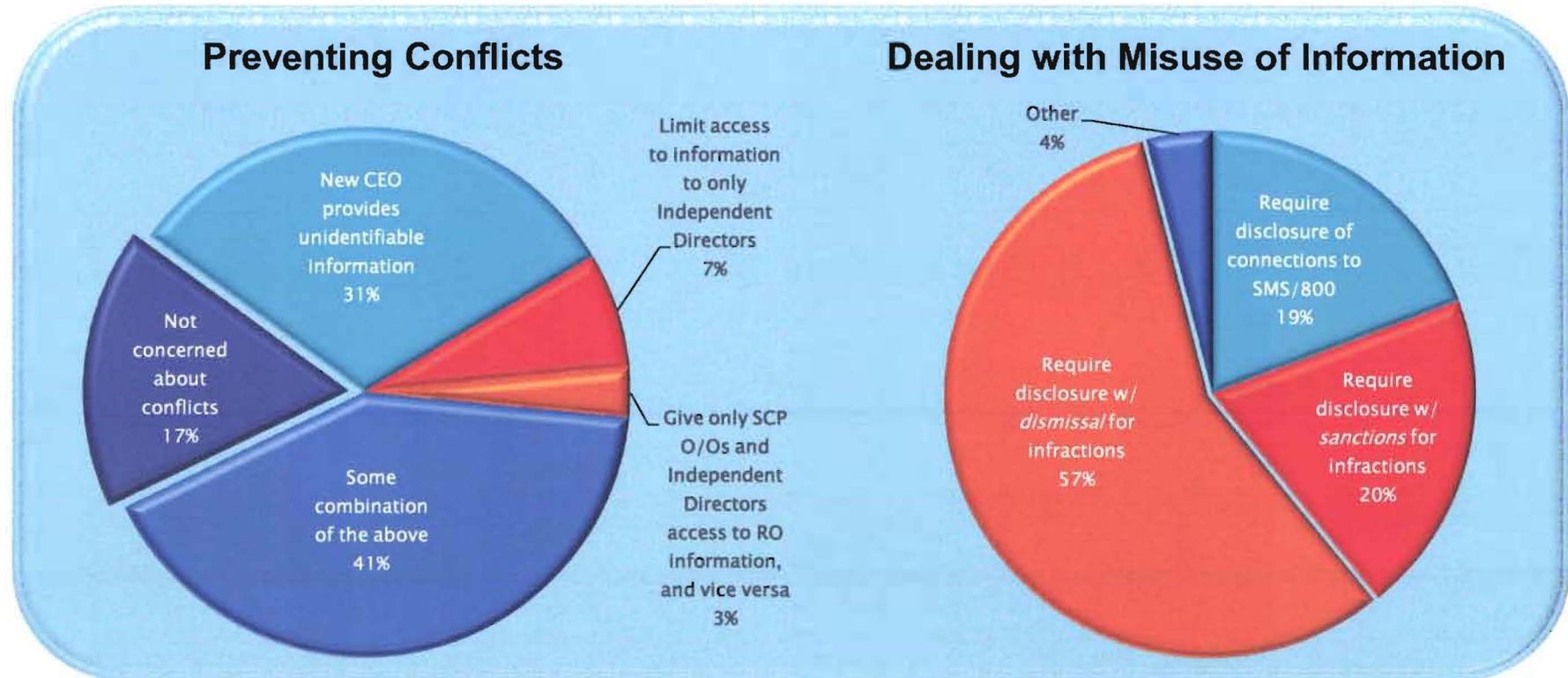
▶ **Term Lengths/Limits:** Users broadly favor limiting Directors to two, four-year terms.



Q20. What should be the *maximum* term for Directors on the *new* SMS/800, Inc., Board of Directors? **Base:** All respondents N=109 Q21. What is the *maximum* number of consecutive terms a Director should be permitted to serve on the *new* SMS/800, Inc., Board of Directors? **Base:** All respondents N=109

Managing Director conflicts of interest

- ▶ **Preventing /Dealing with Conflicts of Interest:** Users desire stringent measures to prevent and deal with possible conflicts.



Q22. If ROs and/or SCP O/Os serve on the *new* SMS/800, Inc., Board of Directors, what would be the *most* equitable and effective approach to insulating them from possible conflicts of interest resulting from them having access to information about market share and use of the SMS/800 system by all Resp Orgs? **Base: All respondents N=109**
 Q23. If Directors on the *new* SMS/800, Inc., Board of Directors *must* have access to this kind of information, how can misuse of the information be addressed and prevented? **Base: All respondents N=109**

Conclusions, roadmap, and next steps

- ▶ User community generally supports (or at least does not oppose) change—support is sufficient to warrant exploring/taking next steps.
- ▶ Planning/oversight of change by a transition committee of RO and SCP O/O volunteers.
- ▶ Any change *must* be fair and managed to avoid possible exploitation.
- ▶ Board configuration:
 - Diversified and open to all member ROs and SCP O/Os in good standing.
 - Maximum of 10-11 Directors.
 - Represents a good cross-section of RO and SCP O/O communities, and includes new CEO, independents, and (if possible) a non-voting Director/Advisor from the FCC.
 - Directors *must* make time commitment and have some experience with SMS/800.
- ▶ Nominations:
 - Combination of self-nomination and nominating committee recommendations (committee with nominations “from the floor” might suffice).
 - Committee composed of RO and SCP O/O representatives *not* interested in Board membership.
- ▶ Elections:
 - Individual elections (rather than slates).
 - One member/one vote (*not* proportional to RO size).
 - Voting via secure, third-party-managed web survey.

Conclusions, roadmap, and next steps

- ▶ Director terms:
 - Staggered initially to avoid full-Board turnover.
 - Subsequently limited to two, four-year terms.

- ▶ Conflicts:
 - Must be *strictly* managed.
 - Use varied measures appropriate to situation to minimize risk of conflicts.
 - Sanctions or dismissal for transgressions.

- Next steps:
 - Determine how transition committee should be assembled/comprised.
 - Form transition committee (possibly using Research Committee as starting point).
 - Committee revisits/builds upon certain issues requiring greater depth of understanding than initial survey was designed to provide, including:
 - Liaising with FCC (assuming no FCC Director/Advisor on Board).
 - Determining how staggering of initial terms should be undertaken (i.e., deciding who gets one-year, two-year, etc., terms).
 - Deciding whether initial terms should factor into term limits.
 - Determining whether Directorships are individual or by company (i.e., if a Board Director leaves, is a special election required to fill his/her spot, or can the company he/she represented assign a replacement?).