

MINUTES FOR THE ad hoc AFN GOVERNANCE STRUCTURE COMMITTEE
Monday, January 29, 2016
Siskiyou Room, 51 Winburn Way

1. Call to Order

Chair Pam Marsh called the meeting to order at 3:05 p.m.

Committee members Dennis Slattery, Vicki Griesinger, Brian Almquist, and Rich Rosenthal were present. Staff members Dave Kanner and Mark Holden were present. Committee member Susan Alderson and Mathew Beers were absent.

2. Public Input

None.

3. Approval of Minutes

Slattery/Rosenthal m/s to approve both the regular meeting and the executive session minutes of December 21, 2015. Voice Vote: All Ayes. Motion Passes.

Marsh reviewed the actions taken at the last meeting.

4. Strategy Discussion

Report from Mark Holden - Holden stated he met with each of the ISPs and gave the group an overview of each discussion. Computer Country serves businesses only. They have loyal customers and like being able to do business with AFN. They would not be interested in divesting themselves of AFN customers – they would instead move those customers to other providers. Similarly, Infostructure, who recently purchased Rio Communications to expand their reach, are mostly a business customers only telecommunications company. They use AFN for expanded services if businesses require it. They are also uninterested in divesting themselves of AFN customers. Neither Computer Country or Infostructure are interested in expanding their residential customer base (they will keep the few they already have but no new ones).

On the residential customer side there is Jeffnet, Ashland Home Net and AFN itself. Jeffnet primarily serves the JPR membership community – people who are willing to possibly pay more to help fund JPR – and is also not interested in divesting AFN customers. They are looking to market more with AFN's new product and pricing. Ashland Home Net is the only ISP with its feet in both business and residential customers. Like Jeffnet, they think the new products will help increase customer base.

Holden stated that all the ISPs were willing to work with the City on a joint marketing plan. Group discussed ways to motivate or encourage ISPs to increase their customer base. They discussed the need to have performance standards as part of any new ISP contracts.

Marketing Campaign Update – Group discussed messaging and marketing possibilities. Kanner stated the City will soon go out for an RFP for marketing expertise, which should give better ideas on how to market AFN as a whole so all ISPs (including AFN's own retail operation) are

most successful against Charter. Ultimately, it shouldn't matter whether a customer is buying from Jeffnet, AFN, Infosource, etc. What matters is that they are buying the AFN product.

Group discussed the challenges in getting customers to understand the differences between the product and the providers. They considered whether having AFN leave the retail side of the business entirely would be helpful in lessening customer confusion. They determined that too much of the necessary revenue comes from AFN's retail business to have it made up for by only the ISPs.

Next Steps – The group determined that their general recommendations to Council are:

- Work to simplify the market perception in the community (it's one product that can be purchased from any of these providers) with guidance by the marketing professional we're soon to hire.
- Add performance standards and incentives for growth to future contracts with the ISPs (encourage ISPs to choose to only provide AFN or market AFN more).
- Revisit the idea of ending the retail side of AFN in a year.
- Consider assisting Ashland Home Net and Jeffnet to increase customer counts via marketing, but don't directly market AFN retail to limit customer confusion.

5. Development of AFN Commission

Group determined that while they still think a commission is a good idea, most governance changes they have considered seem to lead to dead ends. They are now looking at keeping the current model, with a focus on how to improve customer counts. This means, essentially, we're working on a good marketing plan and working on ways to help strengthen the ISPs ability to compete with Charter. Marsh suggested that Kanner and Holden use this committee, as they are already fairly knowledgeable about AFN, to help with the development of the marketing plan. The group were all willing to assist as needed.

Group discussed the likelihood of needing to revisit whether or not AFN should remain in the retail business in, approximately, 18 months.

Group discussed public meeting laws in relation to marketing and sales efforts of individual ISPs.

6. Adjournment

Group agreed that a progress report to Council is needed, even though there isn't a governance change recommendation. Group further agreed to meet again in mid-March, once the marketing company is on-board.

Meeting adjourned at 4:50 p.m.

Respectfully submitted,
Diana Shiplet
Executive Assistant