
BUENOS AIRES – ICANN Public Board Meeting
Thursday, June 25, 2015 – 17:30 to 18:30
ICANN – Buenos Aires, Argentina

STEVE CROCKER:

Okay, folks. Please assemble. Time to go to work.

All right, folks. Let me ask you to quiet down. I hereby call the meeting of the ICANN board of directors to order. And we will begin.

There will be a handful of adjustments to the schedule. Because of flight schedules, we are going to move the consent agenda to not the first thing. We're going to take up a budget item that will allow Cherine and Ram to catch their plane. We have Erika and Rinalia participating remotely.

I'll do a quick roll-call. We'll get everybody on the record.

We passed a resolution for the search committee on Sunday. It's something we would normally do in public. I will do a quick recap of that. And there's also one of the consent items that we've now moved to the main agenda. So just try to keep up, and we'll go forward.

The meeting is now in session. Let me ask -- let me start with you, Gonzalo, and we'll do a quick roll-call, and then we'll get Erika and Rinalia remotely. And then I'll move right into the business.

GONZALO NAVARRO:

Gonzalo Navarro.

Note: The following is the output resulting from transcribing an audio file into a word/text document. Although the transcription is largely accurate, in some cases may be incomplete or inaccurate due to inaudible passages and grammatical corrections. It is posted as an aid to the original audio file, but should not be treated as an authoritative record.

GEORGE SADOWSKY: George Sadowsky.

MARKUS KUMMER: Markus Kummer.

JONNE SOININEN: Jonne Soininen, the IETF liaison.

MIKE SILBER: Mike Silber.

BRUCE TONKIN: Bruce Tonkin. And, Steve, if I could also request Item 1g be moved into the main agenda as well. If I could just request that Item 1g, which is the approval of the CWG-related legal costs, be moved to the main agenda.

STEVE CROCKER: Yes.

SUZANNE WOOLF: Suzanne Woolf.

CHRIS DISSPAIN: Chris Disspain.

CHERINE CHALABY: Cherine Chalaby.

STEVE CROCKER: Steve Crocker.

RAM MOHAN: Ram Mohan.

ASHA HEMRAJANI: Asha Hemrajani.

FADI CHEHADE: Fadi Chehade.

RAY PLZAK: Ray Plzak.

KUO-WEI WU: Kuo-Wei Wu.

WOLFGANG KLEINWACHTER: Wolfgang Kleinwachter.

THOMAS SCHNEIDER: Thomas Schneider.

STEVE CROCKER: Thank you. How do we get the response remotely? Chatroom.

Rinalia says she's present. And, Erika, are you there? No sign of Erika. She may join us later. She is in a somewhat network challenged area, I'm told. But we certainly have a quorum and will proceed.

So the first item that I would like to take up is listed as Item 2b, the FY16 operating plan.

Let me ask Cherine to move it.

CHERINE CHALABY: Yeah.

STEVE CROCKER: I'll second it. I'm going to turn things over to you to describe it, and then we'll have open discussion and we'll move right along.

CHERINE CHALABY: Thank you. Can we put the first slide up, please?

Thank you. I'd like to introduce this topic as chair of the Board Finance Committee. The budget was put out in draft, comments have come back, and the budget has been adjusted. And I have to say as chair of the Finance Committee, that the budget process this year has been a very much improved process to previous years. And thanks primarily to the community and the way you have been involved and

the way you have given us feedback and the way you have been flexible in understanding the limitations of the budget. And I would also like to thank Xavier and the finance team for the hard work and the collaboration with the community and also my fellow board members who participated in discussion with the community to understand the community comments and community's concern. So all in all, a very successful collaboration between the community, ICANN staff, and the board.

As a result, you can see here about four or five bullet points. I want to just stress some of them. First is the community involvement has been much, much better this year. The transparency about the draft budget and especially detailed costing of over 300 projects has been made available to everyone to see and comment on.

And this year we've had a lot more time to consider and respond to public comments. And as I said earlier, the board members got involved with interviews with the committee -- with the community. After those public comments were made, we sat down and got another perspective from them, what is important and what are their concerns.

Resulting from all of this is we have made changes to the budget based on community input. And this is -- I think for the first time since I've been on the board, we have done this in time as well before the fiscal year end.

So thank you and thank you again to the community. And we're not done with improvements to the budget. Next year we plan to

introduce further improvements, particularly cost analysis by critical functions such as IANA. And this is very important as we go forward with the transition.

So now I want to hand over to Fadi, our CEO, who is going to present the final budget to the board for approval. Fadi?

FADI CHEHADE:

Thank you, Mr. Chairman.

The draft FY16 operating budget was prepared with community input. In Singapore we had a workshop involving many members of the community to review the budget together and to understand how to meet your needs. As a result, we presented the board the FY16 operating budget in April. All of you have seen it. We had, to remind you, an in-depth discussion of multiple hours around the budget to make sure all of you -- all of us appreciate how it was built.

I want to remind us that this year for the first time in our history, the budget is entirely anchored into the strategic plan of five objectives, 16 goals, 52 portfolios, and as you said, Mr. Chairman, over 300 projects.

And for the first time, we are showing the budget at the level of projects. So down to every one of the 300 plus projects, we are showing the budget.

What is incredible about the numbers that you've seen in April is that whilst this is the high-level view of the numbers that you see on your

screen, the breakdown in detail was presented, reviewed, and the community has commented on it.

We have received 85 comments from nine organizations. To summarize the topics of the comments centered around the following: Notes that the policy support needed to be increased. Other comments focused on the lack of clarity on the USG transition and how it features in our budget. And, lastly, there were some very valuable and constructive comments on the KPIs, or the key performance indicators, the way ICANN reports to the community on its success.

We thank the community for these comments. They were very valuable. We closed the comment period on the 1st of May. As a result of that, we have published our response to the community on the 5th of June.

I can summarize that the responses come in two categories, either clarifications to the community or changes that have a financial impact. On the clarification side, we have provided more information and details on the impact of the USG transition as well as some language edits, for example, on how we describe key performance indicators in order to ensure the community and us are aligned on how we will measure our work.

Now on financial impact, I would like to make a note here to all of you. This is the first time in my tenure as your CEO that we are changing the budget. As a result, we're changing the financial elements of the

budget as a result of very constructive community input. And I'm very pleased we're doing that now.

So for the first time we have taken the specific input from the community. We analyzed it. And as a result, the policy support has been increased across the areas of people, travel, and professional services. And this is a welcomed set of comments that came constructively and collaboratively from many of our community members. And I'm sure David Olive's team is smiling as well because they could use the additional funding as well as our community who will also benefit from additional travel and professional services.

We also have increased the language services area by close to .6 million. Both of these increases range between 10 and 14% in terms of how much we increased these areas in the budget.

Now, this final bullet is important. We have made a commitment to all of you to stay within our budget and to not increase the contingency -- pardon me, to not increase the spending and finally find ourselves with a deficit.

So in the interest of sticking with this commitment and given the fiduciary responsibility we have to you and to the community, we have, after some analysis, adjusted our contingency down so that we do not create a deficit next year.

The resulting budget, which we are asking for you to approve today has changes in the highlighted yellow areas. As I said before, the increase in policy support as well as in language services affects

personnel, travel, and meetings and professional services. And as you can see, these numbers have gone up.

But we have adjusted the contingency down in order to stay within our budget. So that is the financial impact of this change.

Before closing, Mr. Chairman, I just would like to make an important comment for us here. This budget of over \$100 million, \$113.4 million for ops, 49.5 for new gTLD program, as a total of 162.9, is a budget that is built bottom-up and is built with community collaboration.

I am not aware of any organization on the planet that builds a budget this size bottom-up -- it's incredible actually -- and that provides detail to the level of a project now. 300 plus projects we're providing detail. This means we and the community are now partners in managing this budget together.

I'm not going to name organizations around the world, but I've gone to some of the most respected organizations that are non-profit in the world. I couldn't even find full financials on their Web sites. We have a full drill-down of our budget down to the project level.

So with this, I give it back to you, Mr. Chairman, and I hope this board will approve this budget for FY16.

STEVE CROCKER:

Thank you very much. Thank you, Cherine. Thank you, Fadi.

We'll open the discussion. I want to insert myself here.

Fadi, we're going to be speaking overtime, less now and more as we get closer to the end of your tenure, about your accomplishments and your style of operation. The world has been most attentive to your external activities. But what you've just covered here is the all-important internal management and transformation that has taken place.

And it's really quite astonishing. I have to echo what you are saying there and will be one of the most important parts of the legacy that you leave behind, the strength of the internal processes, the documentation, and the fiscal controls that we have in place. It is nontrivial to manage budgets of this size, people with all different agendas positively, but each one focused on their aspect of what they think is important to do and then try to bring that all together into a coherent plan. And to do that on a stage that is wide open and has inputs from the entire world, I do appreciate and I think the world needs to appreciate the complexity and the fine-grain control that is implicit here. This doesn't come for free.

So thank you very much.

Other comments? Any discussion? Fadi?

FADI CHEHADE:

If I could add, it wouldn't be fair for you to mention me without me mentioning all the people that made this possible. So for the record on the minutes of the meeting, I would like specific thanks to our community, people in the ccNSO who worked very hard to give us

good input. I single out Roelof Meijer for his very helpful input, people from the rest of the community, Chuck Gomes, and what he has done to help us and collaborate with us and many others. So special thanks to them.

Special thanks also on the record to the head of our BFC, our chairman of the BFC, Cherine Chalaby, and his style of working with us and guiding us. And, finally, frankly, to our CFO who is seated right here next to me, Xavier Calvez, and to our COO, Susanna Bennett, and to their great teams who have worked tirelessly to make this budget the first budget with this level of detail.

STEVE CROCKER:

I think --

[Applause]

There is one other thing that I feel compelled to focus on, and then we'll move on quickly. What we've had, as everyone has seen, is a rapidly rising budget in the past several years. And we're now in an era where that's no longer the case. It is an enormous challenge to pivot from a rising budget to one that's leveling off because it feels like a negative budget to everybody who's been used to improvements, increases every year.

So this is serious hard work, and it doesn't give the normal thrill that you get from being out and interacting with people and all the things where cameras are flashing and so forth. So, anyway, my hat's off to you.

With no further discussion, I call for the vote. All those in favor -- oh, you got to read the resolution. Oh, please.

CHERINE CHALABY: I will read the resolution before the voting.

Resolved, the board adopts the FY16 operating plan and budget and in doing so establishes the variable accreditation fees per registrar and transaction as set forth in the FY16 operating plan and budget.

STEVE CROCKER: Thank you. I call for the vote. All those in favor say aye.

[Chorus of Ayes.]

Do we have a vote from Rinalia and/or Erika?

CHRIS DISSPAIN: We have a yes from Rinalia.

STEVE CROCKER: Thank you. Any opposed?

ERIKA MANN: (Indiscernible.)

STEVE CROCKER: Wonderful, Erika. Thank you.

Any opposed?

[No verbal response.]

Any abstentions?

[No verbal response.]

The budget for FY16 passes unanimously. Well done.

[Applause]

I know that Cherine and Ram, that you have a car waiting for you.
Thank you very much.

RAM MOHAN: Thank you.

STEVE CROCKER: And safe travels.

CHERINE CHALABY: Thank you.

STEVE CROCKER: And for the record, they are leaving the meeting but we still have a quorum.

I want to do the following. We did a -- we passed a resolution Sunday. It's the nature of the resolution -- the nature of the resolution we passed is one that we would normally do in this setting to be quite

visible and public about it. But there was some urgency to put it on the record so that we could take care of some other actions. You've already heard the essence of it, which was the creation of the search committee, of the CEO search committee. And now if I can find it, I want to just read off the names.

So the search committee is chaired by George Sadowsky and the members of the search committee are Rinalia Abdul Rahim, Cherine Chalaby, myself Steve Crocker, Chris Disspain, Markus Kummer, Ram Mohan, and Ray Plzak. And the resolution is posted and public and so forth. But in keeping with the broad promise that we've made to put as much of this as we can in plain view, I wanted to surface that, bring that, and present it here.

There's no -- there's no action required at this point. It's a done deal.

So with that, I want to move back to the consent agenda. The consent agenda has a series of items on it. And we're going to deal with -- I have too many pieces of paper here.

The consent agenda has a series of items, they're labeled 1a through 1k. Not going to read -- I'm just going to read the list of them but two of them are going to be dealt with especially. 1G approval of payment of certain CWG-stewardship related legal costs is moved from the consent agenda to the main agenda so that we can have some discussion. This is done at the request, without any discussion, by any board member. Two board members have requested that we move it, and so that's what we do.

I will read just the titles of these, except when I get to the thank you for departing community members and then go into a bit of detail.

1a is the approval of the minutes from 26 April 2015; 1b is appointment of B-Root Server operator representative to RSSAC; 1c is SSAC advisory on the use of static TLD suffix list.; 1d, adoption of the Framework of Interpretation for ccTLD delegations and redelegations; 1e is the March 2016 ICANN meeting venue contracting; 1f, October 2016 ICANN meeting venue contracting; 1h, the thank you for departing community members. I will come back to that.

1i, thank you to sponsors of ICANN 53 meeting; 1j, thank you to the interpreters, staff, event and hotel teams of this meeting; and 1k, thank you to the local hosts of the ICANN 53 meeting.

Each of these has been through the appropriate processes in committee, had thorough discussion, and there is no -- no need for extended discussion at the Board level except the formality of passing these.

The community recognition.

We want to thank the following members of the At-Large community for concluding his term of service, Evan Leibovitch, NARALO secretary, At-Large New gTLD Working Group chair, and At-Large Future Challenges Working Group chair.

I want to thank Richard "Dick" Leaning, Public Safety Working Group. And we had a little bit of tribute to him last night.

And from the Registrars Stakeholder Group in the Generic Names Supporting Organization, recognizing, in memoriam, for his service Robert "Bob" Connelly, founder of the Registrars Stakeholder Group.

I want to thank everybody, and one hopes that we don't have to do too many in memoriams. This is not supposed to kill us, but as everybody knows, everybody put all the -- all the volunteers put in a huge amount of work.

So with that, I ask for a consent vote. All in favor, say aye.

MULTIPLE VOICES: Aye.

STEVE CROCKER: Erika?

ERIKA MANN: Aye.

STEVE CROCKER: Rinalia votes yes.

Any opposed?

Any abstentions?

Erika?

UNKNOWN SPEAKER: She said yes.

STEVE CROCKER: Oh, she said yes?

ERIKA MANN: Yes.

STEVE CROCKER: Thank you.

The consent agenda has passed unanimously. Thank you very much.

And we now move on to item 2a on the agenda, which is refinement of the second similarity review for evaluation of the IDN ccTLD applications.

Chris, let me to introduce this, move it, and --

CHRIS DISSPAIN: Thank you, Steve. I'm not going to -- I'll read the resolution and then give a brief explanation. I won't read the whereases or we'll be here all day. The resolution says the Board asks the ccNSO in consultation with the other stakeholders, including the GAC and the SSAC, to provide further guidance on and refinement of the methodology of second string -- of the second string similarity review process, including the interpretation of its split recommendations to be applied to the relevant current and subsequent cases in the IDN ccTLD fast-

track process as well as to inform the proposed policy for the selection of IDN ccTLD strings.

In summary, we introduced -- the ccNSO introduced a second appeals mechanism to look at any strings that were found in the first run-through to be confusingly similar with an existing string.

The result of that was that a number of the strings that had been difficult were approved, but one particular string was -- the finding of the panel was that it was not confusingly similar in lowercase but it is confusingly similar in upper case.

So we are asking the ccNSO, in conjunction with the GAC and the SSAC, to do some work to tell us whether the confusion in upper case is a problem or not, and we expect the ccNSO to undertake this work over the coming months in conjunction with the relevant staff.

Steve, that's the explanation.

Would you like me to propose a resolution?

STEVE CROCKER: Yes. And we're going to move --

CHRIS DISSPAIN: I'll move the resolution, yeah.

STEVE CROCKER: Second? Ray. Good.

Any discussion?

FADI CHEHADE: Chris?

CHRIS DISSPAIN: Yes, Fadi.

FADI CHEHADE: Just a question. Is there any expectation on the time frame? Could we -- could we? Because I think we all know what this is potentially holding up.

CHRIS DISSPAIN: I understand.

The ccNSO community will move as quickly as they possibly can, but it's not actually possible for us -- since it's their process, it's not actually possible for us to impose a time frame. But my understanding is we're talking a matter of, you know, a couple of months, three months, maybe. There are workload issues, obviously. But I will endeavor to ensure that it is dealt with as quickly as possible.

STEVE CROCKER: Further discussion?

Call the question. All in favor?

MULTIPLE VOICES: Aye.

STEVE CROCKER: Any opposed?
Any abstentions?
Erika?

ERIKA MANN: Yes, (indiscernible).

STEVE CROCKER: Thank you, Erika. And I have a yes for Rinalia. The measure passes unanimously.
Thank you very much. Which moves us to the last item on the agenda, which is item 1g which we pulled off the consent agenda.
Let me ask Asha to introduce this and lead us through it.

ASHA HEMRAJANI: Thank you, Steve. So shall I read the resolution first or --

STEVE CROCKER: Yes.

ASHA HEMRAJANI: Okay.

This resolution is about the approval of payment to external legal counsel.

So resolved, the Board approves the payment of \$508,624.98 to Sidley Austin LLP for professional services rendered and expenses incurred through March 31st, 2015, for the CWG Stewardship, and directs ICANN to take all steps necessary to make the appropriate payments.

So on this particular topic, I have been talking to some of the chairs and members of the CWG and the CCWG, and what they shared with me is that the external legal advisors have made a very significant contribution to the work of the CWG and the CCWG.

So we're really glad this has worked out since the community has been discussing the need for legal support at ICANN 52 in my home town of Singapore.

So I'm also heartened to hear about the mechanism that the chairs of both the CWG and the CCWG have put in place to certify or vet the questions before they're sent to legal counsel. So while I'll be voting to approve this payment, I would like to encourage both groups to continue to exercise prudence and efficiency when managing legal advice.

Bruce, would you like to add something to that?

BRUCE TONKIN: Yeah, thank you, Asha.

I noticed you mentioned the CCWG, and that's not really contained in the motion or the rationale. So I had just like to suggest that perhaps, without changing the motion, that at least in the rationale we take note that the same law firm that was chosen for the CWG on the naming work or Cross-Community Working Group on naming is the same law firm that's been chosen to provide advice for the Cross-Community Working Group on accountability.

So there have been some cost efficiencies in using the same law firm. So if we can just incorporate that in the rationale, just noting that the same firm is being used by the CCWG.

And then I've also just checked. So this resolution is for the approval of costs, just over half a million dollars, for March. We're now in June, and I've just checked with the staff. We've received similar levels of invoices for April as well. So we're at a run rate of over half a million dollars a month. And to put that in perspective, a half a million dollars relate -- effectively, that would mean there would be more than a million consumers and organizations, their registrations, to pay for a month of legal fees. That's quite significant.

And I notice Fadi had a contingency in his budget of 2.9 million. At a run rate of 500,000 a month, it would be quite significant.

So just noting that as we get over the hump of the more complex parts of the process where we've had to use expert advice that's quite specialist, as we're moving into implementation now, we should now start to leverage our in-house legal resources and just be mindful of operating in the most efficient way possible from a cost perspective.

ASHA HEMRAJANI:

Thanks, Bruce.

I will come to you, Chris.

I just wanted to say yes, you're right, this figure here of half a million is only for the CWG. But I was just saying that, in general, when I talked to both groups, they have started to, you know, implement ways, mechanisms to ensure that no frivolous questions go through external counsel.

Chris?

CHRIS DISSPAIN:

Thanks, Asha.

So no implied criticism at all. I'm speaking as a lawyer.

First of all, Bruce, you're right, but it's important to remember that, in fact, the CCWG has two law firms, not one. And so one of them is Sidley, and the other law firm is -- I can't remember. Adler Colvin, I think.

So whilst there is a cost saving to some extent, there are additional costs.

And the other point -- only other point I would make is -- again, not intending to criticize the process. I think it's fine and they've done fantastic work, but we are currently -- CWG stewardship process is, in

effect, at the end in the sense that the CWG's work has gone up to the ICG, but the CCWG is slap bang in the middle.

So I expect that the fees for June, for this meeting and June generally, will be significantly higher and may well be higher in July as well.

FADI CHEHADE:

Yeah, I just want to be clear on a point that Asha mentioned and is written, but I want to be superbly clear that the community specifically asked us not to control how these funds are spent. So we, as staff or Board, have no lever, no mechanism on this amount. As the community asks outside counsel for help, they obviously provide it without any comment on the service, because that's not my prerogative.

But simply to clarify that these bills of hundreds of thousands of dollars are completely controlled by the community requests. We are not engaged in controlling those funds, in capping those funds. At the request of the community, we stand back and simply pay the bills, and that's what we're doing.

And just to be clear, the number you saw of 500-some thousand dollars, that's started on March 6th and was up to March 31st. So that's less than a month in March, was a half million dollars.

And I agree with Chris that the expectation is that those numbers right now, in the way that the community is asking that counsel to participate, are not looking like they're going down.

BRUCE TONKIN: Okay. Yes, so just making clear, we fully support the request from the community for that external legal advice, and I think we heard this week from both the CWG and CCWG that it's been immensely helpful. So I'm offering these comments more in the is sense that as we move through the next few months that we're just conscious of when do we need to use that external advice versus not, just giving a sense of the cost involved.

FADI CHEHADE: Sorry, Bruce. But when you say to be conscious, you don't mean me or the staff.

BRUCE TONKIN: I'm actually directing this at the community.

FADI CHEHADE: You mean the community should be conscious.

BRUCE TONKIN: Yes.

FADI CHEHADE: Because I have no control over this. I only pay the bills at your -- at your direction.

STEVE CROCKER: Any further discussion?

I call the question.

All -- Oh, yes. Thank you, Ray.

Would you like to move it?

RAY PLZAK: Yeah, I'll move it.

STEVE CROCKER: All right. Asha, would you like --

ASHA HEMRAJANI: I'll second it.

STEVE CROCKER: Thank you.

All right. It's been moved and seconded.

I'll call the question. All in favor?

MULTIPLE VOICES: Aye.

STEVE CROCKER: Erika?

ERIKA MANN: Aye.

STEVE CROCKER: Thank you.

And Rinalia has voted yes.

Any opposed?

Any abstentions?

The measure passes. Thank you very much.

That completes the listed items on the agenda.

Is there any other business?

Excellent. It's now 6:21. Drinks are served at 6:30 in San Telmo, downstairs.

Thank you all, and this concludes the ICANN board meeting in Argentina.

[Applause]

UNKNOWN SPEAKER: Yes, the cocktails and nice canapes are available in San Telmo. That's the room where the GAC met all week. Please go and enjoy.

[END OF TRANSCRIPTION]