

ICANN

Moderator: Brenda Brewer
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3:00 pm CT

Chuck Gomes: This is Chuck Gomes. And this is the Design Team O meeting on the 1st of April, 2016. Welcome to each of you that are on board with us here. The – is there anyone on the call who is not in Adobe Connect? Okay so we will just take role via the Adobe Connect names that are there. Certainly if anyone joins they can let us know. Thanks, Brenda, for that note in the chat.

So any problems or changes to the agenda that I sent around and that is posted on the screen? Pretty much like the one last week except a couple things are further along. And I added a question in there to the discussion in the last item on a discussion that has been going on with not DT-O but several of us from DT-O are on it so we'll get to that later.

Okay agenda looks okay then. So on the item Number 3 then as far as the PTI financial objectives, Lise just sent out today the – actually she sent out three issues that were dealt with in the CWG – the full working group meeting yesterday for those that weren't on the call to respond to. And that included our – the financial objectives that we as a design team proposed.

And they will have until 0800 UTC on Monday to communicate any objectives. Otherwise, the objective that we proposed will be accepted without any objection by the working group. So that's just a status update. So and thanks for putting that on the screen.

The next item, item Number 4, I still don't have an update other than what Cheryl gave me on the status of the bylaws work, especially as it relates to ensuring multiyear funding of the IANA services. I did see a post on the CWG list today apparently that came from Kavouss from Iran. He had concerns that there was work going on for CWG and thought it should just be the CCWG recommendations. I don't know if you saw my response.

I just said it appears that Kavouss is not aware that the bylaws drafting team was also working on CWG-related bylaws and that those were also approved by the board. So anyway I – that's just a little side note there.

Cheryl, go ahead.

Cheryl Langdon-Orr: Thanks, Chuck. Cheryl Langdon-Orr for the record. And just to update you further, and it was a matter of having all those moving sandwiched together in somewhat an odd order for our work anyway that we went from our DT-O meeting where we raised those issues with a very small break of time, and then straight into the bylaws drafting – I'm not sure what we call ourselves, I guess we're the support team, representatives from the various component parts of both CWG and CCWG that are assisting in these and making sure the implementation aspects of the bylaw drafting is as he has writ as opposed to some interpretation other than that.

At that meeting Alissa was there. And then of course we went straight into our CWG meeting, literally, straight into it. At that meeting of the legal team and

the support group Kavouss did raise what I think was actually an objection, rather than a concern, to any such thing as multiyear funding, etcetera, etcetera.

I, as you know, I've imagined spoke somewhat specifically and factually about the fact that we've been talking about this for some time and it's not new business (unintelligible) implementation matter. But this is not new business at all. And I don't believe there is any support at all for (unintelligible) non-issue absolutely perfect.

That said, after spoken after both Lise and (unintelligible) the – Holly from Sidley undertook to write a light touch bylaw for our drafting considerations. So that's the current state of play. I don't believe we've seen that bylaw yet. But that's the intention and I think that bylaws was not a tall concern about the timing for the committee as the whole support or otherwise of that proposal because she is well aware that that bylaw is going to be drafted.

Now as it turns out, additional conversations with a couple of key players, who may or may not be board members, it wasn't specifically, and I think this is important for us to realize, it was not specifically ICANN legal that was pushing back on this. A note had been sent to Becky to make sure she was clear on that. And we certainly had I think some confusion perhaps within the nomenclature we see as a confusing issue for some others as well in these discussions from the board.

And I think it's important that we work with Cherine and others as well as Xavier and his team. And thanks, Trang, for being on the call here today. To make sure we're all using the same language and seeing the same intentions here. But a light touch bylaw will be out for our consideration. I think this is

all good but I do think we still have some understandings to find mutually and agreed meaningful. Thank you.

Chuck Gomes: Thanks, Cheryl. Very much appreciated. And it's not too surprising that it's coming from the board, probably in particular the finance committee and Cherine, because they've had concerns about the accountability related to the budget all the way along. And I don't say that in a critical way at all. But it's consistent I think. So appreciate the update.

Akram is on and has his hand up. Akram, please go ahead.

((Crosstalk))

Chuck Gomes: Welcome, Akram. This is Chuck. Are you on mute? Or are we in that situation again where we can't hear you?

Cheryl Langdon-Orr: Can we dial out to him?

Chuck Gomes: Maybe. So we cannot hear Akram unfortunately. His audio apparently is not connected and they're dialing out to you, Akram. But thanks for typing as well. So we'll watch as you quickly type. I'm just kidding, you don't have to really be quick about it but we are watching.

Cheryl Langdon-Orr: Chuck, just while that's happening. Cheryl again. I think what's really important is that it's a clear understanding that what we are after is civility and assurance of variable funds to ensure continuity of IANA key services. And I don't think anyone who's interested in the mission of ICANN would argue against that. How we do that we're working on.

Chuck Gomes: Thanks, Cheryl, very well said. So we'll just be a little bit patient here and see if Akram can jump in on this discussion. He may have some more intelligence that would be helpful for us to hear.

Cheryl Langdon-Orr: And intelligent CEO, okay, I'll work on that concept, Chuck.

Chuck Gomes: Okay so notice what – this is Chuck – notice what Akram says in the chat. I think we should look at the reserve language in the current bylaws and maybe add something for the PTI. And, Akram, speaking myself, and I'll let Alan jump in shortly here, yeah, we haven't come to any recommendations as to how it should happen. And so doing what you suggest is certainly an option and something we'll take into consideration. Using the reserve fund in some way was one of the options that was on the table. So thanks for that, Akram.

And, Alan, you're up.

Alan Greenberg: Thank you. I think for Akram's sake, and perhaps others, it's worth going back into a little bit of the rationale for why we're looking at this. There's no question in my mind that should push comes to shove and ICANN is short of money and it has to dip into the reserve to make sure IANA keeps running, I have no doubt in the world that it would do that.

The real question that we – the real situation we're worried about for continuity of IANA continuing to operate was should ICANN be in a situation where it cannot make that decision? Where it has been forced into bankruptcy or some other untoward situation has happened and we need some bridging funds before we can find independent funds from the rest of the Internet community or something or other, that we need to keep on paying employees while we're trying to get something fixed.

And that's the situation that I think was of most concern, certainly to me when I originally proposed the concept of escrow, which is just one way of perhaps addressing the issue. Thank you.

Chuck Gomes: Thanks, Alan. Again, well said. And this is Chuck speaking. And as I recall, we actually – one of the reasons why we wanted PTI to have some independence from ICANN was because of a situation like bankruptcy. And if I remember correctly, our independent legal advice, Sidley, basically told us that they – in the scenario we were looking at at the time, they wouldn't have been impacted or included in a ICANN bankruptcy.

Now obviously we may have to confirm that again, but that was one of the concerns so that funds were not tied up in a bankruptcy that would be needed for IANA. And again, that was an objective that we thought was very important. How that happens, as long as it happens, we're still working on. So thanks. Alan, is that the same hand or did you want to continue?

Alan Greenberg: No that's a new hand. Just to be clear, our lawyers were not quite that positive. They said if we were separately incorporated and affiliated with ICANN there was a much better chance the courts would not view us as being the same organization and would seize our funds as well. There's no guarantee at this point. It would be up to the courts at the time. But there was a much better chance that if money had been transferred to us that it would stay there and we would not be considered part of the bankruptcy. Thank you.

Chuck Gomes: Thanks for clarifying that. I appreciate that, Alan. This is Chuck. And Akram, you're – you have joined us orally as well. Please feel free to take the mic.

Akram Atallah: Thank you, Chuck. I think this is very important discussion. And I've been thinking about this issue for a while now. And I think that there are two

aspects to the protection of IANA that you, you know, that we should be looking at. One is what if there is a decline in the revenue of ICANN year over year, which means let's say today we're spending – our current spend is about \$100.

And we get revenues to support an \$80 million budget, so how do we formulate that and how does, you know, how does IANA get affected because of the lower revenue and the lower budget for the next year, right? So that's one area.

And the other area is the area of a catastrophic issue where there is a – where there is a – what's it called, a bankruptcy or even a, I don't know, some kind of catastrophic issue where there is no money in ICANN. And I think if we separate the two it will be – it will be good to focus on each one separately because they're not the same cases. And the first case is a lot more likely to happen than the second case. So we shouldn't ignore the first one.

On the second case I think that just from the way things do happen typically I think that it's important to take into consideration the reserve funds that ICANN has. Today the language in the current bylaws on the reserve fund is very general. And I think that there'll be a good opportunity maybe to just add language in the reserve fund language to include the PTI or something very small to that.

And to leave that – the implementation to define how the process would work if there is a need to dip into the reserve fund and which gets priority and things like that. Because to segregate the funds does not help, it just creates more work I think. But to articulate a process to guarantee that PTI gets priority over the rest of the organization I think is probably important and justifiable so.

Chuck Gomes: Thank you very much, Akram. This is Chuck. Well said and I appreciate the constructive – the constructive input on that. That’s very much appreciated. Anything else on this particular issue? Hopefully it won’t be too long before we get the draft language that Sidley is developing for the bylaws. And maybe even the status of that becoming part of the bylaws, because my understanding is that sometime next week they want to publish the bylaws for public comment – bylaws changes. So hopefully we’ll get information on that next week and we’ll see.

Anything else on Agenda Item Number 4? I think we're all on the same page. We all want the stability, to use the term from our PTI objectives – financial objectives and the one that Cheryl emphasized. And regardless of what happens on the ICANN side, we would like it – the funding to still be stable. And we may have to do a little more research on that to make sure that happens and meet the objectives.

Okay the – let’s go on then to Agenda Item 5. The – one of the tasks that I asked each of the people on the DT-O to do after our meeting earlier in the week was to take at least a quick look at the comments I sent around on the fiscal year ’17 draft ICANN budget and operating plan, and in particular, the highlighted portions that were highlighted in blue, that relate to PTI and the IANA transition.

So does – does anyone have – and let me pause a second. Akram, is that an old hand or did you have something else to add?

Akram Atallah: Sorry, old hand.

Chuck Gomes: Thanks. Okay it's all right, we all do it. So with regard to the possibility of either Design Team O or the CWG as a whole submitting any comments on the draft budget that's out for public comment and the comments are due the end of the month, anybody have any thoughts on that? We can drop it. I'm not pushing for that but there are issues in there related to the IANA transition. And so I'm just asking whether anyone thinks that we should try and develop some comments for the broader working group or just accept it as-is.

I can tell you that in the case of the Registry Stakeholder Group will be developing some comments. Some of you may be doing the same thing. But should we advocate anything from the CWG in that regard? Cheryl, your turn.

Cheryl Langdon-Orr: Thank you, Chuck. Cheryl for the record. I think we should. I'm not suggesting it needs to be onerous or extensive. And I for one am going to – sorry, Chuck, the (donate) my homework this week. But amongst the other homework I was doing was attending an excellent briefing on the FY'17 budget with Xavier and his team for the ALAC Finance and Budget Subcommittee.

And certainly having gone through that presentation I feel far more heartened and positive on a number of levels. I like a lot of what I see but it is important that we have both jointly and (severally) an approach, comments and support if and when that is required, to make sure that all of us who are interested in IANA transition also knit it into the FY'17 budget appropriately. Because as we know that's the budget where the rubber hits the road we hope. Trust. Pray.

And so I think we should do something. Certainly I know the ALAC, and Alan is probably going to speak to this as well, is putting together something. And I doubt that it will be silence on the matter of the PTI. But, yeah, I think

we should do something but I'm not necessarily suggesting it has to be particularly heavyweight. Thank you.

Chuck Gomes: Thank you, Cheryl. This is Chuck again. And, no, and I don't think either that it needs to be heavyweight. I mean, there's – most of what's in there right now is pretty good. Now there's some unknowns. And none of us can do anything about the unknowns because there's still implementation details being worked out. But anybody disagree with that point?

I personally support it. Think some comments even if they're light, would be appropriate. Anybody disagree with that? Okay. Then the – oh, Grace, go ahead. Grace, you want to disagree? I'm sure that's not what you're doing. Go ahead.

Grace Abuhamad: Hi, Chuck. No, it's not a disagreement so much as just a procedural thing. I think if you do go ahead with comments that DT-O would have to submit them on behalf of the CWG. I don't think DT-O on its own has the authority to submit comments. And I don't think it would be an issue for the CWG if the DT-O recommended comments. But just a note on the procedure there. I think they'd still have to go through the CWG maybe just comment on the list but it's still some kind of formal mechanism there.

Chuck Gomes: Thanks, Grace. This is Chuck. Completely agree. So I think what we would need to do is to develop some comments in the next week or so and send them to the full CWG with several days in advance before the meeting for CWG – the regularly scheduled meeting week after next so that something could be done then. So the next question we'll have to answer is how we do that. And I'll come back to that after I turn the mics over to Alan and then Olivier.

Alan Greenberg: Thank you, Chuck. What Grace said may well actually be technically correct. On the other hand, I would have no trouble if the chair chose to submit something as the chair of DT-O with the tacit support of the rest of the group.

Chuck Gomes: Thanks, Alan.

Alan Greenberg: If you can get wider support, fine, but I could easily live with that also. Thank you.

Chuck Gomes: Okay thanks, Alan. Appreciate that. This is Chuck. Okay, Olivier, your turn.

Olivier Crépin-LeBlond: Yeah, thanks very much, Chuck. Olivier Crépin-LeBlond speaking. Can you hear me well?

Chuck Gomes: Yes.

Olivier Crépin-LeBlond: Okay. Just two things, and first on the issue of process, strictly speaking the CWG Stewardship is a cross community working group that is co-chartered by organizations. I'm not sure it is in its charter to actually submit statements to public comments. But this is not new.

This has been done before by the respective chairs of the working group so I'm sure that, I mean, I wouldn't see any problem, and you certainly have my support on the statements that could be sent from this working group. And I don't know how that would be worked out between DT-O and the CWG Stewardship but I'm sure we'll find a way.

Secondly, I've looked at the suggestions that you've made on the document that you sent on the 24th of March. And I noted that most of it – are actually

questions rather than statements as in questions for clarification. Is that correct or am I getting the wrong idea?

Chuck Gomes: Yeah, I think in my initial – this is Chuck – in my initial comments, Olivier, they were more a question. And by the way, in a public comment period it's not inappropriate to submit questions for clarification and so forth, so that's okay. But we may want to go further than just ask questions, that's something we'll have to decide in the next week or so.

So now with regard to your comment – your comment actually is very well taken with regard to the fact that there are chartering organizations that the CWG answers to. And I think what we would have to do in this case, because there's obviously not time to go back to the chartering organizations and get a comment in in time, is do something that actually there's precedent for where the CWG responded to something with the understanding that it was not approved officially by the chartering organizations because of time constraints.

So I'm sure we could phrase it in such a way, you know, preface our – any comments that are submitted to address that issue. But it is good you brought that up because we should always keep that in mind.

Olivier Crépin-LeBlond: And I if could add, Chuck, it's Olivier speaking. That's my understanding too. So as I said, I'm sure we'll work something out. And I hope that we're not going to get bogged down with process and things. We really are moving forward swiftly and time is of the essence.

Secondly, I just wanted to mention and put on record I totally support your comments and the questions that you've asked on the document that you've shared with us on the 24th.

Chuck Gomes: Thank you. Appreciate that, Olivier. Chuck again. Let me – let’s just then quickly go to how we make this happen. I’ve started some things. Does anybody have a suggestion as to how we can begin to move it forward in terms of comments? Any brilliant ideas that anyone has in that regard or somebody want to make a suggestion in terms of how to proceed? Somebody want to volunteer as taking a next crack, let me turn it over to Alan.

Alan Greenberg: Sorry, that was an old hand. I forgot to put it down.

Chuck Gomes: Okay all right so let me pause for a second. I’ve got to put myself on mute just for a couple minutes. Think about that, see if somebody has some ideas.

Cheryl Langdon-Orr: Pardon me, Cheryl here, just breaking the radio silence. I mean, there’s a couple of obvious ways. One would be to put the question text and call for other comments from us up on a more public space, in other words either a Google doc or the wiki page of course, and therefore develop some of our work in a more open to before CWG list, that might expedite things and help the CWG meeting that we would need to be discussing with that feel that it was resourcefully engaged and involved during the process.

And perhaps if we – I mean, I wouldn’t be surprised if one or two people beyond our own DT-O group want to make some sort of comments or inputs on that. It could be a Google doc, it could be wiki, but it might be a good way of doing that only because things can get lost on the list. I think we use the list to draw attention to and obviously any discussion from the list needs to be copied across to any sort of repository. But that would be one way forward that I would be proposing. Thank you.

Chuck Gomes: Thanks, Cheryl. Chuck again. I'm back. And I appreciate that idea. Is there anyone who would be willing to take a first crack at developing some comments whatever format we use, and whoever volunteers could probably choose what format they want. So anybody willing to take a first crack? I've kind of already taken a first crack. And I'm glad to cooperate with whoever is willing to help develop these. Again, I think we should try and get it done by a week from now.

And again, I don't see it as a huge task but we need to give enough lead time so that it could be considered in the next regularly scheduled CWG call. Understanding there could be a special one this next week, and we're not going to meet that objective. But we should shoot for the next regularly scheduled CWG call, with a few days advance notice so people can take a look at the comments before the meeting.

Any volunteers to take a first crack at that? Yeah, I understand the snowed issue even though I'm in California at a part of California where there is no snow. All right well let me – let me do this. I don't know what kind of format we want to do it on. But I can try, because I'm going to be working on budget comments anyway, not specifically focusing necessarily on PTI and the transition, but I can take a try by Monday to translate what I already did into some possible comments and send them to the DT-O list.

And then – I would appreciate it if everybody else can chime in, including adding comments I don't make or – and editing or changing things I suggest. So I'll take a – I'll try and take a first crack by Monday of translating what I've already done into some possible comments and then the rest of you – we'll need you to chime in.

Now, let's see, our meetings next week are I think they're not on Wednesday and Friday next week because we had changed them this week hoping that Xavier might be able to attend. But let me take a quick look to see when our meetings are next week.

Grace Abuhamad: Chuck, the meetings next week are on Tuesday at 21 UTC and on Thursday at 20 UTC.

Chuck Gomes: Okay thanks, Grace, very much appreciated. So let me make sure I have those on my calendar. I do. Okay so – and it's 2100 UTC, okay, let me – I see I've got one other different time than that. I'm going to delete that, that was just a placeholder I think. Okay so I will try to get something out by Monday and – so that you have a chance to look at it before our meeting on Tuesday. And then we can maybe even spend a little time on our agenda on Tuesday talking about the comments and have until our second meeting in the week to maybe cone close to wrapping up what we're doing, okay? Any objections to that?

All right so let's see so now we are at the next agenda item, I think, which is the process for developing – for development of the PTI budget each year. And I had asked Alissa – and Alissa was going to try and have a meeting with Xavier in that regard and hopefully post something to the list before then. As far as I know that didn't happen.

And I'm not expecting Trang to know but I'll at least ask her. Trang, did you get any feedback from either Alissa or Xavier in this regard? Trang, if you're trying to talk we're not hearing you so you might be on – oh there we go. So we have something in the post. Okay, all right well that's what it is. We'll take it.

We'll – Trang, if you could do us a favor and follow up with Xavier and Alissa to see if we can get something before our meeting on Tuesday that would sure be appreciated. Yeah, that's right, Alissa will probably be at IETF all week but she probably can do email. So if they can do something – this is a task that we have to get done. And, Trang, you know better than anybody else what the implementation timelines are with regard to this.

So I don't think that we're holding anything up right now. Nor do I think that this is a really hard task, I just believe that we, as the DT-O, need to work with Alissa and her team and finance, and Xavier and his team, to get this done. I – again I personally do not think it's a really hard thing. But we all have to be in sync in what we propose to the full CWG in terms of a process for developing that budget each year.

So, Trang, can we give you an action item then to follow up with Xavier and Alissa so that we have some direction, at least understand how Alissa and the finance team are going to participate in this process with us so that we can – we can, in our next meeting, at least have mapped out the action steps with regard to making this thing happen. Thank you, Trang. Appreciate that.

Olivier, go ahead.

Olivier Crépin-LeBlond: Thanks very much, Chuck. Olivier Crépin-LeBlond speaking. And I was going to ask, do you expect or anybody else on the call actually expect that the process by which the PTI budget would be – or that would be IANA services budget, sorry, not PTI, let's call it IANA services budget would be so different in the way it was developed in the future than it is currently now?

Chuck Gomes: Well, this is Chuck. That's a very good question, Olivier. It'll be different in terms of timing I think because, remember, the CWG recommendations starts

out with something about nine months in advance of the end of the fiscal year. And the CWG recommendations initiated from this design team, in fact, that it needs to be approved sooner than the regular ICANN budget is done. Now it doesn't have to be hugely in advance but I think at least 30 days in advance. So – of the end of the fiscal year.

So I think it's mainly timing. I think it'll be different in the sense – let me just share – I'm talking personally now, not as the leader of this group, but just to share what I'm thinking on this, and Alissa and Xavier may be thinking very different and some of you may be thinking very differently and that's good if you are.

But I'm just thinking, you know, what I have envisioned might be the process is that PTI – and by the way, I think it's okay to say PTI instead of IANA services because we've agreed that PTI will be performing services for all three communities even though not directly under contract with PTI necessarily. So that's why I've just resorted to referring to PTI – if you think I shouldn't do that please let me know.

But we – I think we came to a pretty clear conclusion that PTI is going to be fulfilling services for all three communities. So assuming I'm right on that in terms of using the term. So what I see possibly happening is PTI nine months in advance of the end of the fiscal year proposing a first cut on a budget. Now I know that's hard that early, okay. But in order to get community response and so forth and a budget proposed that early can have some flexibility built into it with some possible unknowns and so forth.

And then we're going to have come up with a process for how the community in particular the CSC I think looks at that and provides feedback and so forth and going forward onto that. And leading up to a final approval by the

ICANN board since PTI is a – will be a subsidiary of ICANN, not later than say June 1 of each year, something like that.

Now I'm just sharing my own perception of – at a high level what it could look like. And let me stop there and give it back to Olivier.

Olivier Crépin-LeBlond: Thanks very much, Chuck. Olivier Crépin-LeBlond speaking. Whenever I think of PTI or IANA services the key word that usually sticks in my mind is stability. I was wondering whether – with the idea of having the stability in place, I would certainly understand that the budget would be a stable budget and that it probably wouldn't change that much year on year.

Could you come up with some scenarios as to how the – or why you might think that the budget might change so much that it would face difficulty in being produced nine months in advance? I would have thought it would be just pretty much the same old as, you know, last year was such and this year was – let's have an increase of 1% or 2%. There's no special extra super high project that would suddenly creep up. Would there be? Or, I don't know, just an open question. Thank you.

Chuck Gomes: Thanks, Olivier. Another very good question. And you may be right, in most cases it might not change very much other than inflationary concerns if there are any and so forth. There could be new projects that maybe CSC, suggests that some things need to be improved in service levels. There could be, you know, but I think you're overall correct in the sense that it might not be that difficult to do it. But I don't want to answer that for Alissa if she and working with Xavier has to produce it that early.

So they know the specifics and we really don't in terms of that process. So I suspect – I think it's really fair to suspect, in fact maybe to assume, that

they're already preparing budget information for Xavier and the finance team pretty early, because notice that the finance team got the draft budget out pretty early in the – in the year. It was posted for public comment on March 5. And a lot of the legwork on producing that had to be done pretty early, you know, in the year. So we're not talking about a huge change. We're probably talking about two or three month change in terms of getting it started. And I can't speak for Xavier and Alissa on that. So hopefully that makes sense, Olivier, let me go to Cheryl.

Cheryl Langdon-Orr: Thanks, Chuck. Cheryl for the record. Look, I agree absolutely with what you just said, Chuck. And I think that why it's easier for this in advance of the other part of ICANN budget to actually work we would be predicting a fairly stable and multiyear situation but we also realize there will be times when additional projects, as you said, driven by requirements, changes in service level agreements, etcetera, etcetera. And these may be two or three year big spend.

And I think what's important is that they are flagged and approved, we trust, because it would be sensible to do so, well advance so it doesn't get mixed in with any possibility of community concerns with other spend. So it's exactly the fact that it should be fairly stable and predictable and projects will be preplanned, very few of them should come from on-high as a sudden surprise. But even that can happen. But that's why I think we can have these two things segregated and successfully done. Thank you.

Chuck Gomes: Thanks, Cheryl. Chuck again. Alan, you're up.

Alan Greenberg: Thank you. A problem with being lower on the speaker queue is everyone said most of what you wanted to say already. I'll just point out the steady state budget will indeed be steady state, you know, other than inflation and things

like that. The major projects, however, are not going to stop coming. You know, we're right now in the early stages of the DNS SEC key rollover. And, you know, I have no clue what that's going to cost. I suspect it's not going to – yeah, I suspect it's not going to be zero.

And that's one of the concerns I had with the nine month lead time. Nine month lead time, if indeed it was firm, says we have to predict all expenses 21 months out, that is a new project we're working on can't start for at least 21 months or possibly more because of the lead time. So, you know, I think we're going to have to make sure that there is flexibility, this is the core of the Internet. And it will have to respond to things as we go forward. Thank you.

Chuck Gomes: Thanks, Alan. Chuck again. And I agree with you. And in fact I think you already heard me say that a budget produced nine months in advance will have to have some flexibility in it. And there are probably various ways of dealing with that. I don't understand though 21 months, 21 months seems to assume that a project is going to start at the end of the next fiscal year.

Alan Greenberg: Well, Chuck, if you have to do it nine months before the beginning of the fiscal year and things are locked in for the next 12 months, that's 21 months.

Chuck Gomes: Well...

Alan Greenberg: Or longer, you know, if – it really says you have a two-year lead time before you can start a new project. And that clearly – I think, in my mind, that's not reasonable.

Chuck Gomes: Yeah, okay all right, that assumes there's no some flexible ways to allow – if they know a project is coming – now there are always, I mean, even within the regular ICANN budget there are usually contingency funds and so forth to

deal with things like that that come up that aren't anticipated. And so – but anyway we don't need to resolve that right now. Point well taken. So – and then, Akram, I assume that others said what you were going to say. I saw a hand up and then go down but certainly if you want to jump in here and reinforce anything feel free to do so.

Akram Atallah: Thank you, Chuck. No, but exactly I was just going to say that as the – as we keep moving the budget earlier and earlier it becomes also not as effective as it can be because you don't know that far out what's going to happen so everything has been said.

But I just want to emphasize that the – one way to deal with this issue is that the equipment, the – all of the infrastructure that IANA needs to implement their work is already infrastructure that is in the ICANN budget and it's going to be, you know, there'll be some allocations to IANA on that and that's how you get the economies of scale.

So instead of IANA, for example, renting their own space in the – for Internet accessibility we – ICANN rents the space for all of ICANN and then allocates a portion of that to IANA.

So from that perspective we can plan to have any infrastructure enhancements, any big projects to be built by ICANN, which has a bigger budget, which is what allows us to be able to deal with new things that come in, a surprise in the budget, but still get our work done. So there are ways to deal with that. I'm not worried about that.

I mean, IANA should always have priority because like I think what everybody is sensing is that – or saying is that if we don't have the policy we can live with the current policy for a year or two. But if we don't have IANA

the whole thing goes down. So the priority should be to keep IANA going at all costs all the time. And that's manageable. I don't think we should be worried about that.

Chuck Gomes: Thanks, Akram. Appreciate that. Olivier, go ahead.

Olivier Crépin-LeBlond: Thanks, Chuck. Olivier Crépin-LeBlond speaking. And Akram just mentioned something which I was somehow thinking about there. There are some people in the group, in fact quite a few and myself I guess perhaps included in this sort of way who think that the IANA budget should be as independent as possible from the ICANN budget so there should be this clear separation. And we've worked in that direction for that to happen.

But something that Akram just said here triggered my mind as well. What if IANA has an unknown – unknown project that certainly turns up and therefore the IANA budget exceeds what was budgeted. Does this mean that the short fall in budget would then be filled by ICANN's own contingency fund or how would that work or does one need to think of a contingency fund for the IANA services as well? Thanks.

Chuck Gomes: Good question, Olivier. This is Chuck again. And I think that's something when we're looking at the process for finalizing the PTI budget each year we could – we should keep that in mind. And in talking with Alissa and with Xavier and what's the best way to deal with that. Would it be best to have – within the PTI budget a contingency fund? Or would it be better to handle that via ICANN budget and so I don't know what the answer is.

And the same way with special projects. It seems to me there's nothing preventing those of us that work on developing this process for finalizing the

PTI budget each year. There's no reason, I don't think, why we couldn't build into there some checkpoints to see if there's a new project.

If you had your base budget set up early and then you had some checkpoints that say February, March, to see is there any reason to make adjustments, because we've now – we're now aware of a special need that needs to be addressed, I think we can consider all those kind of things when we develop and then propose a process for all this to happen.

Akram, is that an old hand?

Akram Atallah: No, this is just to address this question. So you have to think about it that when you do a budget a budget is a estimate of what you think you're going to spend. And it's never accurate to the penny so, I mean, there are things that are accurate like salaries and stuff like that. But whenever you add a project you are projecting that, you know, you're forecasting you're going to spend this much money on this project, but you don't know.

And what we use is what's called variances, which means that as you do your – as you true up your financials you get a variance. And effectively what our job is to continue to try to do the – all of these projects in as cost efficient manner as possible. So the fact that we have the budget does not mean we can spend all the money. So we insist that we negotiate on everything, we push on all the costs and all of that.

So you end up actually with different projects having a positive variance and some projects having a negative variance. And that's how you manage the whole thing. So from the ICANN perspective I think it's important to understand that if we did a IANA budget it does not mean that oh yeah, if we have to shut down two days a year because we don't have money in the

budget we're going to shut down two days a year. It'll just be a variance to the IANA budget that we overspent by, you know, 2% or 3% or something like that.

And in the overall ICANN budget we will offset that with a variance where it's below budget by some percentage. So let's not forget that although we're trying to protect the IANA money and everything and the budget of IANA, we – it's still part of the overall budget. And if there is a need for extra spend just to meet the commitments then it will be a variance.

A new project now, will have to be allocated from the contingency fund. We're trying to make the contingency fund bigger a little bit because the longer it takes to plan your budget the more unknowns you have. But right now it's about – a little bit less than 5% and if there is a new budget then the board will have to approve it out of the contingency fund and it will be allocated to the IANA.

And basically it will be a bigger IANA will end up with a bigger budget for that year because of a particular issue. So all of these practices are already – they already happen. And I don't think that will change with the PTI being what it is. So hope that helps a little bit.

Chuck Gomes: It does, Akram. This is Chuck. And I appreciate that very much. And for those that have looked at the budget even at a higher level you'll find places in there where there are – where it shows the amount of risk with regard to any assumptions that are made. It's done in particular with revenue, you know, what's – you have to make certain assumptions to predict revenue. And what are the risks that it might not happen, what's the best case scenario.

All of those kind of things are already built into the budget planning process so what Akram said is very important and useful in terms of the concerns that are being expressed. Alan, it's your turn.

Alan Greenberg: Thank you. I'm going to – guess I'll say what Akram said in a slightly different way and hopefully – and it will be a lot shorter. We're not the first people to have to budget and consider operating critical resources. There's vast knowledge about how one handles these kind of things, and Akram gave a lot of the details of how in fact one does it on a day to day basis.

But even among our narrow community there's lots and lots of experience about how you do this kind of thing. So I don't think we need to, you know, reinvent this whole concept from scratch. Thank you.

Chuck Gomes: So if I – this is Chuck – if I can translate what Alan said, none of you need to lose any sleep this weekend over this, okay?

Alan Greenberg: Not over this particular issue.

Chuck Gomes: You have some other ones I presume...

((Crosstalk))

Chuck Gomes: Okay all right. Let's go on from this and just take a quick look at Item Number 7 on the agenda. We're not going to cover – the caretaker budget today. That's something that still needs to be done. But a discussion came up with regard – and there are several of us that have been working on financial issues with both the CCWG and the CWG with regard to caretaker budget, and some of that discussion is going on just among certain, you know, I don't know, 8 or 10 people.

And one of the things that came up there that I thought I'd bring up for those in this group that maybe aren't on that – in that group, Xavier made the point, and he made a good case for it, if anybody wants to see his argument that didn't see it I'd be glad to forward it to you because I don't think he would mind on that – that if the IANA budget was vetoed, okay, by the community, that would kick in the caretaker budget for IANA. Okay.

And Xavier made a case that that would also then kick in the ICANN caretaker budget. And it doesn't work in reverse, okay, so if the ICANN caretaker budget was kicked in that wouldn't mean the IANA caretaker budget would kick in. But he did make an argument that it would the other way around.

So several of us that have been involved in this discussion, challenged that. And all I wanted to do in this call is just see if any of you have your own opinions in terms of that. It doesn't seem to me that necessarily – and unfortunately Xavier is not on the call but we'll get him – he'll be on future calls and we can talk about it further. We're not trying to make any decision here or even any recommendation.

But I thought I'd throw it out because it does kind of – we're going to eventually get to the caretaker budget for IANA. And I just thought I'd throw that out and see if any of you have any just initial thoughts on that as kind of the last scheduled item on our agenda today.

Alan Greenberg: It's Alan. I'm not at my computer. I don't understand it and I don't see the reason for it but maybe I'm missing something.

Chuck Gomes: Yeah, and, Alan, several of us reacted the same way. Jordan Carter and a couple others I think did too. And unfortunately in fairness to Xavier, he hasn't had a chance yet to respond to some of the latest email discussions that we've been having. So – and I certainly want to give him the benefit of the doubt in that regard.

But I just, yeah, it seems to me that there are ways to deal with this that wouldn't require kicking in the full ICANN caretaker budget understanding, and Xavier makes this point, all the funding is coming from ICANN.

Alan Greenberg: Yeah, but, Chuck, it would – the details matter in this case. If we're vetoing the ICANN budget the PTI budget – the IANA budget – because we feel they've cut it down to 1/3 of what it should be, and raising it up, if you look at one of the scenarios that Akram raised of ICANN being very short of money, that might kick in a requirement to essentially veto the ICANN budget.

But if the cause was not because of shortage of money in ICANN or the cause was, you know, we think that they're allocating money for something completely frivolous, you know, we're now giving everyone vacations to the moon and that's really expensive, and we're vetoing the budget because of that, that doesn't necessarily kick in an ICANN veto.

Chuck Gomes: Right.

Alan Greenberg: So it depends on the details I think.

Chuck Gomes: Yeah, no, no you're right. Fully agree. I mean, I think we can all envision scenarios where it would kick in the ICANN caretaker budget as well. But it wouldn't be – it wouldn't necessarily follow so thanks for those thoughts. Appreciate that.

So and we will talk more about this going forward. I wasn't trying to resolve anything. I just kind of – I guess wanted to introduce you all in DT-O to this discussion if you weren't a part of it so that you know some of the thoughts that are going on. We will be coming back to the caretaker budget. You recall we decided that the CCWG people working on the budget on their side and our side are going to work separately on this and then come together and finalize any recommendations that we'll put forward to our full working group with regard to caretaker budget.

All right, I think that's enough on that unless anybody else wants to jump in. And so the last item on our agenda is any other business. Does anybody have any other business that we should cover today?

Cheryl Langdon-Orr: Nope.

Chuck Gomes: Okay. Notice our meeting Tuesday at 2100 UTC.

Cheryl Langdon-Orr: Can I make sure that Jordan and everybody – Grace, this is sort of more for you. This is Cheryl speaking. That Jordan and everybody have invitations to those meetings because I think it's important especially as we head towards some of these next discussions that Jonathan and Jordan are at our meeting, I mean, we added them for a reason.

Grace Abuhamad: Yeah, they have the – they receive the invites and they're on the mailing list.

Cheryl Langdon-Orr: Grace...

((Crosstalk))

Cheryl Langdon-Orr: ...get a sharp pointy stick please, dear, and poke them.

Chuck Gomes: Okay so of course they're always welcome to participate in our DT-O meetings, that's not a problem. And I'm sure they will again regularly once we start talking caretaker budgets. But certainly they're welcome in the meantime. Anything else? Okay, well I will – I have an action item to produce maybe a first rough draft of some possible CWG comments on the fiscal year '17 draft budget by Monday. And I'll write myself a reminder on that right after I get off this call.

Thanks, everybody. Have a great weekend. And Cheryl got a head start on us.

Cheryl Langdon-Orr: I always do.

Chuck Gomes: And this meeting of course really was the most enjoyable part of her weekend.

Cheryl Langdon-Orr: Yeah, right.

Chuck Gomes: Okay meeting adjourned. Bye everybody.

Cheryl Langdon-Orr: Bye everyone. Thanks a lot. Thanks, Chuck.

Chuck Gomes: Okay.

Olivier Crépin-LeBlond: Thanks, Chuck. Thanks, everyone.

END